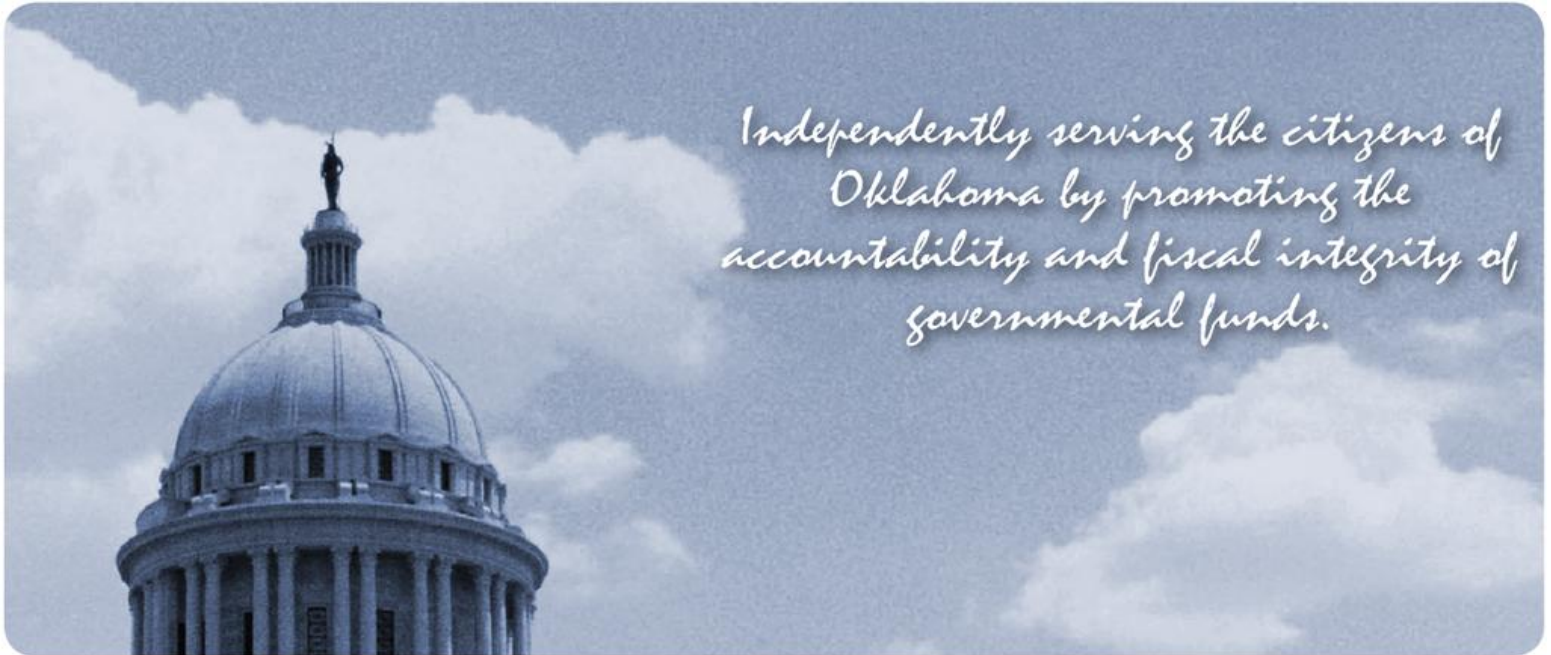


STATUTORY REPORT

# LEFLORE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2014



*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

**LeFLORE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

---

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 Collection, pursuant to 74 O.S. § 3105.B.



# 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 16, 2016

**TO THE BOARD OF DIRECTORS OF THE  
LeFLORE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of LeFlore County Emergency Medical Service District 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, appearing to read "Gary A. Jones".

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

**LeFLORE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

---

**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2014**

	<b>FY 2014</b>
Beginning Cash Balance, July 1	\$ 1,965,469
<b>Collections</b>	
Ad Valorem Tax	695,603
Charges for Services	2,397,583
Intergovernmental	168,220
Interest	3,839
Subscriptions	3,767
Miscellaneous	93,029
Total Collections	3,362,041
<b>Disbursements</b>	
Personal Services	1,733,864
Travel	9,283
Maintenance and Operations	731,351
Capital Outlay	497,216
Insurance	333,647
Audit Expense	18,349
Bank Service Charges	1,636
Legal	1,650
RMRS Personal Services	129,332
RMRS Travel	9,759
RMRS Maintenance and Operations	8,648
RMRS Other	6,166
Total Disbursements	3,480,901
Prior Year Reserves Paid in Fiscal Year 2014	(61,751)
Cancelled Warrants	1,304
Returned Check	(198)
Current Year Outstanding Warrants	2,264
Ending Cash Balance, June 30	\$ 1,788,228

