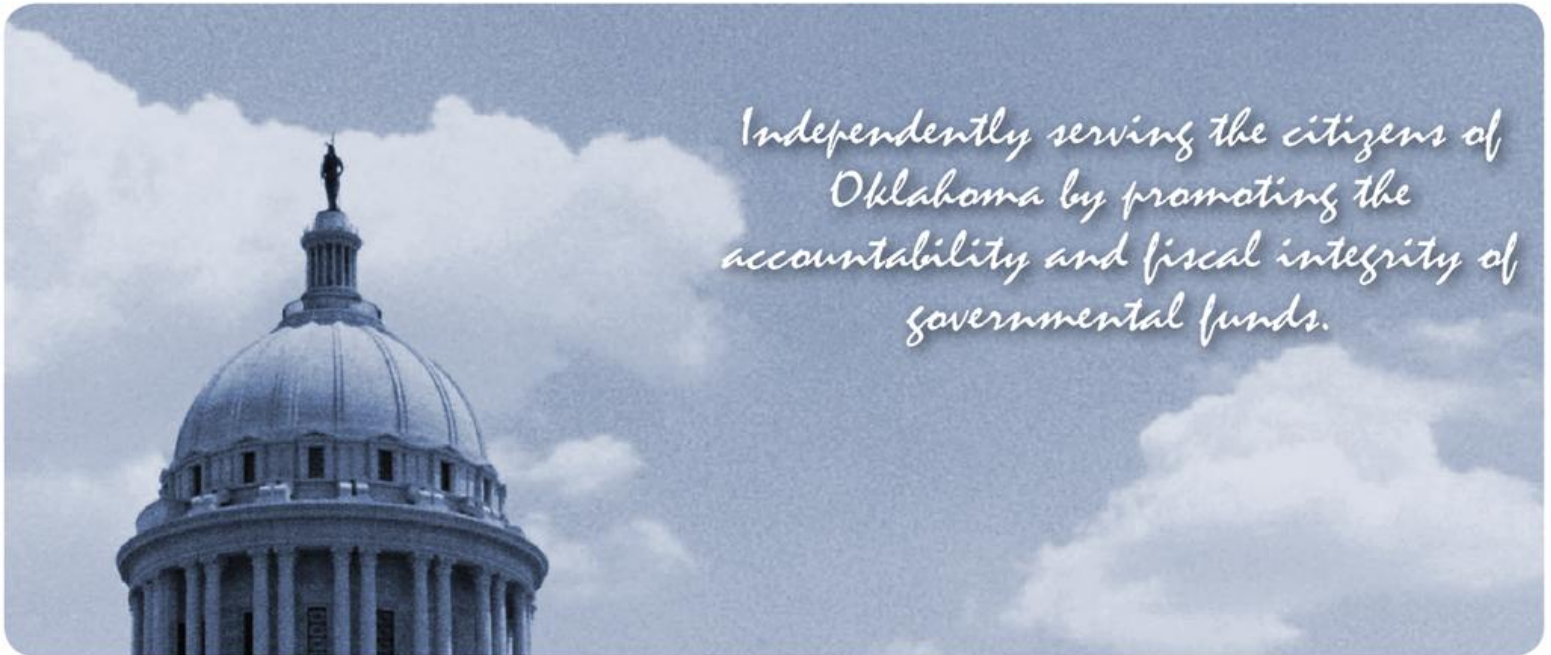


STATUTORY REPORT

# KINGFISHER EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2012 through June 30, 2016



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

**KINGFISHER EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2016**

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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](http://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

January 23, 2017

**TO THE BOARD OF DIRECTORS OF THE  
KINGFISHER EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Kingfisher Emergency Medical Service District for the period July 1, 2012 through 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". The signature is fluid and cursive.

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

**KINGFISHER EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2016**

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**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2013, FY 2014, FY 2015, and FY 2016.**

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Beginning Cash Balance, July 1	\$ 60,657	\$ 88,392	\$ 102,805	\$ 88,621
Collections				
Ad Valorem Tax	274,438	289,418	308,670	357,463
Total Collections	<u>274,438</u>	<u>289,418</u>	<u>308,670</u>	<u>357,463</u>
Disbursements				
Payments to Ambulance Provider	236,022	269,196	275,694	308,485
Maintenance and Operations	5,502	3,612	5,130	6,252
Reimbursement to City	-	-	42,030	30,005
Audit Expense	5,179	2,197	-	-
Total Disbursements	<u>246,703</u>	<u>275,005</u>	<u>322,854</u>	<u>344,742</u>
Ending Cash Balance, June 30	<u>\$ 88,392</u>	<u>\$ 102,805</u>	<u>\$ 88,621</u>	<u>\$ 101,342</u>

