

**HUGHES
COUNTY
EMERGENCY
MEDICAL SERVICE
DISTRICT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

EMS AGREED-UPON PROCEDURES



Oklahoma State Auditor
& Inspector

**HUGHES COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
AGREED-UPON PROCEDURES REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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STATE AUDITOR AND INSPECTOR

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State Auditor

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October 18, 2010

TO THE BOARD OF TRUSTEES OF THE HUGHES COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the agreed-upon procedures report for the Hughes County Emergency Medical Service District for the fiscal year ended June 30, 2009. The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

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

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

TO THE BOARD OF TRUSTEES OF THE
HUGHES COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have performed the procedures enumerated below, which were agreed to by management of the Hughes County Emergency Medical Service District (the District), solely to assist you in evaluating the receipt and disbursement process, the safeguarding of capital assets, and in determining whether selected receipts and disbursements are supported by underlying records for the fiscal year ended June 30, 2009. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We observed whether receipting, depositing, and reconciling functions are performed by separate employees.

Finding: The receipting and depositing functions within the District office were not performed by separate employees.

2. We selected 20 runs from the dispatch log book in order to:
 - A. Trace to the run sheet.
 - B. Agree fee charged to fee schedule.
 - C. Trace run number to the billing records.
 - D. If a payment was received:
 - E. Trace receipt number from billing records to receipt.
 - F. Trace receipt to deposit slip.
 - G. Agree cash/check composition of deposits to the receipts issued.
 - H. Examine receipts to determine they are pre-numbered and issued in numerical order.
 - I. Agree date of receipts to date of deposit slip.
 - J. For any voided receipts, observe the original receipt.
 - K. If no payment was received:
 - L. Observe second billing and/or list sent to collection agency.
 - M. If the amount was written off, observe Board authorization for this action in the Board minutes.

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Finding: The following was noted:

- With respect to applying procedure B, three of the twenty runs selected had the incorrect mileage billed.
- With respect to applying procedure E, on seven of the twenty runs selected, receipts for payments posted to patient accounts could not be located.
- With respect to applying procedure F, two of the twenty runs selected had receipts posted to the accounts that could not be traced to a deposit slip.
- With respect to applying procedures G and I, one of the twenty runs selected had a receipt posted on the account that reflected a different amount than was denoted on the deposit slip.
- With respect to applying procedure M, one of the seven runs written off could not be traced to the Board minutes for Board authorization of the account being written off.

With respect to applying the remaining procedures, there were no findings.

3. We agreed all bank reconciliations performed during the year to the financial records.

Finding: The District did not perform bank reconciliations for the equipment fund account at First National Bank of Holdenville or for the account at First United Bank of Holdenville.

For the remaining bank accounts held by the District, there were no findings as a result of applying the procedure.

4. We confirmed with financial institutions all cash and cash equivalent balances and investment balances as of June 30.

There were no findings as a result of applying the procedures.

5. We calculated 100% of the District's cash/cash equivalents in each financial institution and compared them to the fair market value of each financial institution's pledged collateral at June 30.

Finding: The District had deposits with First National Bank and Trust Company, Holdenville, Oklahoma, in excess of deposit insurance at June 30.

For the District's cash/cash equivalents in other financial institutions, there were no findings as a result of applying the procedures.

6. We traced amounts of ad valorem taxes remitted from the County Treasurer to District deposit slips.

There were no findings as a result of applying the procedures.

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7. We performed a cash count on the petty cash drawer and reconciled the cash and receipts for the expenditures to the cash on hand to the District's general ledger.

There were no findings as a result of applying the procedures.

8. We observed whether receiving goods and services, preparing claims, and issuing payments are performed by separate employees.

Finding: The receiving of goods and services, preparing claims, and issuing payments functions within the District are not performed by separate employees.

9. We selected 50 checks in order to:
- A. Agree to invoices.
 - B. Agree payee on cancelled check to vendor on invoice.
 - C. Inspect the receiving report/invoice for signature of District employee who verified goods and/or services were received.
 - D. Trace claim approval to District Board minutes.
 - E. Observe whether expenditure was for the support, organization, operation, and maintenance of the District.

