

**LAVERNE  
EMERGENCY  
MEDICAL SERVICE  
DISTRICT**

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

**AGREED-UPON PROCEDURES REPORT**



Oklahoma State Auditor  
& Inspector

**LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT  
AGREED-UPON PROCEDURES REPORT  
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

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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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April 9, 2009

TO THE BOARD OF TRUSTEES OF THE  
LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the agreed-upon procedures report for the Laverne 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

**LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT  
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

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**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 a 3 mills levy to support the operation of the District. The Laverne Emergency Medical Service District is comprised of Laverne School District I-1 in Harper County and was created to provide ambulance service to all citizens in that school district.

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.

**LAVERNE 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  
LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT

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

**Finding:** The District Coordinator writes receipts, prepares deposits, and takes deposits to the bank. The bank reconciling function is performed by the District Treasurer.

**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. OSAI recommends that the duties of receipting, preparing deposits, and depositing to the bank be performed by separate individuals.

**Views of responsible officials and planned corrective actions:** We continue to be aware of the importance of segregation of duties and also of the related functions currently performed by the District Treasurer. The District Board will continue to monitor this area of our business.

2. Randomly select 15 runs from the dispatch log book in order to:
  - A. Agree fee charged to fee schedule.
  - B. Trace run to billing records.
  - C. Trace to the run sheet.
  - 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:** The following discrepancies were noted as a result of applying procedures A and B:

- 1. 7 of the 15 runs observed were billed incorrectly by the third party billing service.
- 2. 5 of the 15 runs observed had payments in the billing records/log book that did not agree to the payments on the receipts.

**Recommendation:** OSAI recommends the District review the third party billing to ensure that correct amounts are billed. Also, reconciling the billing records/log book to the receipts written would provide more accurate records.

**Views of responsible officials and planned corrective actions:** The District Coordinator and District Treasurer will review the calculations of billings prepared by third party billing and communicate with the third party billing personnel to resolve and reduce errors.

With respect to applying procedures C through K, 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 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 reports.

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.

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

- 8. We randomly selected 24 checks/warrants/vouchers and:
  - A. Agreed to invoices.
  - B. Agreed payee on cancelled check to vendor on invoice.
  - C. Inspected the receiving report/invoice for signature of District employee who verified goods and/or services were received.
  - D. Traced claim approval to District Board minutes.
  - E. Agreed that travel reimbursement was in accordance with District policy.

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

9. 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 procedure.

10. We randomly selected two payroll periods and:
  - A. Observed whether the employee prepared timesheets.
  - B. Inspected timesheet for signatures of employee and supervisor.

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

11. We observed the publication notice of the District's Estimate of Needs.

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

12. We observed whether expenditures exceeded appropriations in any budgeted category.

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

13. Confirm the District's policy regarding safeguarding of capital assets with the following criteria:
  - A. Observe the existence of an equipment inventory list.
  - B. Observe documentation of the conduct of a physical inventory.

**Finding:** The District does not have a policy accounting for the safeguarding of capital assets.

**Criteria:** Title 19 O.S. § 1718.A states, "A district shall maintain, according to its own accounting needs some or all of the funds and account groups in its system of accounts that are consistent with legal and operating requirements and as prescribed by the State Auditor and Inspector. The required funds may include, but not be limited to:

5. A ledger or group of accounts in which to record the details relating to the general fixed assets of the county."

**Recommendation:** OSAI recommends the Board evaluate its policies and procedures for recording, reporting and inventorying its fixed assets and equipment and make the necessary changes to improve its controls over this area and its compliance with 19 O.S. § 1718. The District Board could utilize the County's equipment disposal resolution as a pattern for approving and recording equipment items that are no longer in service.

**Views of responsible officials and planned corrective actions:** The District Board will review our procedures and records relating to the acquisition, safeguarding, accounting for, and disposal of physical assets.

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

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



15. We reconciled District records of revenue and expenditures to the Estimate of Needs for both fiscal years.

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

December 12, 2008



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