

STATUTORY REPORT

MCCURTAIN COUNTY 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

**McCURTAIN COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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

January 3, 2018

**TO THE BOARD OF DIRECTORS OF THE
McCURTAIN COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY**

Transmitted herewith is the audit report of McCurtain County Emergency Medical Service Authority 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

**McCURTAIN COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY
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Presentation of Collections, Disbursements, and Cash Balances of Authority Funds for FY 2017

	<u>FY 2017</u>
Beginning Cash Balance, July 1	<u>\$ 3,430,443</u>
Collections	
Ad Valorem Tax	614,591
Charges for Services	1,262,333
Miscellaneous	<u>23,359</u>
Total Collections	<u>1,900,283</u>
Disbursements	
Personal Services	1,375,724
Travel	2,105
Maintenance and Operations	341,566
Capital Outlay	240,114
Audit Expense	<u>12,392</u>
Total Disbursements	<u>1,971,901</u>
Ending Cash Balance, June 30	<u>\$ 3,358,825</u>

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



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McCurtain County Emergency Medical Service Authority
827 East Lincoln Road
Idabel, Oklahoma 74745

TO THE BOARD OF DIRECTORS OF THE McCURTAIN COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY

For 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 Authority'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 Authority is the representation of the McCurtain County Emergency Medical Service Authority.

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 McCurtain County Emergency Medical Service Authority.

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 McCurtain County Emergency Medical Service Authority. 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

November 9, 2017

**McCURTAIN EMERGENCY MEDICAL SERVICE AUTHORITY
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-1 – Inadequate Internal Controls and Noncompliance Over the Collections Process (Repeat Finding)

Condition: Upon inquiry of staff, observation of the McCurtain Emergency Medical Service Authority (the Authority) collections process and test of the (10) deposits, we noted the following exceptions:

- Receipt of collections was not deposited daily in five (5) deposits tested.
- Mail in payments were held and subsequently receipted in preparation for the periodic deposit of collections.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure funds received are deposited in a timely manner.

Effect of Condition: These conditions resulted in noncompliance with state statute and 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 Authority ensure all payments received are receipted and deposits are made in a timely manner in accordance with Title 62 O.S. § 517.3 (B).

Management Response:

Chairman of the Board: Receipts will be made for all funds collected on the day they are received and deposits will be made for those funds before the end of the next working day.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. 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 transactions and safeguarding assets from misappropriation. In addition, a component of effective internal control system is to provide accurate and reliable information through receipts to ensure deposits are made in a timely manner.

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...”

Finding 2017-2 – Inadequate Internal Controls and Noncompliance Over the Competitive Bidding Process in Accordance with the Public Competitive Bidding Act

Condition: Based upon inquiry and observation of the competitive bidding process for the Authority, the following exception was noted:

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- One bid was submitted for the construction of a new substation. No documentation for the bid bond, performance bond, payment bond, or maintenance bond could be located.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that all bid documentation is maintained in accordance with the Public Competitive Bidding Act (PCBA).

Effect of Condition: This condition resulted in noncompliance with state statutes and could result in inaccurate records, incomplete information, or misappropriation of assets.

Recommendation: OSAI recommends all purchases for renovations or new construction of public buildings over \$50,000, be competitively bid in accordance with the state statutes, specifically PCBA.

Management Response:

Chairman of the Board: We will assure all documents are on hand on large construction projects (over \$50,000) as outlined on the findings sheet as provided.

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 regarding reliability of financial reporting and compliance with applicable laws and regulations.

Title 61 O.S. § 101 to 138 outlines Public Competitive Bidding Act. These procedures are to be followed by government entities for the new construction or renovation of public buildings.

Title 61 O.S. § 107 states in part, "A. A bidder on a public construction contract exceeding Fifty Thousand Dollars (\$50,000.00) shall accompany the bid with:

1. A certified check, cashier's check or bid bond equal to five percent (5%) of the bid, which shall be deposited with the awarding public agency as a guaranty"

Title 61 O.S. § 112 states, "All bids, both successful and unsuccessful, and all contracts and required bonds shall be placed on file and maintained in the main office of the awarding public agency for a period of five (5) years from the date of opening of bids or for a period of three (3) years from the date of completion of the contract, whichever is longer, shall be open to public inspection and shall be matters of public record."

Title 61 O.S. § 113 B states in part, ".....the following shall be provided by the contractor to the awarding public agency for contracts exceeding Fifty Thousand Dollars (\$50,000.00):

1. A bond or irrevocable letter of credit complying with the provisions of Section 1 of this title;
2. A bond in a sum equal to the contract price, with adequate surety, or an irrevocable letter of credit containing terms prescribed by the Construction and Properties Division of the Office of Management and Enterprise Services issued by a financial institution insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation for the benefit of the state, on behalf of the awarding public agency, in a sum

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equal to the contract price, to ensure the proper and prompt completion of the work in accordance with the provisions of the contract and bidding documents;

3. A bond in a sum equal to the contract price or an irrevocable letter of credit containing terms as prescribed by the Division issued by a financial institution insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation for the benefit of the state, on behalf of the awarding public agency, in a sum equal to the contract price, to protect the awarding public agency against defective workmanship and materials for a period of one (1) year after acceptance of the project, ...”

Finding 2017-3 – Inadequate Internal Controls Over the Payroll Process (Repeat Finding)

Condition: Based upon inquiry of staff, observation, and review of twenty-six (26) employees’ personnel files, the following weaknesses were noted:

- Documentation for the withholdings were not located in the personnel files pertaining to:
 - Fifteen (15) Oklahoma Public Employee Retirements System (OPERS) withholdings forms,
 - Two (2) health insurance withholdings forms,
 - Eight (8) special additional withholdings forms,
 - One (1) garnishment withholding form, and
 - Six (6) W-4 forms.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure personnel files are permanently maintained with documentation of withholdings.

Effect of Condition: These conditions resulted in inaccurate recordkeeping and could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriations of funds not being detected in a timely manner.

Recommendation: OSAI recommends that the Authority ensure that employee personnel files are maintained with documentation of withholdings.

Management Response:

Chairman of the Board: Management will audit each personnel file to assure all withholding documents are in order.

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 regarding the reliability of financial reporting. An important aspect of internal controls is to ensure timekeeping records are accurately prepared to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and/or misappropriation of funds.

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Finding 2017-4 – Inadequate Internal Controls Over Consumable Inventory of Fuel (Repeat Finding)

Condition: Based on inquiry, observation, and review of the Authority’s consumable inventory records for fuel usage, the following weaknesses were noted:

- The Authority maintains one fuel log for recording both diesel and gasoline usage.
- This fuel log is not reconciled to fuel on hand.

Cause of Condition: Policies and procedures have not been designed and implemented for the accurate reporting of consumable inventories, specifically fuel.

Effect of Condition: These conditions could result in inaccurate records, unauthorized use, or loss of consumable inventories.

Recommendation: OSAI recommends that the Authority implement internal controls to document diesel and gasoline usage separately, and periodically reconcile diesel and gasoline fuel usage to the actual fuel on hand.

Management Response:

Chairman of the Board: A fuel log for both unleaded fuel and diesel is now kept separately and reconciled at least once a week by means of the log and measuring the tanks.

Criteria: Effective internal controls include designing and implementing procedures to ensure that all supplies, materials, and equipment received, disbursed, stored and consumed by the Authority be tracked and documented to provide safeguards over these assets. Further effective internal controls would include reconciling diesel and gasoline fuel records to the actual fuel on hand.



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