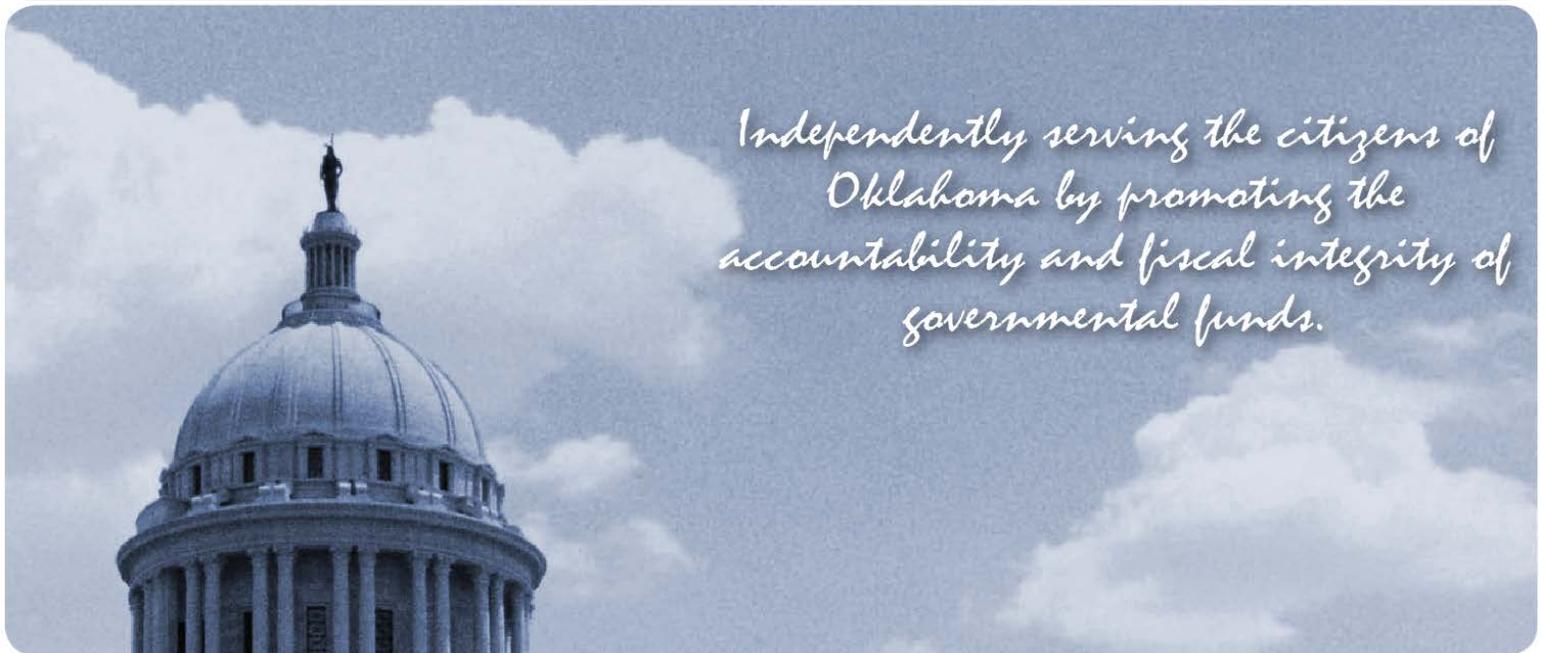


STATUTORY REPORT

JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2016



*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

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

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

October 18, 2017

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

Transmitted herewith is the audit report of Jackson 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

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

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

	FY 2016
Beginning Cash Balance, July 1	\$ 425,007
Collections	
Ad Valorem Tax	410,697
Charges for Services	1,089,793
State Grants	91,465
* City Sales Tax for KCD3	26,326
Miscellaneous	12,442
Total Collections	1,630,723
Disbursements	
Personal Services	1,325,199
Maintenance and Operations	317,620
Capital Outlay	98,502
Contract Services-Eldorado EMS	16,387
Audit Expense	9,590
Total Disbursements	1,767,298
Ending Cash Balance, June 30	\$ 288,432

*The city sales tax received from the towns of Roosevelt (.33 of 1% sales tax), Mountain Park (.30 of 1% of sales tax), and Snyder (.25 of 1% sales tax) to be used to fund the ambulance service for the geographical area of the Kiowa County District 3 Commissioner as per the contract between Jackson County Emergency Medical Service and Kiowa County District 3 Emergency Ambulance Association (KCD3).

