

OPERATIONAL AUDIT

JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2009 through June 30, 2012



*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
OPERATIONAL AUDIT
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2012**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by Article 10, § 9C (i) of the Oklahoma Constitution and as defined by 19 O.S. § 1704.3, 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 Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

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December 4, 2012

TO JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the audit report of Jackson County Emergency Medical Service District for the period July 1, 2009 through June 30, 2012.

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, appearing to read 'Gary A. Jones', is written over a horizontal line.

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

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BACKGROUND

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and initially authorized 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.

Emergency medical service districts are governed by a district board of trustees. The board of trustees has the power to hire a manager and appropriate personnel, contract, organize, maintain, or otherwise operate the emergency medical services within said district and such additional powers as may be authorized by the Legislature.

The trustees must act as a board when entering into contracts or other agreements affecting the district's welfare. Thus, actions taken by the board are voted on and approved by a majority of the trustees. The board's business meetings are open to the public.

The board of any district shall have capacity to sue and be sued. Provided, however, the board shall enjoy immunity from civil suit for actions or omissions arising from the operation of the district. Such districts shall be empowered to charge fees for services, and accept gifts, funds or grants from sources other than the mill levy, which shall be used and accounted for in a like manner.

BOARD OF TRUSTEES

Patricia Hunter	Chairman of the Board
Buddy Thompson.....	Vice-Chairman
Jimmie Ewing	Secretary/Treasurer
Grover Knight.....	Board Member
Lynn Rudd	Board Member
Shaun Cecil.....	Administrator

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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2012

Beginning Cash Balance, July 1, 2011	<u>\$ 394,014</u>
Collections	
Ad Valorem Tax	381,708
Charges for Services	1,039,248
Miscellaneous	147,420
Total Collections	<u>1,568,376</u>
Disbursements	
Personal Services	1,118,463
Maintenance and Operations	334,704
Capital Outlay	246,346
Total Disbursements	<u>1,699,513</u>
Ending Cash Balance, June 30, 2012	<u>\$ 262,877</u>

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

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PURPOSE, SCOPE, AND SAMPLE METHODOLOGY

This audit was conducted in response to Article 10, § 9C (i) of the Oklahoma Constitution and as defined by 19 O.S. § 1704.3, which requires the State Auditor and Inspector's Office to audit the books and accounts of the District.

The audit period covered was July 1, 2009 through June 30, 2012.

Sample methodologies can vary and are selected based on the audit objective and whether the total population of data was available. Random sampling is the preferred method; however, we may also use haphazard sampling (a methodology that produces a representative selection for non-statistical sampling), or judgmental selection when data limitation prevents the use of the other two methods. We selected our samples in such a way that whenever possible, the samples are representative of the populations and provide sufficient evidential matter. We identified specific attributes for testing each of the samples. When appropriate, we projected our results to that population.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This report is 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.

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Objective 1: To determine the District's collections, disbursements, and cash balances for FY 2012 were accurately presented on the Estimate of Needs.

Conclusion: With respect to the items reconciled and reviewed; the District's collections, disbursements, and cash balances for fiscal year 2012 appear to be accurately presented on the Estimate of Needs. However, controls need to be strengthened over revenue.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of internal controls related to the process of accurately presenting the collections, disbursements, and cash balances through discussions with District personnel, observation, and review of documents.
- Reconciled and reviewed the accuracy of the District's Estimate of Needs to ensure collections, disbursements, and cash balances were accurately presented on the District's Estimate of Needs which included the following:
 - Reconciled collections presented on the Estimate of Needs to the District's financial records approved by the Board of Trustees.
 - Reconciled warrants issued presented on the Estimate of Needs to disbursements approved by the Board of Trustees and paid through the operating account of the District.
 - Reviewed the ending cash balances presented on the Estimate of Needs to the financial records of the District, including the bank reconciliation at June 30, 2012.

Finding: Inadequate Internal Controls over the Collection of Revenue

Condition: Upon inquiry of District personnel and observation of the collection of the revenue process, we determined that control procedures are not adequate.

