

STATUTORY AUDIT

# GROVE EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2007 through June 30, 2013



*Independently serving the citizens of  
Oklahoma by promoting the  
accountability and fiscal integrity of  
governmental funds.*



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

**GROVE EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE PERIOD JULY 1, 2007 THROUGH JUNE 30, 2013**

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# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

March 9, 2015

**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 period July 1, 2007 through June 30, 2013.

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 "Gary A. Jones".

GARY A. JONES, CPA, CFE  
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 2012 and FY 2013**

	<u>FY 2012</u>	<u>FY 2013</u>
Beginning Cash Balance, July 1	\$ 177,981	\$ 222,678
Collections		
Ad Valorem Tax	511,575	491,676
Miscellaneous	1,018	3,700
Total Collections	<u>512,593</u>	<u>495,376</u>
Disbursements		
Personal Services	259,750	266,090
Maintenance and Operations	8,146	21,220
Capital Outlay	200,000	198,490
Audit Expense	-	-
Total Disbursements	<u>467,896</u>	<u>485,800</u>
Ending Cash Balance, June 30	<u>\$ 222,678</u>	<u>\$ 232,254</u>

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



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Grove Emergency Medical Service District  
701 East 13<sup>th</sup> 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 2012 and FY 2013 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 District Service.

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.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

March 2, 2015

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

**Finding 1 – Bank Reconciliations**

**Condition:** Based on the understanding obtained and the testwork performed of the reconciliation process of Grove Emergency Medical Service District (the District) the following was noted:

- The June 30, 2008 Capital Outlay account was not reconciled.
- Reconciliations performed did not have evidence of a review occurring by someone other than the preparer.

**Cause of Condition:** Procedures have not been designed to ensure all accounts are reconciled accurately, and reviewed and approved by someone other than the preparer.

**Effect of Condition:** This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or the misappropriation of funds.

**Recommendation:** OSAI recommends all accounts be reconciled on a monthly basis with an indication of review and approval by someone other than the preparer to help ensure accuracy of any reconciling items.

**Management Response:**

**CPA Response as Requested by District Board:** To increase the oversight the Board will approve all bank reconciliations at their Board meetings and make them part of the Board minutes. The Board does not feel the one missing bank reconciliation is a problem since only one of the one hundred and twenty bank reconciliations in the audit period was missing and Capital Outlay account usually has less than twenty transactions in a year of which twelve of those transactions are for interest added to the account. It is easy to look at the bank statement and compare to the general ledger and financial statements. On initialing the bank reconciliation by the CPA, since the CPA is an outside contractor and not an employee we do not see how having the CPA initial the bank reconciliations will increase oversight.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds all banks reconciliations should be performed monthly and approved by someone other than the preparer.

**Finding 2 – Bids**

**Condition:** Based upon inquiry, observation, and testwork conducted on the bidding process of the District the following was noted on 100% of bids tested for the period under review:

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<b>Fiscal Year</b>	<b>Item Purchased</b>	<b>Exception(s) Noted</b>
2009 2009	Ambulance Ambulance	<ul style="list-style-type: none"> <li>• No proof of publication for bids.</li> <li>• Bids were not sealed when presented to the Board.</li> <li>• Bids were not time and date stamped.</li> </ul>
2009	Building	<ul style="list-style-type: none"> <li>• No proof of publication for bids.</li> <li>• Board minutes do not reflect why the lowest bid was not selected.</li> <li>• Bids were not time and date stamped.</li> </ul>
2010	Sign for Building	<ul style="list-style-type: none"> <li>• No proof of publication for bids.</li> <li>• Bids were not sealed when presented to the Board.</li> <li>• Board minutes do not reflect why the lowest bid was not selected.</li> <li>• Bids were not time and date stamped.</li> </ul>
2010	Painting of Building	<ul style="list-style-type: none"> <li>• No proof of publication for bids.</li> <li>• Bids were not sealed when presented to the Board.</li> <li>• Bids were not time and date stamped.</li> </ul>
2011	Generator for Building	<ul style="list-style-type: none"> <li>• No proof of publication for bids.</li> <li>• Bids were not sealed when presented to the Board.</li> <li>• Bids were not time and date stamped.</li> </ul>
2011	Life Pace Monitors	<ul style="list-style-type: none"> <li>• No proof of publication for bids.</li> <li>• Bids were not sealed when presented to the Board.</li> <li>• Board minutes do not reflect why the lowest bid was not selected.</li> <li>• Bids were not time and date stamped.</li> </ul>
2011	Ambulance	<ul style="list-style-type: none"> <li>• No proof of publication for bids.</li> <li>• Bids were not sealed when presented to the Board.</li> <li>• Bids were not time and date stamped.</li> </ul>
2012	Ambulance Cot	<ul style="list-style-type: none"> <li>• No proof of publication for bids.</li> <li>• Bids were not sealed when presented to the Board.</li> <li>• Bids were not time and date stamped.</li> </ul>
2012	Ambulance	<ul style="list-style-type: none"> <li>• No proof of publication for bids.</li> <li>• Bids were not sealed when presented to the Board.</li> <li>• Bids were not time and date stamped.</li> </ul>
2013	Command Response Vehicle	<ul style="list-style-type: none"> <li>• No proof of publication for bids.</li> <li>• Bids were not sealed when presented to the Board.</li> <li>• Bids were not time and date stamped.</li> </ul>

