

JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

FOR THE PERIOD JULY 1, 2007
THROUGH JUNE 30, 2008

AGREED-UPON PROCEDURES REPORT



Oklahoma State Auditor
& Inspector

**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD JULY 1, 2007 THROUGH JUNE 30, 2008**

This publication is printed and issued by the State Auditor and Inspector as authorized by Article 10, § 9C (i) of the Oklahoma Constitution and as defined by 19 O.S. § 1704.3. Pursuant to 74 O.S. § 3105.B, ten (10) copies have been prepared and distributed at a cost of \$24.22. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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December 3, 2008

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

Transmitted herewith is the agreed-upon procedures report for the Jackson County Emergency Medical Service District for the period July 1, 2007 through June 30, 2008. 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

A handwritten signature in blue ink that reads "Michelle R. Day".

MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
FOR THE PERIOD JULY 1, 2007 THROUGH JUNE 30, 2008**

INTRODUCTION

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and initially authorized a tax levy not to exceed 3 mills for the purpose of providing funds for the purpose of support, organization, operation, and maintenance of district ambulance services. District voters approved the formation of the District and 3.05 mills levy to support the operation of the District. The Jackson County Emergency Medical Service District is comprised of Jackson County and was created to provide ambulance service to all citizens.

Emergency medical service districts are governed by a board of trustees. The board of trustees (the board) has the power to hire a manager and other personnel, contract, organize, maintain, or otherwise operate the emergency medical service district. 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 of trustees' business meetings are open to the public. The board shall have the capacity to sue and be sued but shall enjoy immunity from civil suits for actions or omissions arising from the operation of the district. Such districts have the authority to charge fees for services, and accept gifts, funds, or grants.

JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
JUNE 30, 2008

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by management of the Jackson 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 period July 1, 2007 through June 30, 2008. 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. Observe whether receipting, depositing, and reconciling functions are performed by separate employees.

Finding: The receipting, depositing, and reconciling functions were not properly segregated to assure adequate internal control structure.

Recommendation: OSAI recommends management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. An increased level of review of transactions, cross-training for the financial duties, and periodic rotation of financial duties are ways that some small entities manage the increased risk of improprieties in an office with limited employees.

Views of responsible officials and planned corrective actions: Management is aware of the limited number of office personnel that prevents a proper segregation of accounting functions, receipts of goods, preparing claims and issuing payments, which is necessary to ensure adequate internal control structure. Management periodically reviews the job responsibilities and transactions of Jackson County EMS. Cross-training for the financial duties and periodic rotation of financial duties are ways that management has implemented additional control over the risk of improprieties in an office with limited employees.

2. We randomly selected 15 runs from the dispatch log book and:
 - Traced to the run sheet.
 - Agreed fee charged to fee schedule.
 - Traced run to billing records.
 - Traced receipt number from billing records to receipt.
 - Traced receipt to deposit slip.
 - Agreed cash/check composition of deposits to the receipts issued.
 - Examined receipts to determine they are pre-numbered and issued in numerical order.
 - Agreed date of receipts to date of deposit slip.
 - For any voided receipts, observed the original receipt.
 - Observed second billing and or list sent to collection agency if no payment was received.
 - Observed District Board authorization in the Board minutes if the amount was written off.

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

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

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

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 compared District cash/cash equivalents in each financial institution to the fair market value of each financial institution's pledged collateral at January and June.

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 the District deposit slips.

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

7. We reconciled warrants issued, as reported on the District's Estimate of Needs, to bank debits/checks clearing the bank for the fiscal year

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

8. We reviewed the District's check register report to identify missing and/or voided checks and obtained the disposition of missing or voided checks.

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

9. Observe whether receiving goods and services, preparing claims, and issuing payments are performed by separate employees.

Finding: It was noted that receiving of goods and services, preparing claims, and issuing payments were not properly segregated to assure adequate internal control structure.

Recommendation: OSAI recommends management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. An increased level of review of transactions, cross-training for the financial duties, and periodic rotation of financial duties are ways that some small entities manage the increased risk of improprieties in an office with limited employees.

Views of responsible officials and planned corrective actions: Management is aware of the limited number of office personnel that prevents a proper segregation of accounting functions, receipts of goods, preparing claims and issuing payments, which is necessary to ensure adequate internal control structure. Management periodically reviews the job responsibilities and transactions of Jackson County EMS. Cross-training for the financial duties and periodic rotation of financial duties are ways that management has implemented additional control over the risk of improprieties in an office with limited employees.

10. We randomly selected 25 checks/warrants/vouchers and:
 - Agreed to invoices.
 - Agreed payee on cancelled check to vendor on invoice.
 - Inspected the receiving report/invoice for signature of District employee who verified goods and/or services were received.
 - Traced claim approval to District Board minutes.

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

11. We selected 100% of disbursements in excess of \$2,500 and:
 - Agreed to invoices.
 - Agreed payee on cancelled check to vendor on invoice.
 - Inspected the receiving report/invoice for signature of District employee who verified goods and/or services were received.
 - Traced claim approval to District Board minutes.
 - For items in excess of \$7,500, we observed that bidding requirements were met.

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

12. We observed the Board members' coverage for Official Bond was included in the District's insurance policy.

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

13. We randomly selected one payroll period and:
- Observed whether all employees prepared timesheets.
 - Inspected timesheets for signatures of employees and supervisors.

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

14. We selected 100% of employees from the payroll records for both years and:
- Compared leave amounts earned to the District's policy for earning leave.
 - Compared leave balances to the District's policy for limitations on leave balances.
 - Traced annual leave used on the employee's timesheet (or payroll claim) to the respective monthly leave balance report.

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

15. We observed the publication notice of the District's Estimate of Needs and whether the District's expenditures exceeded its appropriations in budget category.

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

16. We observed:
- the existence of an equipment inventory list.
 - documentation of the conduct of a physical inventory.

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

17. We observed insurance policies for the existence of coverage of capital assets.

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

18. Other matters we noted:

Obtained Board minutes and reviewed for any unusual items to follow-up.

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 cash, receipts, disbursements, personnel costs, capital assets, and long-term debt 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



MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

October 14, 2008



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