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



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Jackson County Emergency Medical Service District
1309 N. Park Lane
Altus, Oklahoma 73521

TO THE BOARD OF DIRECTORS OF THE JACKSON 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 Jackson 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 Jackson 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 Jackson 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

August 15, 2017

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

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2016-3 – Inadequate Internal Controls and Noncompliance Over the District’s Contract with Kiowa County District 3 Emergency Ambulance Association (KCD3)

Condition: Upon inquiry of District staff, and observation of documents relating to a contract for ambulance service, the following exceptions were noted:

- The District entered a contract to provide ambulance service to the geographic area outlined in the Kiowa County District 3 Emergency Ambulance Association (KCD3) for the period of March 1, 2017 through January 21, 2017 and to extend from February 1, 2017 through January 31, 2018.
- The terms of the contract state the District was to provide service to the geographic area included in the District 3 Kiowa County Commissioner’s district. This area included the towns of Roosevelt, Mountain Park, and Snyder, Oklahoma. The terms of the contract also state the revenue to support this ambulance service was to be derived from *all* of 1% city sales tax collected in the named towns. However, the District received \$26,326 from KCD3. This amount represents .33 of 1 % of the city sales tax for Roosevelt, .30 of 1% of the city sales tax for Mountain Park, and .25 of 1% of the city sales tax for Snyder.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with contractual obligations

Effect of Condition: These conditions could result in the District being exposed to potential litigation, claims, or assessments and resulted in noncompliance with the terms of the contract.

Recommendation: OSAI recommends that the District enter a formal contract with KCD3 for each fiscal year stipulating the percentage of city sales tax to be remitted to the District for ambulance service to those towns in the geographical area.

Management Response:

Chairman of the Board: Management is working with Kiowa County District 3 EMS and the community leaders in that area to change the contract to fiscal year basis. The tax basis was implemented by Snyder, Mountain Park and Roosevelt by increasing the existing city sales tax by 1% to be used for the maintenance and operation of an ambulance service in the area. Mountain Park raised their tax from 2% to 3% with the 1% for ambulance service; Roosevelt raised their tax from 2% to 3% with the 1% for ambulance service; Snyder raised their tax from 3% to 4% with the 1% for ambulance service. Tax collection sheets from the state are given to JCEMS with each check showing the total taxes collected and the division of those figures are 1/3 of total from Mountain Park, 1/3 of total from Roosevelt and 1/4 of total from Snyder. This equals the 1% sales tax increase of each municipality. Management is working to ensure the provisions of the ambulance service contract are met and contracts are completed in their entirety and executed in accordance with the provisions of the contract.

**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Auditor Response: As noted in the recommendation, we recommend the District enter a formal contract that clearly states the percentages as being the total 1% of sales tax for each town that was designated by the voters for ambulance service.

Criteria: Accountability and stewardship are overall goals of the Board 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 in accordance with the provisions of the contract.

Finding 2016-4 – Inadequate Internal Controls and Noncompliance Over the Competitive Bidding Process

Condition: Based upon inquiry of District Staff and observation of the competitive bidding process for the District, the following exceptions were noted:

- The District did not follow statutes regarding bidding. The District did not provide evidence of a bid or a bid publication notice regarding purchase of a remount and chassis for an ambulance.
 - On June 22, 2016, the District Director sent an email to two prospective vendors requesting a bid/quote for a “2016/2017 Ford E-450 Chassis for a remount”. The email stated that the bid/quote was needed before June 29, 2016.
 - On June 23, 2016, the two prospective vendors, responded by email to the District Director with quotes in the amount of \$78,930.00 and \$97,899.00, respectively.
 - On June 29, 2016, the Board met in special session to approve and accept the quoted price of \$78,930.00 for a 2016/2017 Ford E-450 Chassis for a remount.
- The Board accepted the low quote for \$78,930.00. Subsequently, on August 30, 2016 a purchase order (6646) was initiated to pay for the remount and chassis. Further, check (36895) was issued on October 18, 2016 in the amount of \$30,000.00 and check (37019) was issued on January 6, 2017 for \$64,330.00. The total paid was for the remount and chassis was \$94,330.00.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that disbursements more than the \$15,000 be competitively bid in compliance with state statutes.

Effect of Condition: These conditions resulted in the District being in noncompliance with state statutes, paying more than the quoted amount for the remount and chassis, and could result in inaccurate records, incomplete information, or misappropriation of assets.

**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Recommendation: OSAI recommends the Board implement guidelines for all purchases more than \$15,000 to be competitively bid in accordance with 19 O.S. § 1723.

Management Response:

Chairman of the Board: Management is aware of the procedure for competitive bidding process. Management understands that this process was not adhered to with the purchase of an ambulance. Management has amended the handling of the bidding process to adhere to the laws and guidelines established in 19 O.S. 1723 including proof of publication, evidence of sealed bid, evidence of bids being time and date stamped.

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

- Proof of publication of the bid,
- Evidence of sealed bid being presented for consideration by the Board, and
- Evidence of bids being time and date stamped when received.

Further, Title 19 O.S. § 1723 requires Districts to make purchases in accordance with the county purchase procedures as outlined in 19 O.S. § 1505, which requires all purchases more than \$15,000 be competitively bid.

Finding 2016-5 – Inadequate Internal Controls Over the Fixed Assets Inventory Process (Repeat Finding)

Condition: Based upon inquiry of District staff and observation of the fixed assets inventory process, the following exceptions were noted:

- The District did not maintain a current inventory listing of all fixed assets.
- There was no evidence of annual fixed assets inventory verification.

Additionally, the following exceptions were noted in our physical verification of fixed assets inventory items as compared to the fixed assets inventory listing.

- Two (2) trailers were visually verified; however, they were not on the inventory listing.
- One (1) item could not be located that was listed on the inventory listing.
 - Zoll AED Pro
- Four (4) items had the incorrect serial number or VIN number recorded on the inventory listing.
 - Stat Manikin
 - Tank Boss I Tec Vertical lift
 - Ambulance Remount

**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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- One (1) Motorola Handheld Radio with the serial number as recorded on the fixed assets inventory listing could not be located by the District. However, the District did locate one with a similar serial number and inventory number.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fixed assets inventory is being properly accounted for, maintained, and updated regularly by the District.

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

Recommendation: OSAI recommends policies and procedures be designed and implemented to ensure inventory is being updated on an ongoing basis. Furthermore, OSAI recommends physical inventory verification, by someone other than the individual in charge of inventory, be completed and documented annually to verify inventory on hand.

Management Response:

Chairman of the Board: Management has established a policy to update the inventory process to include visual verification of all assets every six months and those updates reported to Management and items that are surplus, inoperable or obsolete be approved by Management with a sheet listing such items attached to the inventory. This process will provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguard assets from loss, damage or misappropriation.

Criteria: An important aspect of internal controls is the safeguarding of assets. 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 acquisition, use, or disposition of the entity's assets and safeguard assets from loss, damage, or misappropriation.

Finding 2016-6 – Inadequate Internal Controls Over the Disbursements Process

Condition: Upon inquiry of the District staff and a test of forty (40) disbursements, we noted the following weaknesses regarding the disbursement process:

- Six (6) purchase orders did not have receiving reports attached.
- One (1) purchase order had a receiving report attached, however it was blank.
- Eight (8) disbursements did not have a purchase order or receiving report attached to the supporting documentation; therefore, there was no signature of approval by the Board.
- One (1) purchase order had a receiving report attached with the received by signature completed, but the remainder of the form was not completed
- One (1) purchase order did not have a signature of approval by the Board on it.
- One (1) purchase order had a receiving report attached to it but it did not agree to the purchase order.

