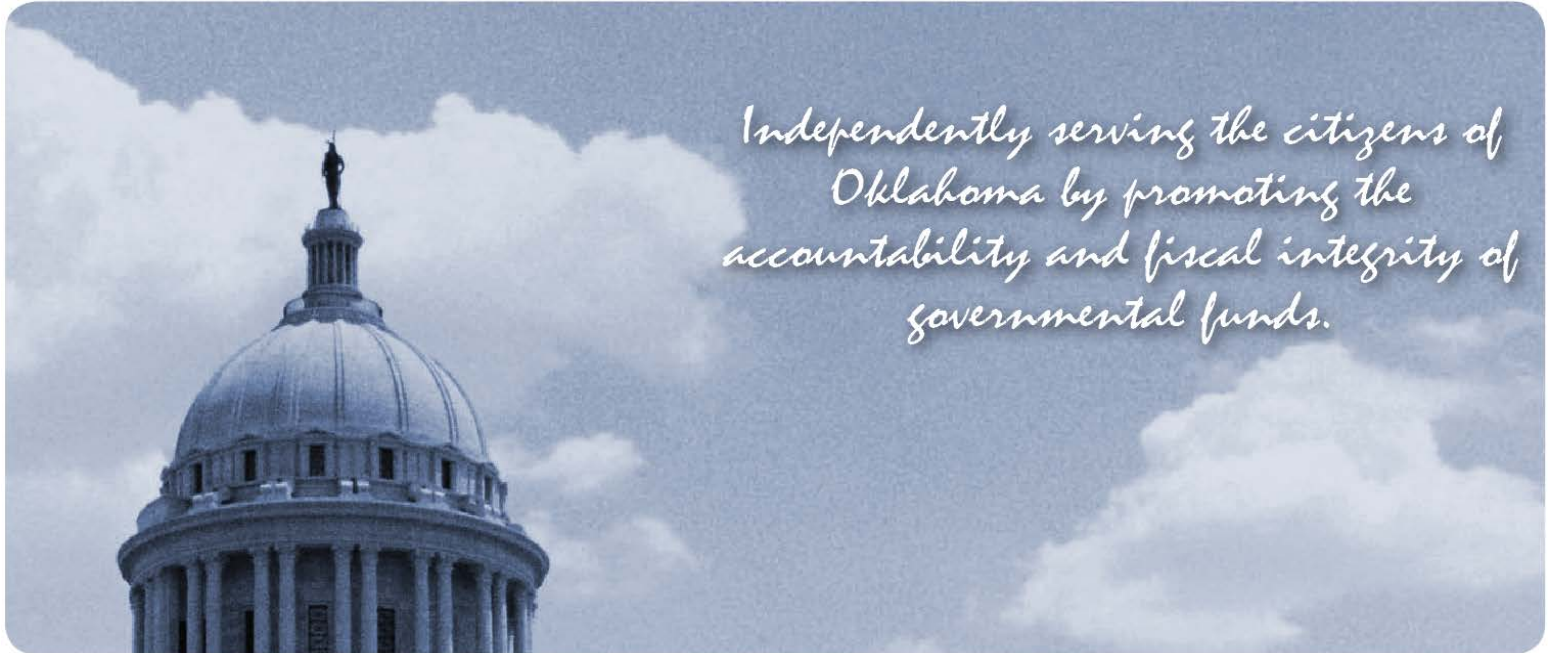


STATUTORY REPORT

# LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT

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



*Independently serving the citizens of  
Oklahoma by promoting the  
accountability and fiscal integrity of  
governmental funds.*



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

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

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# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

June 8, 2017

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

Transmitted herewith is the audit report of Laverne 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 written in a cursive style.

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

**LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE PERIOD JULY 1, 2012 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 | \$ 380,160        | \$ 404,023        | \$ 444,570        | \$ 472,275        |
| <b>Collections</b>             |                   |                   |                   |                   |
| Ad Valorem Tax                 | 59,992            | 60,585            | 70,807            | 71,773            |
| Charges for Services           | 33,246            | 37,152            | 29,152            | 40,438            |
| Sales Tax - Reimbursements     | 46,179            | 49,173            | 41,408            | 36,197            |
| Miscellaneous                  | 5,999             | 5,414             | 13,316            | 3,254             |
| Total Collections              | <u>145,416</u>    | <u>152,324</u>    | <u>154,683</u>    | <u>151,662</u>    |
| <b>Disbursements</b>           |                   |                   |                   |                   |
| Personal Services              | 91,067            | 90,179            | 90,439            | 94,425            |
| Travel                         | 585               | 294               | 239               | -                 |
| Maintenance and Operations     | 24,888            | 21,304            | 26,847            | 21,512            |
| Capital Outlay                 | 5,013             | -                 | 8,573             | -                 |
| Audit Expense                  | -                 | -                 | 880               | 1,399             |
| Total Disbursements            | <u>121,553</u>    | <u>111,777</u>    | <u>126,978</u>    | <u>117,336</u>    |
| Ending Cash Balance, June 30   | <u>\$ 404,023</u> | <u>\$ 444,570</u> | <u>\$ 472,275</u> | <u>\$ 506,601</u> |