- The same employee that opens the mail also has duties of issuing receipts, endorsing checks, preparing the deposit, and posting payments received to patient's accounts into the computer system.
- The same employee also performs the billing service of patients to various insurance companies.
- The employee performing monthly bank reconciliation did not initial and date the reconciliation.
- There is no evidence that someone other than the preparer reviews the monthly bank reconciliations.

Cause of Condition: Procedures have not been designed and implemented due to employees of the District being unaware of the need to properly segregate the duties with regard to the revenue collection process.

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Effect of Condition: A single employee having responsibility for more than one area of the collection process could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that the District implement a system of internal controls to provide reasonable assurance that procedures over the revenue process are adequately segregated.

Additionally, OSAI recommends the following key accounting functions of the collection of revenue be adequately segregated:

- Billing of services provided
- Opening the mail
- Issuing receipts for collections
- Preparing the deposit slip
- Posting the receipt of payments to patient’s accounts in the computer system

Further, OSAI recommends employees performing the duties of reconciling and reviewing, initial and date the work performed.

Management Response: This is an ongoing issue, which is an issue of too few employees. This year Management hired another office employee, and this individual is in the training phase which should mitigate some of the concerns of Objective 1 in coming years.

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 safeguarding assets from misappropriation. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Objective 2: To determine the District’s financial operations complied with 62 O.S. § 517.4, which requires deposits with financial institutions be secured with collateral securities or instruments.

Conclusion: With respect to the days tested, the District complied with 62 O.S. § 517.4, which requires deposits with financial institutions be secured with collateral securities or instruments. However, controls need to be strengthened over the monitoring of pledged securities.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of internal controls related to pledged collateral through discussions with District personnel, observation, and review of ledgers and documents.

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- Tested compliance of the significant law, which included the following:
 - Selected the highest balance day for each month at all banks for the audit period to determine if the District’s funds were adequately secured as required by 62 O.S. § 517.4.

Finding: Inadequate Internal Controls over Pledged Collateral

Condition: In lieu of purchasing collateral for the District, the District’s bank chose to use a sweep account to protect the deposits above FDIC coverage of \$250,000. The District did not enter into the “Bank Sweep Manager Corporate Sweep Account Agreement” on an annual basis.

These agreements state, in part,

“...Such funds will be placed in retail repurchase agreements...which are fully guaranteed by, the United States, one of its agencies or one of its government-sponsored enterprises (“Securities”).

This agreement also states, in part,

“...the Bank may substitute certain Securities for others, pursuant to Collateral Custodial Agreement...”

Cause of Condition: The procedure of entering into the “Agreement” by the District was not designed and implemented due to the District being unaware of a need for such procedure.

Effect of Condition: This condition could result in the change to certain securities without the knowledge of management of the District, which could further result in the possible loss of District funds.

Recommendation: OSAI recommends that management of the District enter into the “Bank Sweep Manager Corporate Sweep Account Agreement” on a fiscal year basis and maintain documentation of any changes to securities.

Management Response: Management has complied with this objective and it has been documented as entering into the “Bank Sweep Manager Corporate Sweep Account Agreement.” It will be initialed on June 30, at the end of each fiscal year.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. 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 transactions and safeguarding assets from misappropriation.

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Objective 3: To determine the District's financial operations complied with 19 O.S. § 1710.1A, which outlines purposes for expending District funds.

Conclusion: With respect to the items tested, the District complied with 19 O.S. § 1710.1A, which outlines purposes for expending District funds. However, controls over the expenditure process should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of preparing purchase orders, authorizing payments, and documenting goods and services received, which included discussions with District personnel, observation, and review of documents.
- Tested compliance of the significant law, which included the following:
 - Selected a random sample of 72 expenditures (24 per year) to determine the expenditures were for the purpose of providing funds for the support, organization, operation and maintenance of the emergency medical service.

Finding: Inadequate Controls over the Expenditure Process

Condition: Upon inquiry of District personnel and observation of records, it was determined that control procedures have not been implemented to ensure an adequate segregation of duties over the expenditure process of District funds due to the following:

- Two employees use the signature stamp of the Director of the District and one of the members of the Board of Trustees.
- The Administrator of the District generally orders goods and/or services and receives goods and/or services.
- The Administrator notifies the financial officer of the need for a purchase order and also signs the invoice to document goods and/or services received.
- The District does not prepare receiving reports for goods and/or services received.

