



LONE WOLF AND HOBART 522 SCHOOL DISTRICT EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**LONE WOLF AND HOBART 522 SCHOOL DISTRICT
EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

April 18, 2022

**TO THE BOARD OF DIRECTORS OF THE
LONE WOLF AND HOBART 522 SCHOOL DISTRICT
EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Lone Wolf and Hobart 522 School District Emergency Medical Service District for the fiscal year ended June 30, 2021.

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,

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**LONE WOLF AND HOBART 522 SCHOOL DISTRICT
EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2021

	<u>General Fund</u>
Beginning Cash Balance, July 1	<u>\$ 260,511</u>
Collections	
Ad Valorem Tax	103,662
City of Hobart Sales Tax/Utility Fees	151,126
Town of Lone Wolf Utility Fees	<u>4,002</u>
Total Collections	<u>258,790</u>
Disbursements	
Service Contract	120,000
Maintenance and Operations	13,674
Audit Expense	<u>7,205</u>
Total Disbursements	<u>140,879</u>
Ending Cash Balance, June 30	<u><u>\$ 378,422</u></u>

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

Lone Wolf and Hobart 522 School District Emergency Medical Service District
111 E. 3rd Street
Hobart, Oklahoma 73651

**TO THE BOARD OF DIRECTORS OF THE
LONE WOLF AND HOBART 522 SCHOOL DISTRICT
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 for the fiscal year ended June 30, 2021, 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 compliance with contract service providers.
- Determined whether the District's collections, disbursements, and cash balances for the fiscal year ended June 30, 2021, were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Lone Wolf and Hobart 522 School District 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 Lone Wolf and Hobart 522 School District 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 Lone Wolf and Hobart 522 School District 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 "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 17, 2022

**LONE WOLF AND HOBART 522 SCH. DIST EMERGENCY MEDICAL SERVICE
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2021-001 – Lack of Internal Controls and Noncompliance Over Segregation of Duties and Depositing Daily (Repeat Finding)

Condition: Upon inquiry of the Lone Wolf and Hobart 522 School District Emergency Medical Service District (the District) Board Secretary, and observation of the accounting process, the following weaknesses were noted:

The District did not have an adequate segregation of duties to ensure that duties assigned to individuals are performed in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

Collections:

- The District Board Secretary performed the following duties of the collections process:
 - Received mail, including ad valorem tax from the Kiowa County Treasurer, utility fees from the Town of Lone Wolf, and utility fees and sales tax from the City of Hobart,
 - Prepared and delivered the deposit to the bank,
 - Maintained the District financial ledger, and
 - Performed bank account reconciliations.
- The Board received a verbal Financial Report, from the Board Secretary but no formal written monthly Financial Report was presented for the Board to review and approve in the Board meeting.
- Bank statements reflected the District made one deposit near the end of the month; however, documentation obtained from Kiowa County, the Town of Lone Wolf, and the City of Hobart reflected the date of issuance for ad valorem taxes, utility fees and sales tax was made on various dates early in the month. Thus, deposits were not made the day of receipt or the next business day after funds were received.

Cause of Condition: Policies and procedures have not been designed and implemented to adequately segregate the responsibilities of the accounting process and depositing funds in a timely manner.

Effect of Condition: These conditions resulted in noncompliance with state statute regarding depositing daily, and could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the Board be aware of these conditions and realize that a concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in the Board's oversight of office operations and a periodic review of operations. OSAI recommends the Board design and implement policies and procedures regarding the accounting processes. Additionally, the processes should be designed to segregate duties so that no one is able to perform all accounting functions, to reduce risk and ensure accuracy of financial records.

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Furthermore, OSAI recommends the District deposit funds the same day or the next banking day after funds are received in accordance with 62 O.S. § 517.3 B.

Management Response:

Chairman of the Board: The District Chairman now receives the bank statement and reconciliation and reviews and approves the documents. The Board now reviews and approves the financial documentation reported at the Board meetings including the depositing of funds from the City of Hobart, Town of Lone Wolf and Kiowa County and will ensure that funds are timely deposited in the bank.

Criteria: The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Segregation of duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Accurate and timely recording of transactions

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Title 62 O.S. § 517.3 B states in part, “The treasurer of every public entity shall deposit daily, not later than the immediately next banking day, all funds and monies of whatsoever kind that shall come into the possession of the treasurer by virtue of the office ...”



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