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



# Oklahoma State Auditor & Inspector

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Laverne Emergency Medical Service District  
P.O. Box 902  
Laverne, Oklahoma 73848

## **TO THE BOARD OF DIRECTORS OF THE LAVERNE 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 Laverne 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 Laverne 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 Laverne 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

March 16, 2017

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

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 1 - Inadequate Internal Controls Over the Accounting Process (Repeat Finding)**

**Condition:** Upon inquiry of the District staff, observation of records, tests of the collection and deposit process, and reconciliation of the financial records to bank accounts, we noted the following weaknesses:

- One Board member performed the duties of preparing receipts, preparing deposits, and taking deposits to the bank.
- Independent verification was not performed of the direct deposit notifications to the deposits on the bank statement to ensure the amounts were received.
- The test of deposits reflected direct deposits totaling \$1,871.15 on November 6, 2013 into the bank account; however, the District records reflected \$216.04 was not recorded for two runs payments on that date.
- Receipts for donations and memorials were issued separately from the receipts for charges for services; thus, the sequential, numeric order of receipts could not be documented.

**Cause of Condition:** Policies and procedures have not been designed and implemented to segregate duties of the collection process, provide adequate documentation of direct payments, provide independent verification of deposits made to collections received and provide documentation of the sequential, numeric order of receipts.

**Effect of Condition:** A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the following key accounting functions of the District's office be adequately segregated:

- Issuing receipts,
- Preparing/reviewing deposits,
- Taking deposits to the bank, and
- Reconciliation of the bank account to District records.

In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating internal control to mitigate the risks involved with a concentration of duties. Compensating internal controls would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

**LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT  
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OSAI further recommends that receipts be issued in sequential order in a manner where deposit slips can be accurately and completely prepared.

**Management Response:**

**Chairman of the Board:** The Board has reviewed the finding and will make efforts to mitigate the risk involving segregating the duties of preparing receipts and deposits and taking the deposit to the bank by having a separate Board member review the receipts and deposits on a monthly basis as evidenced by the Board member's initials and date. Additionally, direct deposits will be verified to the general ledger postings as evidenced by initials and dates of a Board member, who is separate from the depositing process. Receipts will be issued in numerical sequential order for all funds collected.

**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 the regard to reliability of financial reporting, including segregation of duties, independent verification and documentation of deposits, and sequentially issued receipts.

**Finding 2 - Inadequate Internal Controls Over Documentation of Ambulance Runs**

**Condition:** Upon inquiry of the District staff and observation of accounting records, we determined the District did not consistently maintain a dispatch run log to document the number of ambulance runs in chronological and sequential numerical order during the period audited. The Coordinator stated she started keeping a log book at the beginning of January, 2016. Because a dispatch log could not be relied upon to select a sample of ambulance runs, we selected runs based on the run sheets that were filed on a monthly basis with the third party billing service. Although the run sheets did not have the amounts charged, we were able to determine if the runs were properly coded for charges and amounts written off as uncollectible were documented as approved by the Board.

The test of forty-two (42) runs reflected the following exceptions:

- Thirty-three (33) ambulance run sheets were not entered into a dispatch log.
- Three (3) 'trip ticket detail reports' could not be located by the third party billing company; therefore, we were unable to determine the amount that should have been charged for the run.

| <b>Fiscal Year</b> | <b>Date</b> | <b>Report Number</b> |
|--------------------|-------------|----------------------|
| 2012-2013          | 04/01/2013  | 1180040113           |
| 2014-2015          | 06/06/2015  | 1180606152           |
| 2015-2016          | 10/05/2015  | 1180100515           |

- Nine (9) 'trip ticket detail reports' indicated an amount was written off; however evidence of Board approval was not documented on the records.



