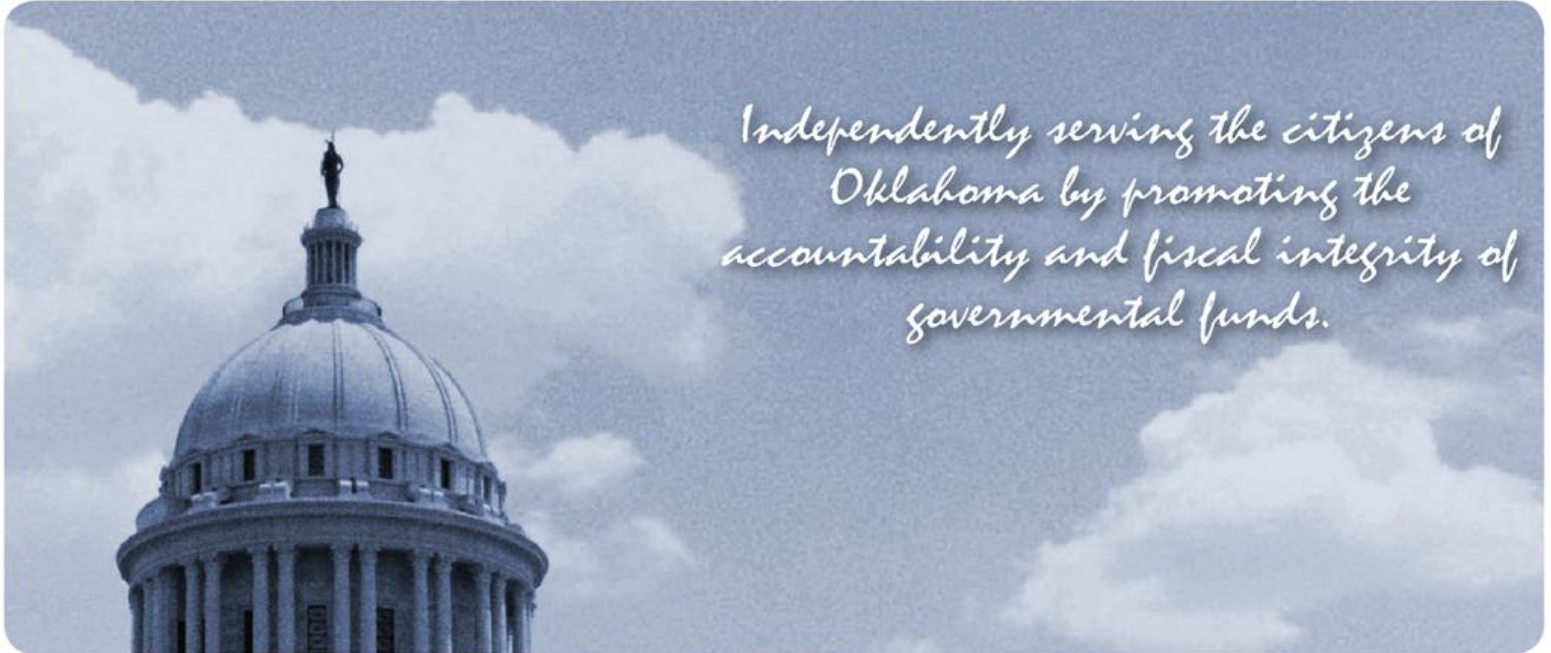


STATUTORY REPORT

HASKELL COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY

For the fiscal year ended June 30, 2015



*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, 2015**

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

February 14, 2017

**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, 2015.

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

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2015.

	<u>FY 2015</u>
Beginning Cash Balance, July 1	\$ 287,036
Collections	
Ad Valorem Tax	167,583
Intergovernmental	56
Miscellaneous	1,229
Total Collections	<u>168,868</u>
Disbursements	
Personal Services	
Travel	
Contract Service	120,000
Maintenance and Operations	7,562
Capital Outlay	-
Audit Expense	-
Total Disbursements	<u>127,562</u>
Ending Cash Balance, June 30	<u>\$ 328,342</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 2015 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

November 29, 2016

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-01 – Inadequate Internal Controls and Noncompliance Over the District’s Operations and Environment (Repeat Finding)

Condition: As part of our procedures to determine statutory compliance and effective internal controls over the operations of the Haskell County Emergency Medical Service District (the District). We tested receipts, disbursements, cash balances, equipment inventory records, the Estimate of Needs, and contract compliance.

Additionally, we interviewed the Chairman and a Board Member/Secretary of the District regarding their understanding of the District’s internal controls and the oversight of the operations of the District, of which several areas of concern were noted:

- The District Board Members have limited knowledge of the operations of the District.
- Auditors were referred to the contracted ambulance service provider when requesting information regarding the operations of the District Board.
- The District was unable to provide the bylaws for the District.
- The District made a payment in error in the amount of \$ 6,691.09 for the County Assessor’s visual inspection revaluation of county properties to the ambulance service provider, rather than Haskell County.
- The District was unable to provide proof of insurance for assets, or evidence of blanket bond or liability coverage.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the District’s operations are conducted in an efficient manner. Additionally, policies and procedures have not been designed and implemented to ensure the District is operating in accordance to the provisions of Section 9C of Article X of the Constitution of the State of Oklahoma.

