

**McCLAIN / GRADY
COUNTY
EMERGENCY
MEDICAL SERVICE
DISTRICT**

**FOR THE PERIOD JULY 1, 2005
THROUGH JUNE 30, 2007**

AGREED-UPON PROCEDURES REPORT



Oklahoma State Auditor
& Inspector

**McCLAIN/GRADY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD JULY 1, 2005 THROUGH JUNE 30, 2007**

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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February 24, 2009

TO THE BOARD OF TRUSTEES OF THE
McCLAIN/GRADY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the agreed-upon procedures report for the McClain/Grady County Emergency Medical Service District for the period July 1, 2005 through June 30, 2007. 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

**McCLAIN/GRADY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
FOR THE PERIOD JULY 1, 2005 THROUGH JUNE 30, 2007**

INTRODUCTION

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and authorized a tax levy not to exceed 3 mills for the purpose of providing funds to support, organize, operate, and maintain district ambulance services. District voters approved the formation of the district and an original 3 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 3.10 mills for Grady County and 3.09 mills for McClain County. The McClain/Grady County Emergency Medical Service District is comprised of Blanchard, Dibble, and Newcastle School Districts of McClain and Grady Counties and was created to provide ambulance service to all citizens in those school districts.

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
McCLAIN/GRADY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have performed the procedures enumerated below, which were agreed to by management of the McClain/Grady 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, 2005 through June 30, 2007. 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. Observe whether receipting, depositing, and reconciling functions are performed by separate employees.

Finding: The receiving, receipting, recording, and depositing cash and checks within the District office were not properly segregated to assure adequate internal control structure.

Recommendation: OSAI recommends management be aware of these conditions and realize that 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 management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

2. Randomly select 10 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: Receipts are pre-numbered but not issued in numerical sequence.

Recommendation: OSAI recommends that more emphasis be placed on issuing receipts in numerical order.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will place more emphasis on the receipting process.

With respect to applying procedures A-F and H-K, there were no findings.

3. We agreed all bank reconciliations performed during the year to the financial records.

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

4. 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.

5. Compare the District's cash/cash equivalents in each financial institution to the fair market value of each financial institution's pledged collateral at June 30.

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."

Finding: At June 30, 2007, the District held an investment in the amount of \$117,306.74 in mutual funds with Charles Schwab that was not insured by FDIC. In addition, we were unable to determine if the financial institution pledged collateral for the mutual funds.

Recommendation: OSAI recommends that the District require financial institutions to acquire pledged collateral to secure public deposits as set forth in 62 O.S. § 511.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We are taking measures to correct this issue.

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

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

7. 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 within the District office were not properly segregated to assure adequate internal control structure.

Recommendation: OSAI recommends management be aware of these conditions and realize that 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 management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

8. Randomly select 25 checks 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.

Finding: Goods and services received were not verified with an employee's signature on 23 of the 25 invoices selected. Claims are not approved by number in the official Board minutes. The minutes state payments be approved as presented, but there was no listing attached of checks or claims being paid.

Recommendation: OSAI recommends that all invoices be initialed and dated by the District employee who received the goods and services. Furthermore, we recommend that all claims paid be identified in the official Board minutes.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We are taking measures to correct this issue.

With respect to applying procedures A and B, there were no findings.

9. We observed each Board member's Official Bond.

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

10. Randomly select one payroll period in order to:
 - A. Observe whether all employees prepared timesheets.
 - B. Inspect timesheets for signatures of employees and supervisors.

Finding: Full-time employees do not prepare timesheets.

Recommendation: OSAI recommends that all employees prepare timesheets.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We are in the process of reviewing our method of time reporting.

11. Randomly select 5 employees from the payroll records in order to:
 - A. Compare leave amounts earned to the District policy for earning leave.
 - B. Compare leave balances to the District policy for limitations on leave balances.
 - C. Trace annual leave used on the employee's timesheet (or payroll claim) to the respective monthly leave balance report.

Finding: The following was noted.

- One employee accrued more leave than allowed according to the leave policy in the personnel policy book.
- One employee accrued less leave than allowed according to the leave policy in the personnel policy book.

Recommendation: OSAI recommends that employees accrue leave in accordance with the personnel policy book.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will review the leave records and make any necessary changes.

With respect to applying procedure C, there were no findings.

12. Observe the District's Estimate of Needs and the publication notice of the District's Estimate of Needs.

Criteria: 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 the audit expenses.

Finding: The District did not appropriate the mandatory one-tenth mill to the audit budget account for the fiscal years ending June 30, 2006 and June 30, 2007.

Recommendation: OSAI recommends the District properly complete the Estimate of Needs and include the mandatory audit budget account.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We have implemented procedures to correct this issue.

13. We confirmed the District's policy regarding safeguarding of capital assets with the following criteria:
 - A. Observed the existence of an equipment inventory list.
 - B. Observed 10 items from inventory list and visually verified existence.
 - C. Observed all ambulances on the inventory listing for existence.

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

14. We selected all items requiring bids (greater than \$7,500) and:
 - A. Observed proof of publication of bid.
 - B. Observed justification and approval of awarding the bid to a bidder other than the lowest bidder in the District Board minutes.

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

15. 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 cash, receipts, disbursements, personnel costs, capital assets, and long-term debt 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

September 8, 2008



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