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| <b>Fiscal Year</b> | <b>Date</b> | <b>Report Number</b> | <b>Amount Written off</b> | <b>Documentation</b>          |
|--------------------|-------------|----------------------|---------------------------|-------------------------------|
| 2012-2013          | 01/01/2013  | 1180010113           | \$87.98                   | No evidence of Board Approval |
| 2013-2014          | 01/15/2014  | 1180011514           | \$41.64                   | “Waiting for EMS Approval”    |
| 2014-2015          | 01/23/2015  | 1180509143           | \$399.08                  | Waiting for EMS Approval”     |
| 2013-2014          | 04/09/2014  | 1180071113           | \$243.76                  | No evidence of Board approval |
| 2014-2015          | 07/25/2014  | 1180072514           | 41.95                     | Waiting for EMS Approval”     |
| 2014-2015          | 08/17/2014  | 1180081714           | 72.17                     | Waiting for EMS Approval”     |
| 2014-2015          | 05/07/2015  | 1180507152           | \$783.82                  | “Waiting for EMS Approval”    |
| 2015-2016          | 08/21/2015  | 1180070115           | \$233.64                  | No evidence of Board approval |
| 2015-2016          | 10/30/2015  | 1180030115           | \$90.90                   | “Waiting for EMS Approval”    |

- Two (2) ‘trip ticket detail reports’ indicated an amount written off was approved by the District Coordinator, but did not have indication of Board approval.

| <b>Fiscal Year</b> | <b>Date</b> | <b>Report Number</b> | <b>Amount Written-off</b> | <b>Documentation</b> |
|--------------------|-------------|----------------------|---------------------------|----------------------|
| 2015-2016          | 01/05/2017  | 1180041316           | \$83.90                   | “Per Pauline”        |
| 2015-2016          | 01/05/2017  | 1180050516           | \$286.16                  | “Per Pauline”        |

- Three (3) ‘trip ticket detail reports’ indicated the amount charged for mileage appeared to be significantly different than the amount calculated based on the incident location and the destination location.

| <b>Fiscal Year</b> | <b>Date</b> | <b>Report Number</b> | <b>Amount Charged</b> | <b>Amount Calculated</b> |
|--------------------|-------------|----------------------|-----------------------|--------------------------|
| 2013-2014          | 01/15/2014  | 118001514            | \$8.21                | \$467.90                 |
| 2014-2015          | 08/17/2014  | 118008174            | \$440.06              | \$188.80                 |
| 2014-2015          | 01/14/2015  | 118001415            | \$8.21                | \$188.80                 |

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- One (1) ‘trip ticket detail report’ indicated the amount charged for the services was incorrectly billed and a refund should be issued to Medicare; however, no evidence of a refund was noted on the documentation.

| <b>Fiscal Year</b> | <b>Date</b> | <b>Report Number</b> | <b>Amount to be refunded to Medicare</b> |
|--------------------|-------------|----------------------|--|
| 2012-2013          | 06/27/2013  | 1180050213           | \$190.99                                 |

- Two (2) ‘trip ticket detail reports’ indicated an invoice had not been filed for the ambulance run.

| <b>Fiscal Year</b> | <b>Date</b> | <b>Report Number</b> | <b>Amount Charged</b> |
|--------------------|-------------|----------------------|-----------------------|
| 2014-2015          | 04/11/2015  | 1180041115           | \$550.67              |
| 2015-2016          | 01/12/2016  | 118001216            | \$208.21              |

**Cause of Condition:** The District has not designed and implemented policies and procedures to consistently maintain a dispatch log for ambulance runs and properly account for charges resulting from ambulance runs and amounts written off as uncollectible.

**Effect of Condition:** These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or the misappropriation of funds.

**Recommendation:** OSAI recommends the District design and implement procedures to ensure a dispatch log is consistently maintained and charges are properly recorded and billed. Additionally, all amounts written off as uncollectible should be documented as such in the Board minutes and indicated on third party billing documentation as approved by the Board.

**Management Response:**

**Board Chairman:** The Board has reviewed the finding and will ask the Coordinator to prepare and maintain a detailed dispatch log and submit it monthly to the Board for review. With regard to the third party billing, the Board will monitor activity to provide assurance that the correct amounts are calculated and are billed properly and that the amounts written off as uncollectible are documented as such on the ‘trip ticket detail reports’.

**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 the regard to reliability of financial reporting. Integral aspects of this would be ensuring the District’s ambulance runs are recorded consecutively and sequentially in the dispatch log, ambulance run charges are coded and calculated correctly, and evidence for amounts written off as uncollectible are sufficiently documented.

**LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT  
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**Finding 3 - Inadequate Internal Controls Over the Disbursement Process (Repeat Finding)**

**Condition:** Upon inquiry of the District staff, and observation of records and the disbursement process, we noted the following weaknesses:

- The District Coordinator ordered medical supplies, received medical supplies at the accountant's office, did not indicate goods were received on the packing slip, but took physical custody of the supplies.
- An employee at the accountant's office ordered office supplies and received those supplies at the accountant's office, did not indicate goods were received on the packing slip, entered the invoice for office supplies into the accountant's software system, and issued the checks for payment.
- The test of the sixty (60) disbursements indicated that in nine (9) instances evidence of receiving the goods or services was not documented on the invoice or statement.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the disbursement duties are adequately segregated and evidence that someone other than the preparer of the disbursement check has verified goods or services were received.

**Effect of Condition:** These conditions could result in errors and improprieties, unrecorded transactions, misappropriation of assets, or misstated financial information.

**Recommendation:** OSAI recommends that policies and procedures be designed and implemented to ensure the disbursement process is adequately segregated and evidence of receiving the supplies is documented, with regard to the following:

- Ordering supplies,
- Receiving the supplies, and
- Issuing the checks for payment.

**Management Response:**

**Chairman of the Board:** The Board has reviewed the finding and will make efforts to mitigate the risk involving segregating the duties for the ordering and receiving goods and services, including implementing policies and procedures for a Board member separate from the duties of ordering and receiving goods and services, to initial and date the packing slip for supplies or the invoice for services. Additionally, a second Board member will be added to signatory at the bank in order to mitigate the risk regarding issuing checks for payment.

**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 the regard to reliability of financial reporting, including segregation of duties, and evidence of independent verification of goods or services.

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**Finding 4 - Inadequate Internal Controls Over Fixed Assets Inventory (Repeat Finding)**

**Condition:** Upon inquiry of District staff, observation of records, and test of fixed assets inventory items, the following weaknesses were noted:

- The District did not document that periodic fixed assets inventory verifications were performed.
- The most current fixed assets inventory listing dated July 9, 2014, was not complete with regard to description, date acquired, and cost.

The test of ten (10) items on the fixed assets inventory listing resulted in the following exceptions:

- Four (4) of the items selected for verification from the fixed assets inventory list could not be located.

| Item            | Description | Serial Number | Date Acquired    | Cost       |
|-----------------|-------------|---------------|------------------|------------|
| Manikin Adult   | None        | -             | Unknown          | \$350.00   |
| Defibrillator   | None        | -             | September, 1997  | \$6,967.50 |
| Computer        | Thrasher    | -             | May10, 2000      | \$2,194.00 |
| Office Computer | None        | -             | February 9, 2007 | \$498.50   |

Further upon visual verification of fixed assets, we noted the following:

- Eight (8) items observed at the District were not included on the fixed assets inventory list.

| Item                    | Description          | Serial Number  | Date Acquired        | Cost    |
|-------------------------|----------------------|----------------|----------------------|---------|
| Brother Copier          | None                 | 63090K4N893562 | Unknown              | Unknown |
| Oxygen Lift             | QR-CL                | DL141222       | Unknown              | Unknown |
| ACER Monitor            | Model V173           | 21002773642    | Unknown              | Unknown |
| Dell Computer           | none                 | 34343863465    | Unknown              | Unknown |
| Medtronic Defibrillator | Lifepak 1000 Unit 19 | 39609696       | Unknown              | Unknown |
| Medtronic Defibrillator | Lifepak 1000 Unit 18 | 39609695       | Unknown              | Unknown |
| Proflex Cot             | Ferno 28-Z           | 14N312887      | December 16, 2014    | Unknown |
| Dry Erase Board         | 4x6 feet             | N/A            | Donated 2007 or 2008 | Unknown |

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure fixed assets inventory records are properly maintained, updated regularly, and a documented periodic fixed assets verification is performed.

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

**LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT  
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**Recommendation:** OSAI recommends that policies and procedures be designed and implemented to ensure fixed assets inventory records are complete and updated on an ongoing basis. Furthermore, OSAI recommends physical inventory verification, by someone other than the individual in charge of inventory, be completed and documented annually to verify inventory on hand.

**Management Response:**

**Chairman of the Board:** The Board has reviewed the finding and will establish policies and procedures to ensure fixed assets inventory records are complete and updated, and that a board member not in charge of inventory will document by physical verification the inventory on hand at least annually. Further, the Board will establish a threshold of \$500 for fixed assets inventory items to be placed on the fixed assets inventory listing.

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



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