

STATUTORY REPORT

# HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2016



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

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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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](http://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

June 7, 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, 2016.

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  
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**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2016.**

	<u>FY 2016</u>
Beginning Cash Balance, July 1	\$ 328,342
Collections	
Ad Valorem Tax	163,250
Intergovernmental Revenues	6,156
Miscellaneous	1,107
Total Collections	<u>170,513</u>
Disbursements	
Service Provider Contract	120,000
Maintenance and operations	7,693
Total Disbursements	<u>127,693</u>
Ending Cash Balance, June 30	<u>\$ 371,162</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 2016 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

May 4, 2017

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2016-1 – Inadequate Internal Controls and Noncompliance Over Board Meeting Documentation**

**Condition:** While reviewing District Board minutes of Haskell County Emergency Medical Service District (the District), the following exception was noted:

- Board minutes for one (1) regular monthly meeting could not be located.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure adequate internal controls over the documentation of the District Board minutes in accordance with state statute.

**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 & 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.

**Management Response:**

**Chairman of the Board:** The District will maintain minutes in a safe and secure location.

**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.”

**Finding 2016-2 – Inadequate Internal Controls and Noncompliance Over Audit Expense Budget Account (Repeat Finding)**

**Condition:** For the fiscal year ended June 30, 2016, the District did not appropriate the mandatory one-tenth mill to the audit expense budget account.

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- The Estimate of Needs did not reflect an amount appropriated for the audit expense budget account.
  - The current year appropriations of the audit expense budget account should have been calculated as \$5,350.29.
  - The cumulative audit expense budget account including prior year funds not carried forward is underfunded in the amount of \$42,715.64.

**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 in the amount of \$42,715.64.

**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 expense budget account in accordance with 19 O.S. § 1706.1.

**Management Response:**

**Chairman of the Board:** The District will set aside one-tenth of a mill in the audit expense budget account and carry forward appropriations in the next budget.

**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 2016-3 – 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 (14) fourteen claims submitted for payment for the fiscal year, the following exceptions were noted:

- One (1) claim in the amount of \$6,693.25 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.



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**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:** The District will ensure that all disbursements are made to the appropriate vendor with completed claim and supporting documentation.

**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."

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 2016-4 – 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.
- Insurance for equipment was not maintained.

The District purchased the following items during fiscal year 2013:

- MTR 3000 Repeater
- X265 High Performance Pre-selector
- THN-6702 Cabinet

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- AC Surge Protector
- Polyphaser
- TKR7510SK1 Kenwood Repeater CHF Repeater package Serial Number B1C00034

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

- DB 224 Antenna with a DB5001 side mounts kit
- Generator 7000W Westinghouse

We were unable to locate these items when performing a visual verification of equipment inventory. Additionally, the District Chairman stated he had no knowledge concerning the items or their current location.

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

**Effect of Condition:** These conditions resulted in inadequate equipment inventory records, uninsured equipment, misappropriation of assets, and loss of District equipment due to the Board being unaware of the location of equipment.

**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:** Inventory records have been started and inventory verification has also been performed. We are currently in the process of obtaining insurance on inventory.

**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.

**Finding 2016-5 – Inadequate Internal Controls and Noncompliance Over Contract Services**

**Condition:** While reviewing the ambulance service contract between the District and Southeast EMS of Oklahoma, LLC, the following exceptions were noted:

The contract states "This agreement is made between the County of Haskell and Haskell County Emergency Services District, the County, and Contractor, hereinafter referred to as BIDDER."

- The contract does not specify who the "BIDDER" or "Contractor" is.

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The contract also states “For ambulance and emergency medical services, the County agrees to pay, for the period July 1, 2015 through June 30, 2016, which is the duration of this agreement from the Haskell County Emergency Service District Tax millage fund. Payment shall be made from current revenues available to the County at the end of each month during the term of this Agreement. BIDDER shall enter the amount of the bid on the Haskell County bid documents provided with the bid package.”

- The contract does not specify the amount the District is to pay to the Contractor.

Additionally, after reviewing the ambulance service contract, it was noted that the contract was signed by the Board of County Commissioners instead of the Haskell County EMS District Board Members.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the District adheres to the terms of the ambulance service contract. Additionally, policies and procedures have not been designed and implemented to ensure the contract is properly executed.

**Effect of Condition:** These conditions resulted in noncompliance of the ambulance service contract terms and could result in misappropriation of funds due to the incomplete contract with regard to the amount of the contract and the execution of the contract between the County and Contractor rather than the District and the Contractor.

**Recommendation:** OSAI recommends the Board design and implement policies and procedures to ensure compliance with the terms and conditions of ambulance service contracts and to ensure the contract is properly completed.

**Management Response:**

**Chairman of the Board:** The Board will make the recommended changes to ambulance service contract and will comply with the terms and conditions.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls over safeguarding of assets constitute a process affected by an entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and/or misappropriation of funds. Key factors in this system would include management ensure the provisions of the ambulance service contract are met and contracts are completed in their entirety and executed between the intended parties.

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



**OFFICE OF THE STATE AUDITOR & INSPECTOR**  
2300 N. LINCOLN BOULEVARD, ROOM 100  
OKLAHOMA CITY, OK 73105-4896

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