

STATUTORY REPORT

LATIMER COUNTY EMERGENCY MEDICAL SERVICE TRUST AUTHORITY

For the fiscal year ended June 30, 2018



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, 2018**

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Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 123 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

January 9, 2019

**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, 2018.

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, with a long horizontal stroke at the end.

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 2018

	<u>FY 2018</u>
Beginning Cash Balance, July 1	\$ 397,987
Collections	
Ad Valorem Tax	173,061
Miscellaneous	21,226
Total Collections	<u>194,287</u>
Disbursements	
Contract Services	150,000
Maintenance and Operations	10,970
Capital Outlay	30,604
Audit Expense	5,587
Total Disbursements	<u>197,161</u>
Ending Cash Balance, June 30	<u>\$ 395,113</u>

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



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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 2018 were accurately presented on the estimate of needs.

All information included in the records of the Authority is the representation of the Latimer County 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 County 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 fluid and cursive, with the first name "Gary" being the most prominent.

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

December 5, 2018

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

Finding 2018-001 – Inadequate Internal Controls and Noncompliance Over Board Meeting and Minutes

Condition: Upon inquiry of the Latimer County Emergency Medical Service Trust Authority (the Authority) Board and review of the Board meeting minutes, the following weaknesses were noted:

- Authority Board minutes for three (3) regular meetings could not be located. (July 2017, August 2017, and June 2018)

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 and retained 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: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the Authority maintain written minutes for all Board meetings to ensure compliance with the Open Meetings Act.

Management Response:

Board Chairman: The Board will obtain a file cabinet to be located in the Latimer County Clerk’s Office to maintain and safeguard the approved minutes for the public in accordance with the Open Meetings Act.

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 documentation of the Board meetings.

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 2018-002 – Inadequate Internal Controls Over the Disbursement Process (Repeat Finding)

Condition: Upon inquiry of the Board Chairman, observation of disbursement records, and the review of (23) twenty-three purchase orders, the following exceptions were noted:

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- Three (3) purchase orders did not have evidence of a receiving signature, receiving reports, or verification of the invoice.
- Eight (8) purchase orders were approved by the Board of County Commissioners because Latimer County processes the Authority's purchase orders; however, purchase orders did not have the approval of the Authority Board on the purchase order nor were purchase orders detailed in the Authority Board meeting minutes as being approved by the Authority Board.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure evidence of verification of receiving goods and services, Authority Board approval in the Board minutes.

Effect of Condition: These conditions could result in inaccurate records, incomplete information, or misappropriation of assets.

Recommendation: OSAI recommends the Authority implement a system of internal controls to ensure that all disbursements are supported by verification of receipt of goods and services and documentation of Authority Board approval in Board Minutes.

Management Response:

Board Chairman: The Board will document the receipt of goods and services on each purchase order, approve each purchase order in an open meeting and document the approval in the Board Minutes.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to help achieve the entity's objectives regarding the reliability of financial reporting. Such effective internal controls would include ensuring all claims are completed in their entirety and have supporting documentation related to disbursements attached to claim prior to approval for payment.

Finding 2018-004 – Inadequate Internal Controls Over Fixed Assets Inventory Records

Condition: Based on inquiry of the Authority Board, observation of the fixed assets inventory recording process, and review of the Authority equipment inventory records, the following exceptions were noted:

- The most recent fixed assets inventory list on file with the County Clerk was dated December 15, 2016.
- The Authority purchased two cardiac monitors and one ambulance; however, these items were not listed on the fixed asset inventory records.
- There were two ambulances listed on the fixed assets inventory list; however, these ambulances were donated to the Latimer County Emergency Management Office but have not been removed from the Authority fixed asset records.
- Two cardiac monitors were listed on the on the fixed assets inventory list; however, the Authority no longer has possession of these monitors.
- One radio was visually verified; however, it was not included on the fixed asset inventory list.

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- One radio was included on the fixed asset inventory list but could not be located or visually verified.

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

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

Recommendation: OSAI recommends policies and procedures be implemented to review the fixed assets listing, maintain current records of fixed assets and to document an annual physical inventory verification is performed by someone other than the individual maintaining inventory. The reviewer should sign and date the annual review to document accuracy and completeness.

Management Response:

Board Chairman: Subsequent to the end of fiscal year 2018, the Board prepared an inventory list and physically verified the fixed assets and updated the fixed assets to include newly purchased items and removed fixed assets that were no longer used or owned by the Authority Board.

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, including annual verification of fixed assets and documentation of the verification.



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