



GROVE EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2017

Cindy Byrd, CPA
State Auditor & Inspector

**GROVE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Cindy Byrd, CPA | State Auditor & Inspector

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October 8, 2019

**TO THE BOARD OF DIRECTORS OF THE
GROVE EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Grove Emergency Medical Service District for the fiscal year ended June 30, 2017.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA,
OKLAHOMA STATE AUDITOR & INSPECTOR



**GROVE EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2017

Beginning Cash Balance, July 1	<u>\$ 595,036</u>
Collections:	
Ad Valorem Taxes	504,638
State Grant	3,689
Miscellaneous	<u>12,306</u>
Total Collections	<u>520,633</u>
Disbursements:	
Contract for Services	279,420
Maintenance and Operations	10,384
Capital Outlay	251,637
Audit Expense	<u>10,790</u>
Total Disbursements	<u>552,231</u>
Ending Cash Balance, June 30	<u>\$ 563,438</u>

Source: District Estimate of Needs (presented for informational purposes)

Grove Emergency Medical Service District
701 East 13th Street
Grove, Oklahoma 74344

**TO THE BOARD OF DIRECTORS OF THE
GROVE EMERGENCY MEDICAL SERVICE DISTRICT**

For the purpose of complying with 19 O.S. § 1706.1, we have performed the following procedures:

- Determined that receipts were properly deposited and accurately reported in the accounting records.
- Determined cash balances were accurately reported in the accounting records.
- Determined whether deposits and invested funds were secured by pledged collateral.
- Determined that disbursements were properly supported, were made for purposes outlined in 19 O.S. § 1710.1, and were accurately reported in the accounting records.
- Determined that all purchases requiring bids complied with 19 O.S. § 1723.
- Determined that payroll expenditures were accurately reported in the accounting records and supporting documentation of leave records was maintained.
- Determined that fixed assets records were properly maintained.
- Determined whether the District's collections, disbursements, and cash balances for FY 2017 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Grove Emergency Medical Service District.

Our emergency medical service district statutory engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of the Grove Emergency Medical Service District.

Based on our procedures performed, we have presented our findings in the accompanying schedule.



This report is intended for the information and use of the management of the Grove Emergency Medical Service District. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

May 21, 2019

**GROVE EMERGENCY MEDICAL SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-002 – Internal Controls Over the Ambulance Service Provider and Medical Director Contracts (Repeat Finding)

Condition: Upon inquiry of the Grove Emergency Medical Service District (the District) staff and observation of the contracts, the following exception was noted:

- The District did not provide contracts for the ambulance service provider and the medical director for the fiscal year.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the contracts are properly executed for each fiscal year.

Effect of Condition: This condition resulted in noncompliance with the Oklahoma Constitution and state statute and could result in misappropriation of funds regarding the amount of the contract and the execution of the contract between the District and the Contractors.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the Board design and implement policies and procedures to ensure compliance with the terms and conditions of ambulance provider service and medical director contracts and to ensure the contracts are properly executed each fiscal year in accordance with the Oklahoma Constitution and 68 O.S. § 3019.

Management Response:

Chairman of the Board: The ambulance service provider’s legal department approval of a new yearly contract for existing contracts is not high on their priority list since they feel the contract is in effect until one of the parties gives notice. Being the sole local source provider that is providing excellent service the Board feels the contracts in place protects the District operations and have a hard time pushing the matter. The Board will start requesting *a new contract* at the first of the year (January) to be effective for the next fiscal year.

The medical services director has never been a contracted service. The District will draft a contract and have the medical director sign the contract.

Auditor Response: OSAI recommends the District comply with applicable state statutes and the Oklahoma Constitution regarding the contractual agreement for services for each fiscal year.

Criteria: “The United States Government Accountability Office’s *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.”

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OV2.23 “Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.”

Further, Article 10 § 9C (a) states in part, “The district board of trustees shall have the additional powers to hire manager and appropriate personnel, contract, organize, maintain or otherwise operate the emergency medical services....”

To comply with the provisions §26(a) of Article 10 of the Oklahoma Constitution, contracts need to contain a non-appropriation clause or a provision for mutual ratification of renewal as to not constitute debt.

Title 68 O.S. § 3019 states in part “...The several items of the estimate as made and approved by the excise board for each fiscal year shall constitute and are hereby declared to be an appropriation of funds for the several and specific purposes named in such estimate, and the appropriations thus made shall not be used for any other fiscal year or purposes whatsoever...”

Finding 2017-003 – Internal Controls Over the Disbursement Process (Repeat Finding)

Condition: The District Board minutes indicate the Board met five (5) times to review the financial activity of the District and conduct District business.

Based upon the review of the Board minutes, the disbursements process and a test forty-seven (47) disbursements, the following exceptions were noted:

- Prior to the approval of a purchasing policy on September 29, 2016, the Board minutes reflect that most disbursements were approved for payment, after payments were made and checks were posted to the bank statements.
- The District Board approved a purchasing policy that required prior Board approval for any disbursement greater than \$10,000. Subsequent to this policy becoming effective, we noted ten (10) checks were issued prior to Board approval for disbursements greater than \$10,000.00.
- Approval by the Board for four (4) disbursements was not noted in the minutes:
 - Capital Outlay account check numbers 211, 213, and 215.
 - General account check number 4474.

Cause of Condition: Policies and procedures have not been designed and implemented to check completeness, authorization, and provide adequate documentation to support the Board approval of disbursements.

Effect of Condition: These conditions could result in inaccurate records, incomplete information, or misappropriation of assets.

Recommendation: OSAI recommends that the District comply with the purchasing policy approved by the Board and approve all disbursements greater than \$10,000.00 before payment is issued to the vendors.

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OSAI also recommends the Board Minutes include the vendor, the purchase order/claim number, and the amount approved for payment.

Management Response:

Chairman of the Board: The policy on payment of expenditures was not written to fully cover the intentions of the Board. The Board will be approving a corrected policy that will state, “The clerk/treasurer may pay all recurring expenses regardless of the dollar amount without prior Board approval. Recurring expenses are items setup in the budget and have monthly or annual payment terms. The clerk/treasurer may pay all nonrecurring expenses of \$7,500 or less without prior Board approval. The clerk/treasurer may pay all items the Board has accepted a bid on as long as the payment does not exceed the approved bid amounts without prior approval.”

Auditor Response: OSAI recommends the Board members continue to approve disbursements in an open meeting and the Board minutes reflect the vendor, the purchase order/claim number, and the amount approved for payment to provide oversight of the disbursement process of the District.

Criteria: The GAO Standards state the following, OV2.24 “Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity’s assets.”

As part of the internal control system, the Board should review and approve disbursements and provide evidence of that process in documented Board minutes.

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