**Cause of Condition:** Policies and procedures have not been designed to ensure that expenditures in excess of statutory requirements be competitively bid in compliance with 19 O.S. § 1723.



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**Effect of Condition:** These conditions resulted in noncompliance with state statute, and could result in inaccurate records, incomplete information, or misappropriation of assets.

**Recommendation:** OSAI recommends that all purchases in excess of \$15,000 be competitively bid in accordance with state statutes. (During the period under audit, the threshold for bidding was \$7,500 for fiscal year 2012 and \$10,000 for fiscal year 2013.)

**Management Response:**

**CPA Response as Requested by District Board:** After the State Auditor's office provided the related statutes the Board has determined that they are subject to those statutes. On all future expenditures meeting the bid requirements, the bids will be in accordance with the statutes.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting and compliance with applicable laws and regulations.

As of July 1, 2012, Title 19 O.S. § 1723 requires EMS Districts to make purchases in accordance with the county purchase procedures as outlined in 19 O.S. § 1501 and 19 O.S. § 1501, which as of May 6, 2014 requires all purchases in excess of \$15,000 be competitively bid. Prior to July 1, 2012, the competitive bid threshold for EMS Districts was \$7,500. Between July 1, 2012 and May 5, 2014 the competitive bid threshold was \$10,000.

**Finding 3 – Inventory Records**

**Condition:** Based on inquiry and observation of the District, the following was noted concerning the 14 inventory items reviewed:

- A physical inspection and review of inventory is not performed and documented regularly.
- One Pulse Oximeter (serial number: 124710106) could not be located.
- 12 items did not have a serial or VIN number on the inventory listing.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure inventory is being properly maintained and updated through a periodic review by the District.

**Effect of Condition:** This condition could result in errors and improprieties, unrecorded transactions, misappropriation of assets, or loss of District equipment.

**Recommendation:** OSAI recommends that policies and procedures be designed and implemented to ensure inventory is being updated on an ongoing basis. Furthermore, OSAI recommends a physical inventory verification by someone other than the individual maintaining inventory occur on a recurring basis at least annually.

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**Management Response:**

**CPA Response as Requested by District Board:** The District does a yearly inventory review. The files include a working copy of the inventory the contractor uses to review the assets. The Emergency Medical Service District provides the contractor with an asset inventory list. The contractors review the asset inventory list and return the list to the District with notation of changes and deletions. The District then updates the asset inventory based on that review and maintains the list reviewed by the contractor. As for the Oximeter not located in the State Auditor's review the contractors review showed that they had the Oximeter at the date of the review so it was not deleted from the asset inventory. If on the next inventory date the Oximeter is not found it will be deleted at that time. The District feels the missing Oximeter is immaterial since it has a low cost, has a limited life, and it is small in size and could have been easily misplaced.

The inventory list will be modified to show all serial numbers and vehicle identification numbers.

**Criteria:** An aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguarding assets from loss, damage, or misappropriation.