Cause of Condition: Procedures have not been designed and implemented to adequately segregate the duties over the expenditure process due to the District being unaware for the need of such procedures.

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

Recommendation: OSAI recommends the District design and implement procedures to ensure a proper segregation of duties over the expenditure process.

The following key accounting functions of the expenditure process should be adequately segregated:

- An employee orders goods and/or services separate from the employee that requisitions District funds to be expended.

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- An employee signs a receiving report, as receiving officer, separate from the two employees ordering goods and/or services and requisitioning District funds to be expended.
- Posting expenditures to the accounting software should be separate from the employees performing the duties stated above.

Further, employees of the District should not be authorized to use the signature stamp of the Director of the District or any member of the Board of Trustees.

Management Response: Management has begun preparing the necessary format for this function to be fulfilled; however, once again a lack of staff and staff schedule will complicate this issue.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Objective 4: To determine the District's financial operations complied with 19 O.S. § 1723, which requires District purchases in excess of \$7,500 be competitively bid.

Conclusion: The District did not comply with 19 O.S. § 1723, which requires that purchases in excess of \$7,500 be competitively bid.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of competitively bidding purchases in excess of \$7,500, which included discussions with District personnel, observation, and review of documents.
- Tested compliance of the significant law, which included the following:
 - Selected 100% of purchases in excess of \$7,500 and determined that the District followed statutes regarding public notice, handling of unopened bids, awarding bid to best bidder, recording appropriate information in Board minutes, and notification to successful bidders.

Finding: Inadequate Controls and Noncompliance over the Bidding Process

Condition: Controls and statutory requirements over the bidding process have not been properly implemented, and as a result, in the review of six items (100% of purchases in excess of \$7,500), the following discrepancies occurred:

- The Administrator of the District performs all bidding processes, except the awarding of the bids, for purchases in excess of \$7,500.
- The six bids tested revealed the following discrepancies:
 - No evidence that the bid notice was published in the paper.

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- No evidence that unopened bids were time and date stamped as to the delivery of the bid to the Board.
- No evidence of notification to successful bidders.
- No evidence the lowest or best bid was awarded in the minutes of the Board of Trustees.
- In three instances there was no evidence the goods were competitively bid.

Cause of Condition: Procedures have not been designed and implemented to document compliance with statutes and provide assurance that internal controls are in place.

Effect of Condition: These conditions resulted in noncompliance with statutes and could further result in the possible loss of District funds.

Recommendation: OSAI recommends the District implement procedures to ensure bidding is properly performed. These procedures should include documentation of notification to the successful bidder be maintained in the bid file and all bid awards be documented in the minutes of the Board of Trustees.

Management Response: Management will abide to the best of its ability with the competitive bidding process set forth. There were some expectations regarding the opening of bids that Management was not aware of and will in forthcoming years ensure is followed.

Criteria: Effective internal controls require that management properly implement procedures to ensure that purchases over \$7,500 comply with 19 O.S. §1723. Effective July 1, 2012, purchases in excess of \$10,000 should comply with 19 O.S. §1723.

Objective 5: To determine if the District's internal controls provide reasonable assurance that payroll expenditures were accurately reported in the accounting records.

Conclusion: The District's internal controls do not provide reasonable assurance that payroll expenditures were accurately reported in the accounting records.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the payroll process through discussions with District personnel, observation and review of documents.

Finding: Inadequate Controls over Payroll Expenditures

Condition: Upon inquiry of District personnel, observation, and review of documents, we determined that the payroll process was not adequately segregated due to the following:

- One employee is responsible for the collection, review, and approval of all employees' timecards.

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- The same employee enters the payroll information from the timecards into the payroll system and runs the weekly direct deposit report.
- The same employee may enter new hires into the payroll system and also yearly W-4 information with regard to changes.
- The weekly direct deposit is reviewed by the financial officer; however, the financial officer only looks for obvious errors and does not compare the information to the employee's timecards, and does not sign and date the review.
- The Board of Trustees approves a blank purchase order at the beginning of each month, and the financial officer posts weekly payroll sums to the purchase order through the month.

