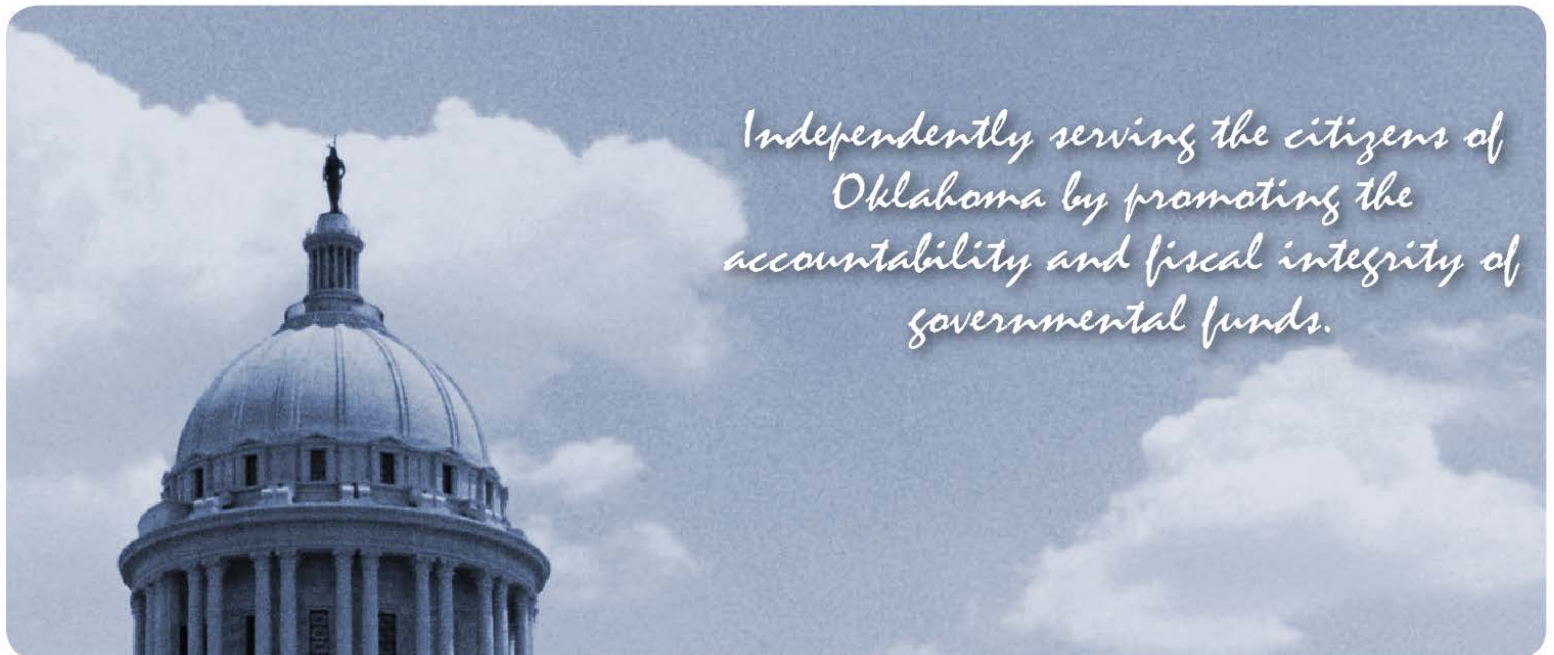


STATUTORY REPORT

LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2017



*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 FISCAL YEAR ENDED JUNE 30, 2017**

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) 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

March 28, 2018

**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 fiscal year ended June 30, 2017.

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 with a long, sweeping tail on the letter "s".

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

**LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2017

	<u>FY 2017</u>
Beginning Cash Balance, July 1	\$ 506,601
Collections	
Ad Valorem Tax	62,690
Charges for Services	52,523
Sales Tax - Reimbursements	22,442
Miscellaneous	<u>3,281</u>
Total Collections	<u>140,936</u>
Disbursements	
Personal Services	106,598
Maintenance and Operations	21,761
Capital Outlay	132,324
Revaluation	1,210
Audit Expense	<u>10,271</u>
Total Disbursements	<u>272,164</u>
Ending Cash Balance, June 30	<u>\$ 375,373</u>

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



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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 2017 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 fluid and cursive, with the first name "Gary" being the most prominent.

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

February 14, 2018

**LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017- 01- Inadequate Internal Controls Over the Accounting Process (Repeat Finding)

Condition: Upon inquiry of the Laverne Emergency Medical Service District (District) staff, observation of records, test 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 receiving payments, ad valorem remittances and sales tax reimbursements, 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.
- Receipts were not issued for all sources of the collections, including insurance checks, private payments on patient accounts, ad valorem tax, sales tax, and donations or memorial checks; thus, the numerical and sequential order of receipts could not be documented to determine all funds collected were deposited in a timely manner.
- Evidence of the Board’s review of the District’s monthly financial statements was not 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, ensure receipts are issued for collections and timely deposited, and provide evidence of a review of financial statements.

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

OSAI also recommends the District implement internal controls to document the review of direct deposits, ensure prenumbered receipts are issued in sequential numerical order and provide evidence of the Board’s review of financial statements.

**LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Management Response:

Chairman of the Board: The Board will ensure the following duties are segregated:

- The Coordinator will pick up mail, prepare receipts for checks received, bring checks to the accountant's office and a Board member will review receipts and prepare deposits and take the deposits to the bank.
- After review of the monthly Financial Statement, the Chairman of the Board and the person that prepared the Financial Statement will initial and date the statement to document approval.
- One of the Board members or the accountant's office personnel will receive the direct deposit notifications and verify that amounts have been received. They will also initial and date to document the review of deposits.

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, receipting of funds collected, independent verification of deposits and documentation of review of financial records.

Finding 2017-02 - Inadequate Internal Controls Over the Disbursement Process (Repeat Finding)

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

- The District Coordinator orders medical supplies, receives medical supplies at the accountant's office, signs the packing slip, and takes custody of the supplies.
- An employee at the accountant's office orders office supplies and receives those supplies at the accountant's office, but does not sign off on the packing slip, enters the invoice for office supplies into the accountant's software system, and prepares the checks for payment.
- The test of the twenty-five (25) disbursements indicated in ten (ten) instances evidence of receiving the goods or services was not documented on the invoice or statement.
- The test of the twenty-five (25) disbursements indicated in twenty-five (25) instances evidence of the Board's review of the invoice was not documented.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the disbursement duties are adequately segregated, financial statement activity is reviewed by someone other than the preparer, evidence that someone other than the preparer of the disbursement check has verified goods or services were received, and evidence that the Board has reviewed the invoice before payment was issued is available.

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

**LAVERNE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Recommendation: OSAI recommends that policies and procedures be designed and implemented to ensure the disbursement process is adequately segregated regarding the following:

- Ordering supplies,
- Receiving the supplies
- Issuing the checks for payment, and
- Evidence of the Board's review of invoices.

Management Response:

Chairman of the Board: The Board will ensure the following duties are segregated:

- The Coordinator will order medical supplies and office supplies.
- Personnel at the accountant's office will open and review contents of packages including signing the packing slip to verify contents.
- A Board member will review the invoice and initial and date the invoice to verify items have been reviewed.
- The Coordinator will pick verified items and review contents. The packing slip will also be signed and dated as evidence of receipt of items.
- The accountant's office personnel will issue checks that are approved and signed by designated Board members in the Board meetings, and subsequently mailed to vendors.

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 regarding ordering and receiving goods and services, and evidence of independent verification of goods or services, and issuance of checks for payment.



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