

**JOHNSTON
COUNTY
EMERGENCY
MEDICAL
SERVICE DISTRICT**

**FOR THE PERIOD JULY 1, 2006
THROUGH JUNE 30, 2008**

EMS AGREED-UPON PROCEDURES



Oklahoma State Auditor
& Inspector

**JOHNSTON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD JULY 1, 2006 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 \$24.07. 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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August 10, 2009

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

Transmitted herewith is the agreed-upon procedures report for the Johnston County Emergency Medical Service District for the period July 1, 2006 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

**JOHNSTON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
FOR THE PERIOD JULY 1, 2006 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 three (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 an original 3 mills ad valorem levy to support the operation of the District. The County voted to repeal the personal property tax. The initiative provided that real property tax levies would be increased to make up for the loss of taxable personal property. Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is now 3.09 mills. The Johnston Emergency Medical Service District is comprised of Johnston 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.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by management of the Johnston 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, 2006 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. We observed whether receipting, depositing, and reconciling functions are performed by separate employees.

Finding: The receiving, receipting, recording, and depositing cash and checks within the District office were not segregated to assure adequate internal control structure.

2. We randomly selected 10 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 to billing records.
 - D. Trace receipt number from billing records to receipt.
 - E. Trace receipt to deposit slip.
 - F. Agree cash/check composition of deposits to the receipts issued.
 - G. Examine receipts to determine they are pre-numbered and issued in numerical order.
 - H. Agree date of receipts to date of deposit slip.
 - I. For any voided receipts, observe the original receipt.
 - J. Observe second billing and or list sent to collection agency if no payment was received.
 - K. Observe District Board authorization in the Board minutes if the amount was written off.

Finding: One receipt was noted as being voided (Receipt #245411); however, the original receipt was unable to be located. For the time period of July 1, 2006 through July 26, 2007, the receipts were not issued in numerical order.

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With respect to the other procedures A-F, H, and J-K applied, there were no findings.

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 the District's 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 and sales taxes remitted from the County Treasurer to the District to District deposit slips.

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

7. 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 were not properly segregated to assure adequate internal control structure.

8. We randomly selected 25 checks/warrants/vouchers 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. Inspect the check for two approving signatures by District Board members or other authorized signors.

Finding: The following issues were noted:

- Three checks selected had invoices attached that were not itemized.
- Ten checks had invoices attached with no signature by the District employee who verified that goods/services were received.
- Two of the checks selected only had one approving signature.

With respect to procedures B and D, there were no findings.

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9. We observed each Board member's Official Bond.

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

10. We randomly selected one payroll period in order to:
- A. Observe whether all employees prepared timesheets.
 - B. Inspect timesheets for signatures of employees and supervisors.

Finding: The District employee's timesheets are not signed by the supervisor. Also, the director does not prepare a timesheet reflecting hours worked and the amount of leave taken.

11. We randomly selected 5 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: The District payroll records do not reflect the accumulated leave balances.

12. We observed the publication notice of the District's Estimate of Needs. Additionally, we observed whether all schedules in the Estimate of Needs were completed and the publication notice was printed in a county-wide newspaper.

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

13. We observed the Districts' policy regarding safeguarding of capital assets and:
- A. Confirmed the existence of an equipment inventory list.
 - B. Visually verified the existence of 10 items from the inventory list.
 - C. Verified all ambulances on the inventory list for existence.

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

14. We selected one item requiring bids (greater than \$7,500) and:
- A. Observed proof of publication of bid.
 - B. Observed 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.

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

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

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While performing procedure 8, the following additional matter came to our attention:

Finding: Five checks selected were for expenditures that do not appear to be for the support, organization, operation, and maintenance of the District. Items included eggs and candy for Easter Egg Hunt, flowers, Chamber of Commerce dues, and three twenty-five count variety packages of candy bars totaling \$732.49.

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

July 8, 2009



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