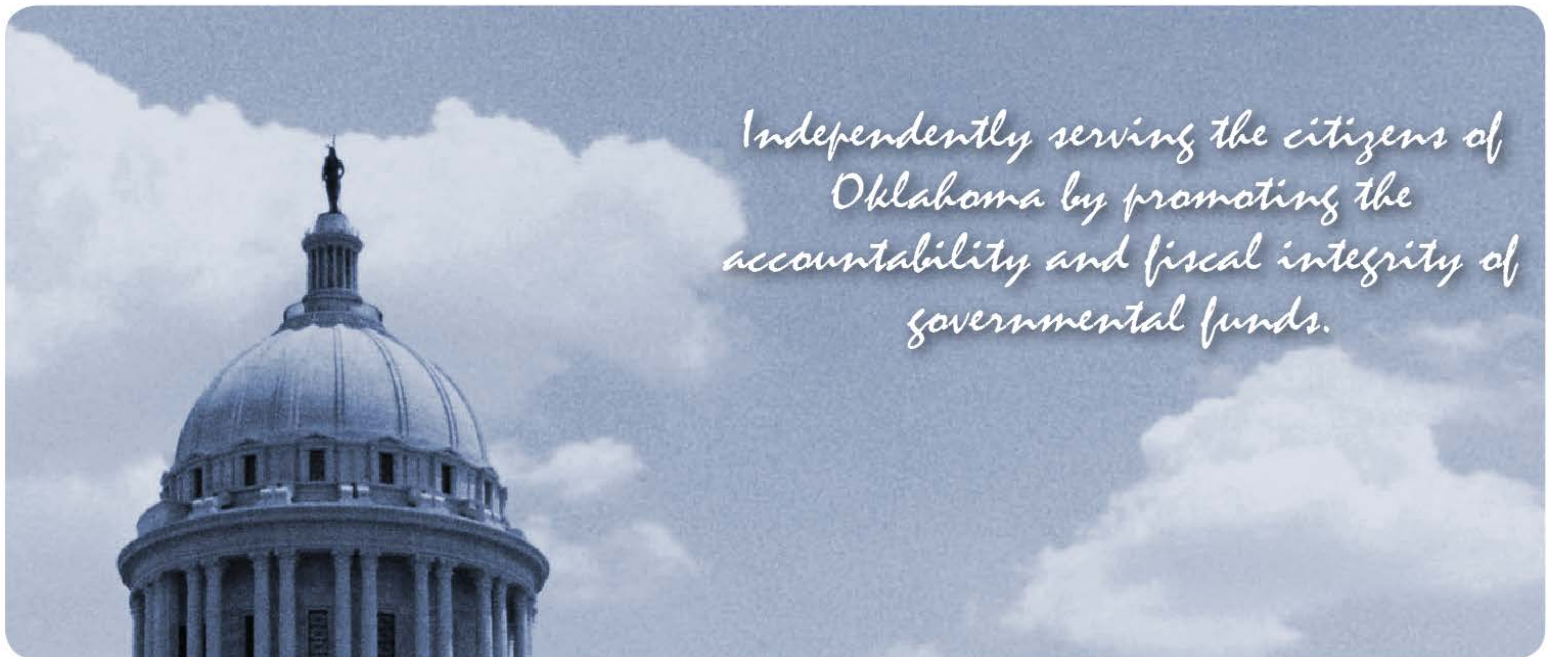


STATUTORY REPORT

HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2017



*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

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

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 1706.1, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



Oklahoma State Auditor & Inspector

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

January 29, 2018

**TO THE BOARD OF DIRECTORS OF THE
HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Haskell County 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 "Gary A. Jones". The signature is written in a cursive, flowing style.

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

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

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2017

	<u>FY 2017</u>
Beginning Cash Balance, July 1	\$ 371,162
Collections	
Ad Valorem Tax	168,790
Intergovernmental	3,054
Miscellaneous	<u>2,135</u>
Total Collections	<u>173,979</u>
Disbursements	
Service Provider Contract	120,000
Maintenance and Operations	7,813
Capital Outlay	149,670
Audit Expense	<u>10,105</u>
Total Disbursements	<u>287,588</u>
Ending Cash Balance, June 30	<u>\$ 257,553</u>

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



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Haskell County Emergency Medical Service District
202 East Main
Stigler, Oklahoma 74462

TO THE BOARD OF DIRECTORS OF THE HASKELL COUNTY 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 Haskell County 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 Haskell County 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 Haskell County 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 that reads "Gary A. Jones". The signature is written in a cursive style with a long horizontal stroke at the end.

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

January 17, 2018

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDE JUNE 30, 2017**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-01 - Inadequate Internal Controls and Noncompliance Over Board Meeting Documentation (Repeat Finding)

Condition: Based on inquiry of the Haskell County Emergency Medical Service District (the District) Board members and review of the Board minutes, the following exceptions were noted:

- Board minutes for the regular monthly meetings of March and April 2017 could not be located.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate internal controls over the documentation and safekeeping of the District Board minutes and compliance with the state statute regarding the Open Meeting Act.

Effect of Condition: This condition resulted in noncompliance with the state statute regarding the Open Meeting Act concerning the existence and retention of Board meeting minutes. Failure to provide adequate internal controls over documentation and approval of District Board minutes could result in inaccurate records.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the District maintain written minutes in a secure location for all Board meetings to ensure compliance with Title 25 O.S. § 312.A and provide adequate documentation of the proceedings of the Board's decisions.

Management Response:

Board Chairman: The Board will make sure that all Board meeting minutes are maintained in a secure location and available for public inspection.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective control system is to provide accurate and reliable information through proper documentation of the Board meetings.