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



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Kingfisher Emergency Medical Service District  
P.O. Box 837  
Kingfisher, Oklahoma 73750

## **TO THE BOARD OF DIRECTORS OF THE KINGFISHER 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 2013, FY 2014, FY 2015, and FY 2016 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Kingfisher 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 Kingfisher 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 Kingfisher 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

November 14, 2016

**KINGFISHER EMERGENCY MEDICAL SERVICE DISTRICT  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2016-2 - Inadequate Internal Controls and Noncompliance Over the Provider Contract (Repeat Finding)**

**Condition:** Kingfisher Emergency Medical Service District (the District) pays the City of Kingfisher on a quarterly basis to provide and operate the District's ambulance service; however, the District did not have a current contract with the provider during the period audited. The contract for the ambulance service expired on June 30, 2010.

**Cause of Condition:** The District does not have a current contract with an ambulance service to provide emergency medical service and operate the service within the boundaries of Kingfisher County.

**Effect of Condition:** Policies and procedures have not been designed and implemented to ensure a current contract is signed by the District Board and the contracting entity to provide emergency medical service for the citizens of Kingfisher County and the District is not in compliance with the Oklahoma Constitution and state statute.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the District monitor and update all contracts for ambulance services on a fiscal year basis in accordance with Article 10 § 9C of the Oklahoma Constitution and 19 O.S. § 1710.1(B).

**Management Response:**

**Board Chairman:** The Board is now aware of the contract between the City of Kingfisher and the EMS. The contract will be reviewed by our attorney and will be updated to reflect the contractual agreement between the two parties on a current fiscal year basis.

**Criteria:** Article 10 § 9C of the Oklahoma Constitution depicts an Emergency Medical Service District can be voted on and established "...for the purpose of providing funds for the purpose of support, organization, operation and maintenance of district ambulance services, known as emergency medical service district..."

Title 19 O.S. § 1710.1(B) states, "Emergency medical service districts formed pursuant to said Section 9C of Article X of the Oklahoma Constitution may own and operate the ambulance service or may provide ambulance service through contracts with one or more ambulance service providers."

**Finding 2016-3 - Inadequate Internal Controls and Noncompliance Over Audit Expense Budget Account (Repeat Finding)**

**Condition:** Upon inquiry and observation of the budgeting process, it was determined that internal controls have not been designed or implemented to ensure the amount required by state statute is correctly budgeted for the audit expense budget account.

**KINGFISHER EMERGENCY MEDICAL SERVICE DISTRICT  
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<b>Fiscal Year</b>	<b>Amount Lapsed</b>	<b>1 /10<sup>th</sup> of One Mill</b>	<b>Less Checks Issued to OSAI</b>	<b>Ending Balance Should be</b>	<b>District's Ending Balance</b>	<b>Variance Over/(Under)</b>
FY 13	\$25,793.04	\$9,088.81	\$5,178.43	\$29,703.42	\$9,601.59	(\$20,101.83)
FY 14	\$29,703.42	\$9,601.59	-	\$39,305.01	\$19,506.99	(\$19,506.99)
FY 15	\$39,305.01	\$10,196.43	-	\$49,501.44	\$9,601.59	(\$39,899.85)
FY 16	\$49,501.44	\$12,115.63	-	\$61,617.08	\$21,717.22	(\$39,899.86)

It was further noted that the District has not carried forward the balance into the audit expense budget account each fiscal year. As a result, the District's balance in the audit expense budget account as of June 30, 2016 was \$21,717.22. However, the correct balance should have been \$61,617.08.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the audit expense budget account is accurately budgeted in accordance with statutory requirements.

**Effect of Condition:** This condition resulted in noncompliance with state statute and the audit expense budget account being underfunded.

**Recommendation:** OSAI recommends 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 expense budget account and that any unused portion be carried forward into the next year's audit expense budget account in accordance with 19 O.S. § 1706.1.

**Management Response:**

**Board Chairman:** The Board is aware of the audit expense budget account being underfunded and in noncompliance with the state statute. The Board will discuss this issue with the accountant who prepares the annual Estimate of Needs to Needs in order to properly fund the audit expense account.

**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.

**Finding 2016-4 - Inadequate Internal Controls Over the Disbursement Process (Repeat Finding)**

**Condition:** Based upon inquiry of the District Treasurer and Chairman, and observation of disbursement records, inadequate segregation of duties exists in the disbursement process.

- One individual receives mail, prepares checks, signs checks, distributes the checks, and reconciles the bank statement to financial records.