Effect of Condition: These conditions resulted in noncompliance with the Oklahoma Constitution, inaccurate records, incomplete information, and misappropriation of assets.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends the District’s Board gain an understanding of the operations and legal requirements of the District in order to design and implement internal controls in an effective and efficient manner to reduce the risk of error and fraud within the District.

Management Response:

Chairman of the Board: The District Board cannot locate the bylaws. We will contact an attorney to form new bylaws for the District. We will contact ACCO concerning the issue with the insurance and will follow up to discuss with the Board.

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Criteria: Effective internal controls are essential to provide assurance about the achievement of the entity’s objectives with regard to reliability of financial reporting, and compliance with applicable laws and regulations. An effective internal control system has in place policies and procedures that reduce the risk of errors and fraud within an organization. A key factor in this system is the environment established by management. In addition, management attitude, qualifications, and operating style become the foundation of all other internal control components.

Oklahoma Constitution Article X, Section 9C (a) Emergency Medical Service Districts states, “Each district which is herein authorized, or established, shall have a board of trustees composed of not less than five members. Such trustees shall be chosen jointly by the board or boards of county commissioners, provided that such membership shall be composed of not less than one individual from each county or part thereof which is included in said district.”

Finding 2015-02 – Inadequate Internal Controls and Noncompliance Over Audit Expense Budget Account (Repeat Finding)

Condition: For the fiscal year ended June 30, 2015, the District did not appropriate the mandatory one-tenth mill to the audit expense budget account.

- The Estimate of Needs does not reflect the amount appropriated for the audit expense budget account.
 - The current year appropriations of the audit expense budget account should have been calculated as \$5,413.90.
 - The cumulative audit expense budget account including prior year funds not carried forward is underfunded in the amount of \$37,365.

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 one-tenth mill upon the net total assessed valuation be set aside in the audit expense budget account, and that any unused portion be carried forward into the next year’s audit budget account in accordance with 19 O.S § 1706.1.

Management Response:

Chairman of the Board: This recommendation has been discussed with the budget maker and will be added to the budget starting in fiscal year 2017.

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Criteria: 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

Finding 2015-03 – Inadequate Internal Controls and Noncompliance Over Disbursements (Repeat Finding)

Condition: Upon inquiry of the Board Chairman, observation of disbursement records, and the review of all (15) fifteen claims submitted for payment for the fiscal year, the following exceptions were noted:

- One (1) claim was paid to the ambulance service provider rather than to Haskell County for visual inspection revaluation of county properties.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the claim is completed including all pertinent information and supporting documentation for the lawful use of the District. Policies and procedures have not been designed and implemented to ensure disbursements are made to the proper vendor in accordance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statute and the Oklahoma Constitution and 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 disbursements are made from a completed claim with proper supporting documentation. In addition, disbursements should be made to the appropriate vendor, for the lawful operation of the District, and in compliance with the state statute and Oklahoma Constitution.

Management Response:

Chairman of the Board: We will correct this issue.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to help achieve the entity’s objectives with regard to 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 be attached to claim prior to approval for payment. In addition, effective internal controls would include ensuring all disbursements are for the lawful operation of the District.

Title 68 O.S. § 2823 D. states in part, “The county assessor shall render a statement to each of the jurisdictions within the county which receive revenue from an ad valorem mill rate.”

Title 68 O.S. § 2823 E. states in part, “Such billing statement shall clearly indicate that the charge payable by the jurisdiction is due and payable by December 31 of the current fiscal year.”

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Additionally, Oklahoma Constitution Article 10 § 9c states in part, “All registered voters in such area shall be entitled to vote, as to whether or not such district shall be formed, and at the same time and in the same question authorize a tax levy not to exceed three (3) mills for the purpose of providing funds for the purpose of support, organization, operation and maintenance of district ambulance services, known as emergency medical service districts and hereinafter referred to as "districts."

Finding 2015-05 – Inadequate Internal Controls Over Equipment Inventory Records (Repeat Finding)

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

- An inventory listing of equipment was not maintained.
- Annual physical inventory verification was not performed.
- Equipment purchased by the District could not be located.

The District purchased the following items during fiscal year 2013:

- MTR 3000 Repeater,
- X265 High Performance Pre-selector,
- THN-6702 Cabinet,
- AC Surge Protector,
- Polyphaser, and
- TKR7510SK1 Kenwood Repeater CHF Repeater package Serial Number B1C00034.

We were unable to locate these items when performing a visual verification of equipment inventory.

The District purchased items for a repeater tower during fiscal year 2014:

- DB 224 Antenna with a DB5001 side mount kit.

We were unable to locate these items when performing a visual verification of equipment inventory.

Further, the District purchased a generator during fiscal year 2014. However, the District Chairman stated he had no knowledge concerning the item or its current location.

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

Effect of Condition: These conditions resulted in inadequate equipment inventory records, misappropriation of assets, and loss of District equipment.

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Recommendation: OSAI recommends that policies and procedures be implemented to ensure inventory records are properly maintained and annual physical inventory verification are performed by someone other than the individual maintaining inventory. In addition, the District should ensure that equipment owned by the District is protected against loss.

Management Response:

Chairman of the Board: We will start keeping inventory records annually.

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.



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