Cause of Condition: Procedures have not been designed and implemented for separating the duties over the payroll process due to the District being unaware of the need for such procedures.

Effect of Condition: These conditions could result in errors and/or misappropriation with regards to the accurate reporting of payroll expenditures.

Recommendation: OSAI recommends the following key accounting functions of the payroll process be adequately segregated:

- Posting new hires and/or making payroll changes to the payroll system.
- Posting weekly payroll information into the payroll system.
- Reviewing the direct deposit reports to actual timecards and signing and dating the reviews.

Further, OSAI recommends the Board of Trustees approve a blanket purchase order with an estimated cost of payroll for a one month period.

Management Response: Management is aware of this issue; however, our response is the same as the response to Objective 1.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Objective 6: To determine if the District's internal controls provide reasonable assurance that consumable inventories were accurately reported in the accounting records.

Conclusion: The District's internal controls do not provide reasonable assurance that consumable inventories were accurately reported in the accounting records.

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Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the consumable inventory process through discussions with District personnel, observation, and review of documents.

Finding: Inadequate Internal Controls over Consumable Inventories

Condition: Upon inquiry of District personnel and observation of documents, there is not sufficient evidence to support the operating effectiveness of control procedures over consumable inventories.

- The District Administrator orders supplies and one of the paramedics tracks the supplies and consumable items.
- The paramedic and Administrator exchange informal notes regarding supplies on hand, and the Administrator orders supplies by gauging the need to order items.
- The District does not maintain the documentation of the consumable count performed.

Cause of Condition: Supporting documentation of physical consumable inventory counts were not maintained by the District.

Effect of Condition: Opportunities for loss and misappropriation of District assets may be more likely to occur when the District does not maintain supporting documentation of physical consumable inventory counts.

Recommendation: OSAI recommends management implement a system of maintaining supporting documentation for consumable inventory counts, which documents the date of the count, items received, items used, and items on hand. OSAI further recommends all supporting documentation be signed and dated by the employee performing the duty and the employee responsible for reviewing the accuracy of the documentation.

Management Response: Management is currently working on a plan to address this issue.

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 consumable inventories and safeguard assets from loss, damage, or misappropriation.

Objective 7: To determine if the District's internal controls provide reasonable assurance that fixed assets were accurately reported in the accounting records.

Conclusion: The District's internal controls do not provide reasonable assurance that fixed assets were accurately reported in the accounting records.

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Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of internal controls related to the fixed asset inventory process through discussions with District personnel, observation, and review of documents.

Finding: Inadequate Internal Controls over Fixed Assets

Condition: Upon inquiry of District personnel and observation of documents, we determined that there is not sufficient evidence to support the operating effectiveness of control procedures over controls for fixed assets due to the following:

- Vehicles of the District are not documented on the fixed asset listing.
- The fixed asset listing is not signed nor dated when the physical count is performed.

Cause of Condition: Complete and accurate supporting documentation of physical fixed asset counts was not maintained by the District.

Effect of Condition: Opportunities for loss and misappropriation of District assets may be more likely to occur when the District does not maintain supporting documentation of the internal controls designed and implemented.

Recommendation: OSAI recommends all fixed assets be documented on the fixed asset listing of the District and all physical counts be signed and dated by the employee responsible for performing the fixed asset count.

Management Response: Management has implemented an up-to-date fixed asset list, and it shall be maintained and inventoried once a month.

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 fixed assets and safeguard fixed assets from loss, damage, or misappropriation.

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All Objectives:

The following findings are not specific to any objective, but are considered significant to all of the audit objectives.

Finding: Inadequate District-Wide Controls

Condition: District-wide controls regarding Risk Management and Monitoring have not been designed.

Cause of Condition: Procedures have not been designed to address risks of the District.

Effect of Condition: This condition could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that the District design procedures to identify and address risks. OSAI also recommends that the District design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the District’s policies and procedures handbook.