**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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- Two (2) purchase orders had receiving reports attached that did not have the received by signature completed.
- One (1) purchase order had a receiving report attached but not all items purchased were included on that receiving report.

Cause of Condition: The District has not designed and implemented policies and procedures to provide adequate supporting documentation of disbursements, Board approval of disbursements, and evidence to document the receipt of goods and/or services.

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

Recommendation: OSAI recommends that the District implement a system of internal controls to ensure adequate supporting documentation is maintained, all items received are reviewed for accuracy, and all disbursements have Board approval.

Management Response:

Chairman of the Board: Management has established a revised practical process to verify the accuracy of items ordered and received by the District, as follows :

- Each order is verified with an authorized order sheet and the items are compared to the packing slip, purchase order and invoice.
- The receiving party date stamps and initials the packing slip and notates any missing or back ordered items.
- This process will ensure the accuracy and evidence of transactions documenting disbursements and the receipt of goods.

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 providing adequate documentation of disbursements, evidence of Board approval of disbursements and evidence to document the receipt of goods and/or services.

Finding 2016-8 – Inadequate Internal Controls Over Contract Payments to Eldorado Emergency Medical Service District

Condition: Upon inquiry of District staff, observation of documentation and review of the contract between the District and the Eldorado Emergency Medical Service for ambulance service, we noted the following exception:

- The District used the same percentage rates each year for the ad valorem tax payments made to the Eldorado Emergency Medical Service District for contracted ambulance service, rather than obtaining an approved current mill levy sheet from Jackson County and recalculating the

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

percentage of ad valorem tax to be paid to the Eldorado Emergency Medical Service as outlined in the contract for each year.

- For this fiscal year, the amount paid to Eldorado Emergency Medical Service was \$16,387; however, the amount calculated by OSAI using the ad valorem tax levy sheets for each year was \$15,824.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the ad valorem tax payments are calculated using current mill levy sheets for each fiscal year.

Effect of Condition: This condition resulted in the ad valorem payments to Eldorado Emergency Medical Service being overfunded for the fiscal year in the amount of \$563.

Recommendation: OSAI recommends the District implement a system of internal controls to provide reasonable assurance that ad valorem tax payments are calculated using current mill levy sheets for each fiscal year in compliance with the provisions of the contract.

Management Response:

Chairman of the Board: Management was apprised that the ad valorem tax payments to Eldorado EMS needed to be adjusted annually by requesting a new levy sheet from the Jackson County Assessor's office in October of each fiscal year. Management has already reviewed and implemented the recalculation process.

Criteria: Accountability and stewardship are overall goals of management 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, including compliance with the provisions of the compensation of ad valorem taxes to the contracted service provider.

Finding 2016-10 –Inadequate Internal Controls Over the Payroll Process

Condition: Upon inquiry of District staff, observation of payroll records and a test of one payroll period which included thirty-two 32 employees, the following was noted:

- Fourteen (14) instances were noted in which there was no supporting documentation for a \$5.00 withholding for the EMS Fund, which is the fund used for employee activities.
- One (1) instance was noted in which a current 2016 W-4 could not be located to verify the deductions for the employee.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the payroll process is being properly supported by adequate documentation.

Effect of Condition: These conditions resulted in incomplete recordkeeping and could result in accurate deductions from payroll checks.

**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Recommendation: OSAI recommends that policies and procedures be designed and implemented to ensure that all deductions are properly supported by the documentation for each employee regarding payroll deductions.

Management Response:

Chairman of the Board: Management has implemented a specific date that all employees must review their payroll deductions and documentation of payroll information. This finding has already been corrected with the appropriate documentation.

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 regarding the reliability of financial reporting. An important aspect of internal controls is to ensure timekeeping records are accurately prepared to provide reasonable assurance regarding the prevention or timely detection of unauthorized transactions and/or misappropriation of funds.



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