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



# Oklahoma State Auditor & Inspector

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

LeFlore County Emergency Medical Service District  
PO Box 1025  
Poteau, Oklahoma 74953

## **TO THE BOARD OF DIRECTORS OF THE LEFLORE COUNTY 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 2014 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the LeFlore County 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 LeFlore County 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 LeFlore County 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, appearing to read "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

September 15, 2015

**LeFLORE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

---

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2014-1 – Audit Expense Account (Repeat Finding)**

**Condition:** For the fiscal year ended June 30, 2014, LeFlore County Emergency Medical Service District (the District) did not carry forward the proper amount for the audit expense account from the previous years' remaining balance.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with 19 O.S. § 1706.1

**Effect of Condition:** This condition resulted in noncompliance with the statute and under-funding of the audit expense account.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the District implement policies and procedures designed to ensure that one-tenth mill upon the net total assessed valuation be set aside in the audit expense account, include audit expenditures within the budget, and that any unused portion be carried forward into the next year audit expense account in accordance with 19 O.S. § 1706.1.

**Management Response:**

**EMS Chairman:** The Emergency Medical Service (EMS) will notify the County Budget Board and the budget maker and correct the error for the FY 2015-2016 year and generate a letter to OSAI to release monies from previously audited years.

**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.

Further, according to 19 O.S. § 1706.1, the District must appropriate the net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation of the district for audit expenses. This balance is to be carried forward into the future years.

**Finding 2014-2 – Inadequate Internal Controls Over the Receipting Process (Repeat Finding)**

**Condition:** While gaining an understanding of the receipting, depositing, and reconciling functions of the District, we noted that the same individual collects mail, receives and receipts payments, prepares deposits, and deposits funds with the bank.

**Cause of Condition:** The District has not designed and implemented policies and procedures to sufficiently segregate the receipting process.

**LeFLORE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

---

**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:** OSAI recommends management be aware of this condition and determine how to properly segregate the duties of receiving payments, preparing the deposit, and depositing funds. OSAI further recommends implementing compensating controls to mitigate the risk involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approve the accounting functions.

**Management Response:**

**EMS Chairman:** The EMS has been following policy provided by OSAI for segregation of duties of a three man office. In consultation with the onsite auditor, we have changed the order of operations and changed assignment to better segregate duties for receipting. The policy change was effected immediately, written policy will be changed and Board approved at the June 2015 meeting.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

**Finding 2014-3 – Inadequate Internal Controls over the Disbursement Process (Repeat Finding)**

**Condition:** While gaining an understanding of the disbursement process of the District, we noted that the accounting clerk performs the following duties:

- Prepares purchase orders,
- Reviews packing list against invoice,
- Prepares checks,
- Signs checks,
- Disburses checks,
- Maintains financial registers, and
- Performs monthly bank reconciliations.

Furthermore, a review process for bank reconciliations is not performed and documented.

**Cause of Condition:** The District has not designed and implemented policies and procedures to sufficiently segregate the disbursement process and to ensure bank reconciliations are reviewed and documented.

**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,



**LeFLORE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

---

misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

**Recommendation:** OSAI recommends management be aware of this condition and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risk involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approve the accounting functions.

**Management Response:**

**EMS Chairman:** In consultation with the onsite auditor, we adjusted the segregation of duties policies provided to us last year by OSAI in order to better segregate duties with our three person office. Changes were immediately implemented upon notification and a change to the policy will be voted on at the July Board of Directors meeting.

**Criteria:** Effective internal controls require that key functions within a process be adequately segregated to allow for prevention and detection of errors and abuse. 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 transaction and/or misappropriation of funds.

**Finding 2014-4 – Noncompliance with the Competitive Bid Process (Repeat Finding)**

**Condition:** Based on inquiry and observation of the competitive bid process for the District, the following was noted:

- The District did not bid for fuel until April 2014.
- The District did not maintain documentation reflecting the fuel vendor was on state contract.
- The District purchased medical supplies in excess of the bid threshold, but bids were not solicited.
- The District did not bid the dirt work for the new EMS station.
- The District did not maintain bid documentation for awarding and construction of the EMS station in Talihina. The project was bid multiple times, and we could not locate the documentation to agree with the final bids that were reviewed and approved by the EMS Board.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that expenditures in excess of \$10,000, and \$15,000 after May 6, 2014 are competitively bid in compliance with Title 19 O.S. § 1723 and Title 61 O.S. § 101-138 for public construction and repairs.

