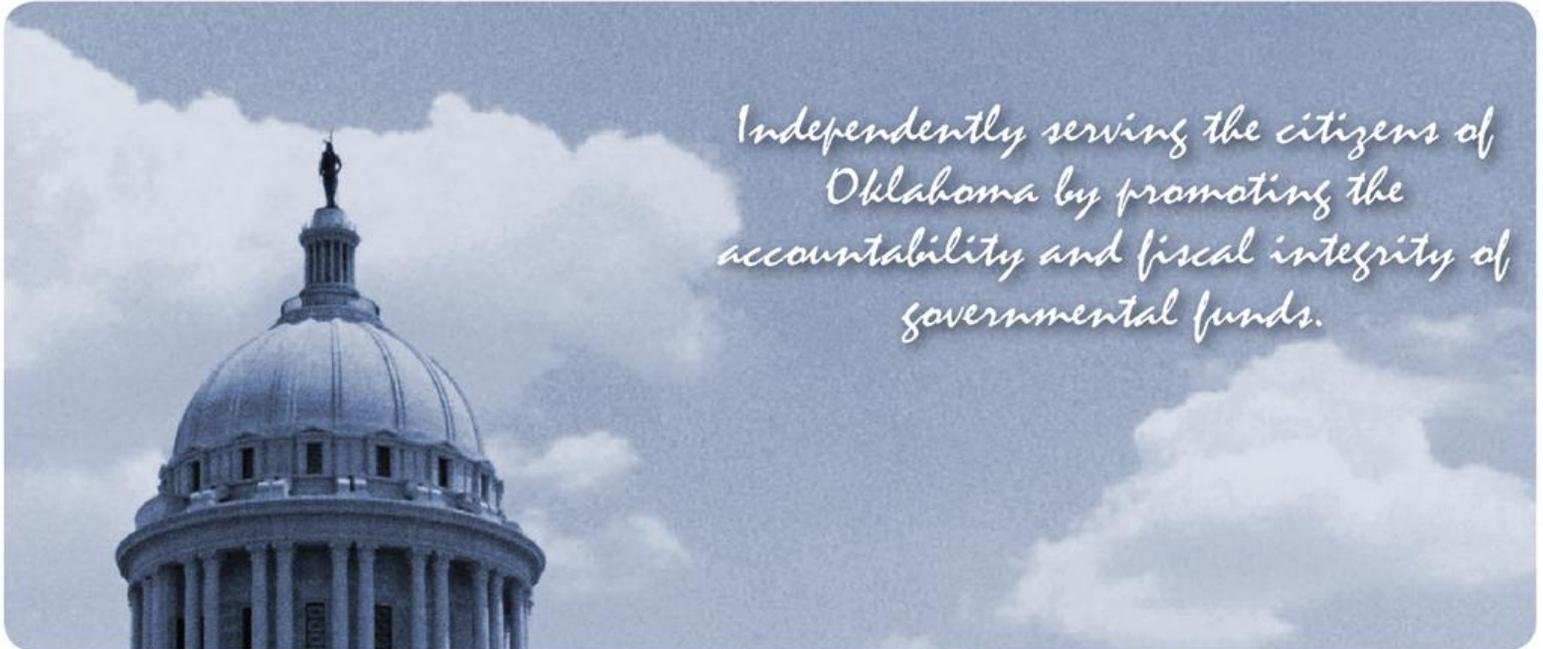


STATUTORY REPORT

# LATIMER COUNTY EMERGENCY MEDICAL SERVICE TRUST AUTHORITY

For the fiscal year ended June 30, 2014



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

**LATIMER COUNTY EMERGENCY MEDICAL SERVICE TRUST AUTHORITY  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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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

November 21, 2016

**TO THE BOARD OF DIRECTORS OF THE  
LATIMER COUNTY EMERGENCY MEDICAL SERVICE TRUST AUTHORITY**

Transmitted herewith is the audit report of Latimer County Emergency Medical Service Trust Authority for the fiscal year ended June 30, 2014.

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

**LATIMER COUNTY EMERGENCY MEDICAL SERVICE TRUST AUTHORITY  
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**Presentation of Collections, Disbursements, and Cash Balances of Authority Funds for FY 2014.**

	<u>FY 2014</u>
Beginning Cash Balance, July 1	\$ 513,751
Collections	
Ad Valorem Tax	170,424
Miscellaneous	22,360
Total Collections	<u>192,784</u>
Disbursements	
Contract for Personal Services	108,000
Maintenance and Operations	14,827
Capital Outlay	105,767
Audit Expense	-
Total Disbursements	<u>228,594</u>
Ending Cash Balance, June 30	<u>\$ 477,941</u>

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



# Oklahoma State Auditor & Inspector

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Latimer County Emergency Medical Service Trust Authority  
111 North Central, Suite B  
Wilburton, Oklahoma 74578

## **TO THE BOARD OF DIRECTORS OF THE LATIMER COUNTY EMERGENCY MEDICAL SERVICE TRUST AUTHORITY**

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 Authority's collections, disbursements, and cash balances for FY 2014 were accurately presented on the estimate of needs.