Further, Title 25 O.S. § 312.A states: "The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act."

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Finding 2017-02 – Inadequate Internal Controls and Noncompliance Over the Audit Expense Budget Account (Repeat Finding)

Condition: Upon inquiry and observation of the budgeting process, it was determined that internal controls have not been designed and implemented to ensure the amount required by state statute is correctly budgeted for the audit expense budget account.

It was further noted, that the District has not carried forward the balance into the audit expense budget account each fiscal year. As a result, the District’s beginning balance in the audit expense budget account for the year ending June 30, 2017 was \$5,473.68. The correct balance should have been \$48,189.32.

In addition, the audit expense budget account indicates that the audit expenses for fiscal year were \$6,582.84; however, the actual audit expenses were \$10,104.69. The audit expense budget account did not accurately present the additional \$3,521.85 in expenses. Therefore, the audit expense account was underfunded by \$32,610.95.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the Estimate of Needs was prepared in accordance with 19 O.S § 1706.1.

Effect of Condition: This condition resulted in noncompliance with the state statute and the underfunding of the audit expense budget account. Further, balances from previous years were not properly carried forward.

Recommendation: OSAI recommends that the District implement policies and procedures designed to ensure that any unused portion of the audit expense budget account be carried forward into the next year’s audit expense budget account in accordance with 19 O.S § 1706.1. Further, OSAI recommends that the District accurately present all expenses for the audit on the budget.

Management Response:

Chairman of the Board: The Board will ensure the District will carry forward any unused portion of the audit expense budget account into next year’s audit budget expense account. The District will also accurately present all expenses for the audit on the budget.

Criteria: Accountability and stewardship are overall goals of the Board in the accounting of funds. A component objective of an effective internal control system is to provide accurate and reliable information through proper review and approval.

Title 19 O.S. § 1706.1 states in part “The net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation in any emergency medical service district for any year which shall be authorized and mandatorily required to be appropriated and dedicated to emergency medical service district audit”

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Finding 2017-03 – Inadequate Internal Controls Over the Disbursement Process (Repeat Finding)

Condition: Upon inquiry of the Board Chairman, observation of the disbursement process, and the review of all (19) nineteen claims submitted for payment, the following exceptions were noted:

- Five (5) claims did not have evidence of a receiving signature, receiving reports, or verification of the invoice.
- Nine (9) claims were neither approved by the Board on the face of the document, nor detailed in the Board Minutes for approval.
- One (1) claim in the amount of \$6,582.84 was paid to the contract service provider on November 9, 2016, rather than to the Haskell County Assessor for visual inspection revaluation of County properties. The contract service provider subsequently refunded the check to the Haskell County Assessor for deposit on December 5, 2016.
- The supporting documentation for one (1) claim for the purchase of a building and property in the amount of \$150,313.25 did not agree to the amount paid of \$149,669.84, with no explanation of the difference of \$643.41.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the claim is completed including supporting documentation and evidence of verification of receiving the goods and services, Board approval and issued for the dollar amount documented. Further, policies and procedures have not been designed and implemented to ensure disbursements are made to the proper vendor.

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

Recommendation: OSAI recommends the District implement a system of internal controls to ensure that all disbursements are made from a completed claim with proper supporting documentation, approval from the District Board, and a receiving report or verification of the accuracy of the invoice. In addition, disbursements should be made to the vendor designated on the supporting documentation.

Management Response:

Board Chairman: The Board will ensure the District will implement a system requiring all disbursements are made from a completed claim with supporting documentation and Board approval will be evidenced on the claim. Additionally, the District will ensure evidence of receiving goods and services.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be established to analyze and check accuracy, completeness, authorization, and validity of transactions, including evidence of receiving goods or services. Effective internal controls are essential to help achieve the entity's objectives regarding the reliability of financial reporting. Such effective internal controls would include ensuring all claims are completed in their entirety, and have supporting documentation related to disbursements attached to the claim prior to approval for payment. In

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
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addition, effective internal controls would include verifying that the invoice is accurate and has proper Board approval for disbursements.

Finding 2017-04 – Inadequate Internal Controls Over Fixed Assets Inventory Records (Repeat Finding)

Condition: Based on inquiry of the District Board Chairman, observation of the fixed assets inventory record process, and review of the District’s equipment inventory records, the following exceptions were noted:

- Documentation was not maintained to determine that an annual physical inventory verification was performed of fixed assets, including determining the individual that performed the review, and the individual that maintained the fixed assets inventory records.
- The insurance policy for capital assets was in the name of the Haskell County Commissioners rather than the Haskell County Emergency Service District.

Cause of Condition: Although the Board has made some improvements over fixed assets inventory internal controls, policies and procedures have not been completely designed and implemented to ensure fixed assets inventory is properly maintained, safeguarded, and updated through a periodic review by the District of fixed assets.

Effect of Condition: These conditions could result in inadequate equipment inventory records, uninsured equipment, and misappropriation of assets.

Recommendation: OSAI recommends policies and procedures be implemented to document that an annual physical inventory verification is performed by someone other than the individual maintaining inventory. The reviewer should sign and date the annual review to document accuracy and completeness. In addition, the District should ensure that fixed assets insurance policies are in the name of the District.

Management Response:

Board Chairman: The Board will ensure the District will conduct an annual physical inventory of equipment by someone other than the person maintaining the inventory. The Board will ensure the insurance policy is in the name of the District.

Criteria: An important 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, including annual verification of fixed assets and insurance policies are in the name of the District.



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