Examples of risks and procedures to address risk management:

Risks	Procedures
Fraudulent activity	Segregation of duties
Information lost to computer crashes	Daily backups of information
Noncompliance with laws	Attend workshops
Computer failures Natural disasters	Written disaster recovery plans
New employee errors	Training, attending workshops, monitoring

Examples of activities and procedures to address monitoring:

Monitoring	Procedures
Communication between Board Members and employees of the District	Periodic meetings to address items that should be included in the handbook and to determine if the District is meeting its goals and objectives.
Audit findings	Determine audit findings are corrected.
Financial status	Periodically review budgeted amounts to actual amounts and resolve unexplained variances.
Policies and procedures	Ensure employees understand expectations in meeting the goals of the District.

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Following up on complaints	Determine source of complaint and course of action for resolution.
Estimate of needs	Work together to ensure this financial document is accurate and complete.

Management Response: No response to this comment.

Criteria: Internal control is an integral component of an organization’s management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being made. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. District management is responsible for designing a district-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

Risk Assessment is a component of internal control which should provide for an assessment of the risks the District faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

Finding: Disaster Recovery Plan

Condition: Upon inquiry of District personnel with regards to the accounting and bookkeeping software, the District does not have a formal written Disaster Recovery Plan.

Cause of Condition: A formal written Disaster Recovery Plan over the accounting and bookkeeping software and hardware has not been designed due to the District being unaware for the need of such a procedure.

Effect of Condition: The failure to have a formal Disaster Recovery Plan could result in the District being unable to function financially in the event of a disaster. The lack of a formal plan could cause significant problems in ensuring District business, such as collections, expenditures for operations, such as goods and/or services and the payroll process, and patient billing could continue uninterrupted.

Recommendation: OSAI recommends the District develop a Disaster Recovery Plan that addresses how critical information and systems within their offices would be restored in the event of a disaster.

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Management Response: In reviewing the comments found in this section, it is Management's determination that the State Auditor's opinion is that there needs to be a Plan of Action contained within a Disaster Recovery Plan identifying each issue mentioned. Because of the nature of JCEMS business, this plan will not be able to be written in a short period of time. Issues such as, "where would JCEMS go if the physical building were destroyed?" just cannot be answered on paper, it will have to be discussed in depth with the County Commissioners, the Board of Directors, and possibly other outside entities. Backup computer systems locations will have to be located and funding allocated for the servers. Jackson County EMS Management will endeavor to complete and implement these suggestions as swiftly as possible.

Criteria: Disaster Recovery Plans are an integral part of District operations to ensure that business can be continued as usual in the event of a disaster. The District should have a current, detailed Disaster Recovery Plan on file and should be aware of its content.

Other Item(s) Noted:

Although not considered significant to the audit objectives, we believe the following issue should be communicated to management.

Finding: Inadequate Internal Controls over the Audit Expense Account

Condition: Upon inquiry and observation of the budgeting process, it was determined that controls have not been designed and implemented to ensure the amount required by statute is correctly budgeted for the audit budget account. The District relies on the "budget maker" to calculate the required amount for the audit budget account with no independent oversight by employees of the District or members of the Governing Board.

Cause of Condition: Procedures have not been designed to ensure the audit account is accurately budgeted in accordance with statutory requirements due to the District being unaware for the need of such a procedure.

Effect of Condition: This condition could result in noncompliance with state statutes.

Recommendation: OSAI recommends that the District implement a system of internal controls to provide reasonable assurance that one-tenth mill upon the net total assessed valuation be set aside in the audit account and that any unused portion be lapsed into the next year audit account in accordance with 19 O.S. § 1706.1.

Further, OSAI recommends the financial officer of the District perform the calculation of the required amount for the audit budget account, sign and date, and then an employee, separate from financial recordkeeping, recalculate the amount for the audit budget account, sign and date. In addition, the Board

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should compare the figures calculated by the financial officer and the budget maker to ensure compliance with Oklahoma Statutes.

Management Response: The District provided no response to this comment.

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.

Further, according to 19 O.S. § 1706.1, the District must appropriate the net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation of the District for audit expenses.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

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