

STATUTORY REPORT

MIAMI SCHOOL DISTRICT 23 EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2007 through June 30, 2011



*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

**MIAMI SCHOOL DISTRICT 23
EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD JULY 1, 2007 THROUGH JUNE 30, 2011**

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Oklahoma State Auditor & Inspector

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January 6, 2014

**TO THE BOARD OF DIRECTORS OF THE
MIAMI SCHOOL DISTRICT 23
EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Miami School District 23 Emergency Medical Service District for the period July 1, 2007 through June 30, 2011.

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".

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

**MIAMI SCHOOL DISTRICT 23
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2008, FY 2009, FY 2010, and FY 2011

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Beginning Cash Balance, July 1	\$ 120,113	\$ 181,225	\$ 215,120	\$ 142,800
Collections				
Ad Valorem Tax	159,025	157,802	162,101	168,043
Miscellaneous	<u>5,229</u>	<u>3,821</u>	<u>2,841</u>	<u>936</u>
Total Collections	<u>164,254</u>	<u>161,623</u>	<u>164,942</u>	<u>168,979</u>
Disbursements				
Personal Services	588	588	588	586
Maintenance and Operations	102,554	127,140	109,169	108,529
Capital Outlay	<u>-</u>	<u>-</u>	<u>127,505</u>	<u>77,500</u>
Total Disbursements	<u>103,142</u>	<u>127,728</u>	<u>237,262</u>	<u>186,615</u>
Ending Cash Balance, June 30	<u>\$ 181,225</u>	<u>\$ 215,120</u>	<u>\$ 142,800</u>	<u>\$ 125,164</u>

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



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Miami School District 23
Emergency Medical Service District
102 E Central Ave. Ste 103
Miami, Oklahoma 74354

**TO THE BOARD OF DIRECTORS OF THE
MIAMI SCHOOL DISTRICT 23
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 whether the District's collections, disbursements, and cash balances for FY 2008, 2009, 2010, and FY 2011 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Miami School District 23 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 Miami School District 23 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 Miami School District 23 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".

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

January 6, 2014

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STATUTORY REPORT
JULY 1, 2007 THROUGH JUNE 30, 2011**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 1 – 2011 – Inadequate Internal Controls Over Receipts and Balances

Condition: Based upon inquiry and observation of the receipting and balancing process of Miami School District 23 Emergency Medical Service District's (the District) office, the following was noted:

- While the District Board has made progress in segregating the duties in the depositing and balancing process, we noted the following areas in which further formal segregation of duties should be accomplished:
 - The Secretary/Treasurer has the duties of depositing collections, maintaining the accounting records, and reconciliation of the bank statements.
 - There is no documentation maintained to confirm that the bank reconciliations are reviewed by someone other than the preparer.

Cause of Condition: Procedures have not been designed to mitigate the risks associated with limited employees performing the duties of maintaining the accounting records and approving bank statement reconciliations.

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: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the District be aware of these conditions and realize that a concentration of duties and responsibilities is not desired from a control point of view. The most effective procedures lie in management's overseeing of office operations and a periodic review of operations. Further, 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 approval of accounting functions which would provide independent oversight of the accuracy of the District's monthly reconciliations.

Management Response: The Board acknowledges the lack of proper segregation of duties, due to the limited number of personnel. The Board oversees bookkeeping practices by requiring multiple signatures on all bank transactions, as well as receiving a detailed monthly Treasurer's Report. The Board recognizes the importance of having monthly reconciliations that are signed and dated by the preparer and that someone other than the preparer review the reconciliations. From this point forward, each board member will be provided with a copy of the apportionment check received from the County Treasurer, and invoices received and all bank statements. Also, a board member other than the Secretary/Treasurer will deposit the apportionment checks.

**MIAMI SCHOOL DISTRICT 23
EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
JULY 1, 2007 THROUGH JUNE 30, 2011**

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, depositing cash and checks, reconciliations, and transaction authorization should be segregated and adequately documented. Also, all financial records should be secured and retained for audit purposes.

Finding 2 – 2011 – Inadequate Internal Controls Over Disbursements and Noncompliance with State Statute

Condition: Upon inquiry of employees and observation of the District’s disbursement process, the following was noted:

- One employee prepares printed and handwritten checks, enters information into the accounting records, and reconciles the bank statements to the accounting records.

Further, in the test of forty disbursements, the following exception was noted:

- The District paid half the cost of an ambulance purchased for the ambulance service provider during the audit period for \$85,900.00 that was not competitively bid.

Cause of Condition: Procedures have not been designed with regard to the disbursement process to ensure adequate internal controls over the expenditure of funds.

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

Recommendation: OSAI recommends the District design and implement procedures to ensure internal controls are effective over the disbursement process. OSAI recommends separating the duties of preparing the check, posting expenditures to the accounting software, and reconciling the bank statements to the accounting records. To help ensure a proper accounting of funds, the duties of processing, authorizing, and distribution should be segregated. Further, accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. OSAI further recommends that the District follow the EMS procurement statutes for competitive bids as outlined in 19 O.S. § 1723.

Management Response: Miami School District 23 Emergency Medical Service District has had a verbal, non-legally binding Agreement with the ambulance service provider that they would pay for 50% of a new ambulance once every two years. This agreement had been ongoing prior to 2006. In fiscal year 2010, while the non-written agreement was still being followed, the ambulance service provider asked that the EMS to purchase a smaller ambulance in-full for \$85,900.00, as they did not need a larger vehicle at that time but deemed it useful to have a smaller vehicle in their fleet. The ambulance service provider prepared the specs and located the vendor. The EMS bought the ambulance outright and then donated it to

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EMERGENCY MEDICAL SERVICE DISTRICT
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the ambulance service provider. Because the equipment was intended to be transferred to the ambulance service provider from the beginning, the EMS did not follow the standard purchasing procedures. Rather, they bought the asset that was approved by the ambulance service provider. It is no longer the practice of EMS District 23 to make purchases jointly with or for Ambulance Service Provider(s). The only compensation provided to Ambulance Service Provider(s) shall be per contractual agreement. The District will pursue other options to ensure that proper segregation of duties can be established and maintained.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. 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 transactions and safeguarding assets from misappropriation.

Further, according to 19 O.S. § 1723, purchases by any board of trustees of any emergency medical service district shall be made in accordance with the bidding requirements as provided in sections 1501 and 1505 of this title.

Finding 3 – 2011 – Noncompliance with State Statute Regarding Blanket Bond

Condition: During the period audited only the Secretary/Treasurer of the Board was bonded.

Cause of Condition: The Board was not aware that all board members should be covered under the blanket bond.

Effect of Condition: This condition resulted in noncompliance with state statute.

Recommendation: OSAI recommends the District purchase a blanket bond to cover all board members.

Management Response: This has been corrected. The Board has obtained a blanket bond which covers all board members.

Criteria: According to 19 O.S. § 167, the District is required to purchase a "blanket bond" to cover all board members.



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