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Additionally, the audit of all fifty (50) disbursements for the period reflected the following internal control weaknesses:

**FY 2014**

- Supporting documentation (invoices) for three (3) disbursements could not be located.
- One (1) disbursement did not have any indication that goods and/or services had been received and did not have evidence of verification of accuracy of the invoice.
- One (1) disbursement was not approved by the Board.

**FY 2015**

- Supporting documentation (invoice) for one (1) disbursement could not be located.

**FY 2016**

- Supporting documentation (invoices) for two (2) disbursements could not be located.
- Two (2) disbursements did not have any indication that goods and/or services had been received and had no evidence of verification of accuracy of the invoice.
- Four (4) disbursements were not approved by the Board.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure to invoices are provided to document the disbursement, to document approval of disbursements, to indicate receipt of goods and/or services, and to segregate the duties of disbursements.

**Effect of Condition:** A single individual having responsibility for more than one area of recording, authorization, custody of assets, and reconciliation could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner. Inadequate segregation of duties along with inadequate documentation such as invoices, no evidence of the receipt of goods and/or services, and no Board approval, could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds.

**Recommendation:** OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's oversight of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

Additionally, OSAI recommends the following:

- Invoices should accompany all claims for disbursements prior to payment.
- Evidence that goods and/or services have been received should be indicated by the initials and date of a designated receiving officer.

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- Evidence that the claim for disbursement was approved in an open meeting by the District Board should be indicated prior to payment.

**Management Response:**

**Board Chairman:** The Board has discussed with the auditors implementing a formal policy and procedure detailing the duties of Board members in order to mitigate the risk of disbursement duties being concentrated in one Board member. The Board will document the review and approval of deposit slips, and bank reconciliations in the Board meetings. Additionally, disbursements will be accompanied by invoices or other supporting documentation reflecting the Board member's initials and date as evidence of receiving the goods or services. Board minutes will also be maintained in a secure location so as to provide evidence that the Board approved the disbursements for payment.

**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. Internal controls should be established to analyze and check accuracy, completeness, authorization, and validity of transactions

**Finding 2016-5 - Inadequate Internal Controls Over Timely Deposits**

**Condition:** Upon inquiry of the District Treasurer and Chairman, and observation of records, we noted five (5) ad valorem tax checks issued to the District from the Kingfisher County Treasurer's office were held as much as thirty (30) days prior to being deposited.

- For fiscal year 2015, two (2) of the thirteen (13) deposits were not made in a timely manner.
- For fiscal year 2016, three (3) of the twelve (12) deposits were not made in a timely manner.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure timely deposits.

**Effect of Condition:** Collections not being timely deposited could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds.

**Recommendation:** OSAI recommends management be aware of this condition and monitor collections to ensure deposits are made in a timely manner.

**Management Response:**

**Board Chairman:** The Board is now aware that deposits should be made in a timely manner and the Treasurer will make those deposits timely.

**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 the safeguarding of assets as timely deposits.

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**Finding 2016-6 - Inadequate Internal Controls and Noncompliance Over the Open Meeting Act and District Board Meeting Minutes**

**Condition:** Upon review of the District's Board meeting agendas and minutes, we noted the following:

**FY 2013**

- July and August 2012 minutes were not signed.

**FY 2014**

- August 2013 and April 2014 minutes could not be located.

**FY 2015**

- August 2014 minutes were not signed.
- April 2015 minutes could not be located.

**FY 2016**

- August 2015 minutes could not be located.
- April 2016 minutes were not signed.

**Cause of Condition:** Policies and procedures have not been designed and implemented with regard to maintaining documentation and approving of District Board minutes.

**Effect of Condition:** Failure to provide adequate internal controls over maintaining and approving District Board minutes could result in inadequate documentation of the Board's decisions with regard to the activities of the District and noncompliance with the Open Meetings Act.

**Recommendation:** OSAI recommends the Board meeting minutes be reviewed for accuracy, signed by the Board members as evidence of this review, and maintained in a safe and secure location to comply with the Open Meetings Act.

**Management Response:**

**Board Chairman:** The Board has discussed with the auditors the importance of maintaining signed and approved Board minutes in a secure located in order provide evidence of Board activity at each meeting. We will obtain a secure location to file signed and approved Board meetings minutes.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective control system is to provide accurate and reliable information through proper documentation and approval of the Board meetings.

According to the Open Meeting Act, Title 25 O.S. § 312 states, "The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions

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taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act.”



**OFFICE OF THE STATE AUDITOR & INSPECTOR**  
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