

**MAJOR
COUNTY
EMERGENCY
MEDICAL SERVICE
DISTRICT**

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

AGREED-UPON PROCEDURES REPORT



Oklahoma State Auditor
& Inspector

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

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 \$24.22. 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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January 12, 2009

TO THE BOARD OF TRUSTEES OF THE
MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the agreed-upon procedures report for the Major County 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". The signature is written in a cursive, flowing style.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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

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 an original 2 mills ad valorem levy to support the operation of the District. Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is now 2.09 mills. The Major County Emergency Medical Service District is comprised of Major County and was created to provide ambulance service to all citizens.

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.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

TO THE BOARD OF TRUSTEES OF THE
MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have performed the procedures enumerated below, which were agreed to by management of the Major County 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. 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.

2. We agreed all bank reconciliations performed during the period to the financial records.

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

3. Compare District cash/cash equivalents in each financial institution to the fair market value of each financial institution's pledged collateral at January and June.

Finding: The District established a checking account, separate from the Major County Treasurer, in May 2008. At June 30, 2008, the account balance was \$218,197. In addition, a certificate of deposit in the amount of \$106,001.38 was also transferred to the District. The District does not have significant pledged collateral to insure its funds, in excess of FDIC coverage of \$100,000, are secured.

Criteria: Title 62 O.S. § 511 states, "Any custodian of public funds of any kind or character, required by law to secure proper collateral before depositing public funds in a bank or trust company, shall hereafter, in depositing public funds in a bank or trust company whose deposits are insured by the Federal Deposit Insurance Corporation, be required to secure proper collateral only for sums deposited in excess of the amount of deposit insured by such Federal Deposit Insurance Corporation."

Recommendation: OSAI recommends the District obtain pledged collateral securities as set forth in 62 O.S. § 511.

Views of responsible officials and planned corrective actions: We will, in the future, make sure that all financial institution deposits stay under the FDIC limits at the time.

4. We confirmed that certificates of deposit were included on the investment ledger.

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

5. Observe whether receipting, depositing, and reconciling functions are performed by separate employees.

Finding: The receipting, depositing, and reconciling functions were not properly segregated to assure adequate internal control structure.

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. An increased level of review of transactions, cross-training for the financial duties, and periodic rotation of financial duties are ways that some small entities manage the increased risk of improprieties in an office with limited employees.

Views of responsible officials and planned corrective actions: The Board is well aware of this situation and makes every effort to have a high level of review and observation of financial transactions. It is the Board's intent, with the assistance of an outside accountant, to help increase this segregation of duties. The Board will also be open to any additional hiring or out sourcing of duties to increase this segregation.

6. Randomly select 30 runs from the dispatch log book in order to:
 - a. Trace to the run sheet.
 - b. Agree fee charged to fee schedule.
 - c. Trace run to billing records.
 - 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 Charge Detail Report could not be located for 9 of the 30 ambulance report runs tested, which is necessary to ensure the runs have been correctly billed for the base rate and mileage charges.

Recommendation: OSAI recommends all ambulance runs be verified to the Charge Detail Report to ensure billings are being processed timely and charges are correct.

Views of responsible officials and planned corrective actions: This has been duly noted and will be corrected by emphasizing with each employee the importance of the charge detail report being available for each run. These reports will be reviewed by the EMT in charge, or an assistant appointed by him.

With respect to procedures a, c, d, e, f, g, h, i, j, and k, there were no other findings.

7. We reconciled revenue on the District's Estimate of Needs to bank credits/deposits for the fiscal years.

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

8. We traced amounts of ad valorem taxes remitted from the County Treasurer to the District's deposit slips.

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

9. Observe whether receiving goods and services, preparing claims, and issuing payments are performed by separate employees.

Finding: The receiving of goods and services, preparing claims, and issuing payments were not properly segregated to assure adequate internal control structure.

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. An increased level of review of transactions, cross-training for the financial duties, and periodic rotation of financial duties are ways that some small entities manage the increased risk of improprieties in an office with limited employees.

Views of responsible officials and planned corrective actions: The Board has engaged an outside accountant to provide some of these functions in an effort to increase segregation of duties. The Board is aware of this weakness in their internal control and has increased their level of review of the transactions and observations of all financial activities.

10. We reconciled warrants issued, as reported on the District's Estimate of Needs, to bank debits/checks clearing the bank for the fiscal year.

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

11. We reviewed the District's warrant/check register report to identify missing and/or voided checks and obtained the disposition of missing or voided checks.

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

12. 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.

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

13. Select 100% of disbursements in excess of \$2,500 in order to:
 - a. Agree to invoices.
 - b. Agree payee on cancelled check to vendor on invoice.
 - c. Inspect the receiving report/invoice for signature of District employee who verified goods and/or services were received.
 - d. Trace claim approval to District Board minutes.
 - e. For items in excess of \$7,500, observe that bidding requirements were met.

Finding: The District purchased three ambulance cots without the formal bid process as required by 19 O.S. § 1723.

Criteria: Title 19 O.S. § 1723 states, “Purchases by any board which are in excess of Two Thousand Five Hundred Dollars (\$2,500.00), or in the case of written or facsimile quotes, purchases in excess of Seven Thousand Five Hundred Dollars (\$7,500.00), shall be by competitive bid.”

Recommendation: OSAI recommends the District use a formal bid process and/or state contract for any purchase in excess of the \$7,500 bid limit as set forth in 19 O.S. § 1723.

Views of responsible officials and planned corrective actions: The Board will, in the future, make sure and comply with all formal bid process laws as required.

With respect to procedures a, b, c, and d, there were no other findings.

14. 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 procedures.

15. We randomly selected two payroll periods and:
 - a. Observed whether all employees prepared timesheets.
 - b. Inspected timesheets for signatures of employees and supervisors.

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

16. We selected all full-time employees on the payroll for testing and:
 - a. Compared leave amounts earned to the District policy for earning leave.
 - b. Compared leave balances to the District policy for limitations on leave balances.
 - c. Traced annual leave used on the employee’s timesheet (or payroll claim) to the respective monthly leave balance report.

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

17. We observed the publication notice of the District’s Estimate of Needs and whether the District’s expenditures exceeded its appropriations in budget category.

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

18. 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 maintain an equipment inventory listing or perform a physical inventory count.

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 District maintain a ledger to record the detailed items of fixed assets as set forth in 19 O.S. § 1718.

Views of responsible officials and planned corrective actions: The Board will, from this point forward, keep a listing of newly purchased equipment and perform annually a physical inventory of newly acquired equipment. If possible, if time permits and finances allow, the Board will consider going back and recreating an equipment inventory list for items previously purchased.

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

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 receipt and disbursement process, the safeguarding of capital assets, and the determination of whether selected receipts and disbursements are supported by underlying records 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

October 29, 2008



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