Finding: The following was noted:

- With respect to applying procedure A, seven of the fifty checks selected had purchase orders that were not supported with an invoice.
- With respect to applying procedure B, on seven of the fifty checks selected, we were unable to agree the payee shown on the cancelled check to the vendor shown on the invoice, as there were no invoices attached.
- With respect to applying procedure C, sixteen of fifty checks did not have an employee signature verifying the receipt of goods and/or services.
- With respect to applying procedure E, two of fifty checks were for expenditures that did not appear to be for the support, organization, operation, and maintenance of the District.

With respect to applying the remaining procedure, there were no findings.

While performing these procedures, additional matters came to our attention.

Finding: The following was noted:

- Twenty-three of the fifty checks selected did have invoices/credit card statements reflecting the total amount owed. However, they did not have the detailed individual fuel tickets attached to the purchase order in order to verify the purchases on the credit card statement.

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- Additionally, we became aware of the following purchases that may be considered abuse:
 - Purchase order #7598 for Staples in the amount of \$619.92 reflected a Sony W120 Blue Camera, an ice-chest, and Bar-B-Q tools that were purchased and could not be visually verified.
 - Purchase order #7682 for Wal-Mart in the amount of \$469.36 reflected two NCAA Arm Chairs, 5 hour energy drinks, Red Bull energy drinks, Fixodent, Special K bars, Chex-Mix, Gatorade, and fishing glasses that were purchased and could not be located.

10. We selected 5 payroll checks in order to:

- A. Agree number of hours documented on timesheet to number of hours paid
- B. Agree withholding to supporting documentation
- C. Trace claim approval to the Board minutes.

Finding: The following was noted:

- With respect to applying procedure B, all checks tested could not be agreed to withholdings, because supporting documentation for the withholdings could not be located.

With respect to applying the remaining procedures, there were no findings.

While performing these procedures, additional matters came to our attention.

- While reviewing OSEEGIB billing information and tracing it to payroll claims, two employees were noted to be receiving a larger benefit allowance and one employee was noted to be receiving a lesser benefit allowance than the allowed amount in the District Employee Handbook. The Hughes County EMS Employee Handbook states:
HCEMS pays for the employee general health insurance & first \$20,000 life insurance... If the employee elects to have “extras” such as Dependant Health, Dental, Vision and Supplemental Life they must pay for them.

11. We observed each Board member’s Official Bond.

There were no findings as a result of applying these procedures.

12. We selected one payroll period in order to:

- A. Observe whether all employees prepared timesheets.
- B. Inspect timesheets for signatures of employees and supervisors.

There were no findings as a result of applying the procedures.

While performing these procedures, additional matters came to our attention:

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Finding:

- For the payroll period tested, seven of sixteen timesheets were dated before the end of the pay period.
- For the payroll period tested, five of sixteen timesheets were not dated.
- For the payroll period tested, all timesheets were stamped with a signature stamp by the supervisor rather than using an actual signature.

13. We were engaged to select five employees from the payroll records in order to:
- A. Compare leave amounts earned to the District policy for earning leave.
 - B. Compare leave balances to the District policy for limitations on leave balances.
 - C. Trace annual leave used on the employee's timesheet (or payroll claim) to the respective monthly leave balance report.

Finding: Leave balances are not being kept current at the end of each pay period; therefore, these procedures could not be performed.

14. We observed the publication notice of the Estimate of Needs, observed whether all schedules in the Estimate of Needs are complete, and that the publication notice of the Estimate of Needs was printed in a county-wide newspaper.

There were no findings as a result of applying these procedures.

15. For equipment inventory we:
- A. Observed the existence of an equipment inventory list.
 - B. Observed and visually verified the existence of 10 items from the inventory list.
 - C. Observed all ambulances on the inventory list for existence.

There were no findings as a result of applying the procedures.

While performing these procedures, additional matters came to our attention:

Finding: The District does not maintain a complete inventory list of all fixed assets, including serial number, cost of each item, and date acquired. Fixed asset records are not updated when new purchases are made.

16. Select all items requiring bids (greater than \$7,500) in order to:
- A. Observe proof of publication of bid.
 - B. Observe justification and approval of awarding the bid to a bidder other than the lowest bidder in the District Board minutes.

There were no findings as a result of applying the procedures.

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17. Observe insurance policies for the existence of coverage of capital assets.

There were no findings as a result of applying the procedures.

We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the receipt and disbursement process, the safeguarding of capital assets, and the determination of whether selected receipts and disbursements are supported by underlying records for the District. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees, Excise Board, and Legislative Officials and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

October 5, 2010



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