**Finding 4 – Contract Services**

**Condition:** During the period under review, the following was noted concerning the annual contract between the District and the ambulance service provider:

- No contract could be located for the period of July 1, 2007 through June 30, 2008.
- The annual contract is automatically renewed each fiscal year without Board approval.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure all contracts are maintained for management review and audit purposes, and to ensure the contract is reviewed for accuracy and renewed by the board each fiscal year.

**Effect of Condition:** These conditions could result in liability and accountability issues for the District.

**Recommendation:** OSAI recommends that the District ensure all contract documentation is retained and made available for audit purposes. Further, OSAI recommends contracts be executed and signed annually by all parties involved.

**Management Response:**

**CPA Response as Requested by District Board:** The District will vote on all new contracts and vote to extend existing contracts when there are no changes in rate or responsibilities and record those votes in the minutes.

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**Criteria:** Title 19 O.S. § 1710.1 (B) depicts the statutory ability for contracting ambulance services with an ambulance service provider. To ensure such a contract is binding and up to date, the District should always maintain a current and board approved contract with any ambulance service providers.

**Finding 5 – Disbursements**

**Condition:** Based upon inquiry and observation of the expenditures process, the following was noted concerning the testwork conducted per fiscal year:

Fiscal Year 2008

- Of the 25 Operating account expenditures tested, 25 did not have Board approval.
- Of the 2 Capital Outlay account expenditures tested, 1 did not have an invoice as supporting documentation or evidence of a receiving signature, and both expenditures did not have Board approval.

Fiscal Year 2009

- Of the 25 Operating account expenditures tested, 25 did not have Board approval.
- Of the 15 Capital Outlay account expenditures tested, 15 did not have Board approval.

Fiscal Year 2010

- Of the 25 Operating account expenditures tested, 24 did not have Board approval, and 1 voided check could not be located for review.
- Of the 25 Capital Outlay account expenditures tested, 2 did not have an invoice as supporting documentation or evidence of a receiving signature, 25 did not have Board approval, and 3 voided checks could not be located for review.

Fiscal Year 2011

- Of the 25 Operating account expenditures tested, 25 did not have Board approval, and 3 voided checks could not be located for review.
- Of the 15 Capital Outlay account expenditures tested, 15 did not have Board approval.

Fiscal Year 2012

- Of the 25 Operating account expenditures tested, 25 did not have Board approval.
- Of the 1 Capital Outlay account expenditure tested, 1 did not have Board approval.

Fiscal Year 2013

- Of the 25 Operating account expenditures tested, 25 did not have Board approval.
- Of the 7 Capital Outlay account expenditures tested, 1 did not have an invoice as supporting documentation, and 6 did not have Board approval.

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**Cause of Condition:** Policies and procedures have not been designed to ensure invoices/receiving reports are verified for accuracy or signed when received, to ensure supporting documentation is attached to purchase orders, and to ensure all payments are approved by the Board.

**Effect of Condition:** This condition could result in inaccurate records, incomplete information or misappropriation of assets.

**Recommendation:** OSAI recommends the District implement a system of internal controls to ensure that all expenditures have proper supporting documentation and approval. This would consist of ensuring all invoices are verified and signed as accurate, and ensuring all supporting documentation is retained and made available for management review and audit purposes.

**Management Response:**

**CPA Response as Requested by District Board:** On your recommendation the Board will start obtaining a transaction list for each month and record a motion to accept the disbursements in their minutes. On voided checks, the Board will start a policy to retain all voided checks if possible or document why any non-retained voided checks are not in the records. The checks that did not have support were for ambulances that were picked up at the manufacturer's facilities and required a check. The Board will establish a policy that when these checks are written the person picking up the check will be required to bring the paper work back to be made part of the District's records. The District disagrees that disbursements are not reviewed. The secretary of the Board initials all invoices when he signs the checks and each Board member receives a monthly financial statement of the District. The District has few distributions and most distributions are routine so it is easy for each Board member to review what is being paid by reviewing the financial statements. The last audit (5 years ago) only suggested the signing party initial the invoices, which has been done since that time.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting. A key factor in this system is having supporting documentation maintained accurately and complete for record keeping and audit needs.



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