All information included in the records of the Authority is the representation of the Latimer Emergency Medical Service Trust Authority.

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 Latimer Emergency Medical Service Trust Authority.

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 Latimer County Emergency Medical Service Trust Authority. 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

June 1, 2016

**LATIMER COUNTY EMERGENCY MEDICAL SERVICE TRUST AUTHORITY  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2014-1 – 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 and implemented to ensure the amount required by statute is correctly budgeted for the audit expense budget account.

It was further noted, that Latimer County Emergency Medical Service Trust Authority (the Authority) has not carried forward the balance into the audit expense budget account each fiscal year. As a result, the Authority's balance in the audit expense budget account as of June 30, 2014 was \$607.11. However, the correct balance should have been \$31,783.63, leaving an underfunded account balance of \$31,176.52.

**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:** The Oklahoma State Auditor & Inspector's Office (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 account and that any unused portion be carried forward into the next year audit account in accordance with 19 O.S. § 1706.1.

**Management Response:**

**Chairman of the Board:** We will ensure the audit expense budget account is properly budgeted.

**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.

Title 19 O.S. § 1706.1 states in part "The net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation in any emergency medical service district for any year which shall be authorized and mandatorily required to be appropriated and dedicated to emergency medical service district audit ....."

**Finding 2014-2 – Inadequate Internal Controls and Noncompliance Over Board Meeting Documentation**

**Condition:** While reviewing Authority Board minutes the following exceptions were noted:

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- Board minutes for four (4) regular monthly meetings could not be located.
- Board minutes for two (2) special meetings could not be located.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that all relevant discussions in the Authority meetings are properly documented in the minutes in accordance with state statute.

**Effect of Condition:** This condition resulted in noncompliance with state statute regarding the Open Meeting Act concerning the existence and retention of board meeting minutes.

**Recommendation:** OSAI recommends the Authority maintain written minutes for all board meetings to ensure compliance with Title 25 O.S. § 312.A.

**Management Response:**

**Chairman of the Board:** We will attempt to locate the missing meeting minutes and ensure all meeting minutes are documented and kept on file.

**Criteria:** Title 25 O.S. § 312.A 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 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.”

**Finding 2014-3 – Inadequate Internal Controls Over Fixed Assets Inventory**

**Condition:** Based on inquiry, observation, and review of the Authority’s fixed assets inventory records, the following was noted:

- The Chairman of the Authority stated a physical verification of fixed assets inventory was performed yearly with the renewal of the contract for services. However, there was no documentation of a physical inventory being conducted.
- Our verification of the fixed assets inventory indicated that three (3) Ferno Cots could not be located.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure fixed assets inventory is properly maintained and updated through a periodic review by the Authority.

**Effect of Condition:** This condition could result in errors and improprieties, unrecorded transactions, misappropriation of assets, or loss of Authority equipment.

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**Recommendation:** OSAI recommends that policies and procedures be implemented to ensure fixed assets inventory is updated on an ongoing basis. Furthermore, OSAI recommends annual physical fixed assets inventory verification is conducted by someone other than the individual maintaining inventory.

**Management Response:**

**Chairman of the Board:** A complete inventory will be conducted in July, 2016 and properly documented. Also, the three missing Ferno Cots have now been located and/or accounted for. One cot is at the storage building at the EMS Station, one was sold with an old ambulance, and one is at the Firefighter Association Building.

**Criteria:** An important aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the 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 safeguarding assets from loss, damage, or misappropriation.

**Finding 2014-5 – Inadequate Internal Controls and Noncompliance Over the Competitive Bidding Process**

**Condition:** Based upon inquiry and observation of the competitive bidding process for the Authority, the following exception was noted:

- An Invitation to Bid #6, dated September 16, 2013, prepared by the Latimer County Clerk's office, stated a preference as to brand or model.

The description stated as follows:

2014 GMS Savana Cutaway 139" WB C7N DRW

- Such a preference could exclude certain vendors from having the opportunity to bid.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that purchases in excess of \$15,000 be competitively bid in compliance with the state statute.

**Effect of Condition:** This condition resulted in noncompliance with the state statute and could result in inaccurate records, incomplete information, or misappropriation of assets.

**Recommendation:** OSAI recommends that all purchases in excess of \$15,000 be competitively bid in accordance with the state statute.

Further, OSAI recommends the Authority prepare bid requirements in such a manner that they are not written for a specific product, brand, or vendor. Rather, the bid requirements should allow for multiple entities to have the opportunity to competitively bid.

**LATIMER COUNTY EMERGENCY MEDICAL SERVICE TRUST AUTHORITY  
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**Management Response:**

**Chairman of the Board:** All bids will be made in accordance with the competitive bidding process.

**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 with regard to reliability of financial reporting and compliance with applicable laws and regulations.

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



**OFFICE OF THE STATE AUDITOR & INSPECTOR**  
2300 N. LINCOLN BOULEVARD, ROOM 100  
OKLAHOMA CITY, OK 73105-4896

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