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

**LeFLORE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

---

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

**Management Response:**

**EMS Chairman:** The EMS will print a copy of the Central Services bid sheet for purchases from state contract. The purchase limit has been extended to \$15,000 which should make medical supply purchase compliant.

EMS will bid medical supplies every six months to ensure purchasing rule compliance. The District will improve documentation of purchasing on future construction projects.

**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.

Furthermore, Title 19 O.S. § 1723 requires EMS Districts to make purchases in accordance with county purchasing procedures as outlined in Title 19 O.S. § 1505, which requires all purchases in excess of \$15,000 be bid. Prior to May 6, 2014, the competitive bid threshold for EMS Districts was \$10,000.

Additionally, the Public Competitive Bidding Act, Title 61 O.S. § 101-138, sets forth the procedures for construction of and repair to any public building.

**Finding 2014-6 – Inadequate Internal Controls Over Payroll (Repeat Finding)**

**Condition:** While reviewing documentation for one payroll period, we noted the following:

- Timesheets are not being signed by the EMS employees.
- Timesheets are not being reviewed and signed by the supervisors.
- One (1) of the two (2) Regional Medical Response System (RMRS) employee timesheets was not signed by a supervisor.
- Four employees exceeded the annual leave accrual limits as set by policy. These balances were 161.49 hours (1.49 hours over the limit), 278.53 hours (38.53 hours over the limit), 270.50 hours (30.50 hours over the limit), and 380.23 hours (12.23 hours over the limit).
- One employee, paid through a grant program, is not accruing annual leave.
- One employee is not accruing annual leave in accordance to EMS policy. He is accruing annual leave at 6.67 hours a month instead of 10 hours a month.
- The EMS Director is not accruing annual leave according to EMS policy. He is accruing annual leave at 6.66 hours a month, instead of 10 as set by policy. Furthermore, the Director's leave balances for annual and sick leave exceed the limits set by policy. These balances are 302.67 hours (62.67 hours over the limit) for annual and 388 hours (148 hours over the limit) for sick. The Director stated that he does not accrue or use annual or sick leave. He stated that he only

**LeFLORE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

---

accrues comp leave. The Director does not maintain a ledger of comp leave balances. The EMS Director does not have a contract that specifies the usage and accrual of leave.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that timesheets are approved by employees and supervisors. Policies and procedures have not been designed and implemented to verify that leave is accrued according to EMS policy and that limits set by policy are not exceeded.

**Effect of Condition:** These conditions could result in errors with regard to the accurate reporting of payroll expenditures.

**Recommendation:** OSAI recommends the District ensure that all employees prepare and sign a timesheet and that all timesheet are reviewed and approved by a supervisor. Furthermore, OSAI recommends that a periodic review of leave accrual and balances be conducted to verify that the District is adhering to policies outlined by the District's EMS Human Resource Manual.

**Management Response:**

**EMS Chairman:** We have contacted our time clock software vendor and asked for a change in software to include the ability for employees and supervisors to affix their signature and time stamp approval on timesheets. We have adjusted settings on the software to not allow excess annual leave to be accrued. The grant was completed and not renewed. The grant employee not accruing leave has been resolved. Director consulted with the EMS Board Chairman and will document leave and sick time on his timesheet prepared each month.

**Criteria:** Effective internal controls include instituting a review process over timesheets. Timesheets should be reviewed to verify the accuracy of employee's hours worked, leave taken, leave accrued, and signed by the employee and by a supervisor.

**Finding 2014-7 – Inadequate Internal Controls Over Equipment Inventory (Repeat Finding)**

**Condition:** While reviewing the inventory records for the District, we noted that the District does not perform and maintain documentation of an annual review of inventory.

Furthermore, we noted the District is carrying insurance on a cargo trailer. The trailer is not listed on the District's inventory records.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that inventory is being properly accounted for, maintained accurately, and updated regularly.

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

**LeFLORE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

---

**Recommendation:** OSAI recommends a physical verification be completed and documented annually to verify inventory on hand.

**Management Response:**

**EMS Chairman:** The District has an inventory policy that states inventory will be completed by March 31st of each year. This policy will be more strictly enforced.

**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 untimely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguarding assets from loss, damage, or misappropriation.



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

**[WWW.SAI.OK.GOV](http://WWW.SAI.OK.GOV)**