

MOUNTAIN VIEW - GOTEBO AMBULANCE SERVICE

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

AGREED-UPON PROCEDURES REPORT



Oklahoma State Auditor
& Inspector

**MOUNTAIN VIEW - GOTEBO AMBULANCE SERVICE
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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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December 11, 2008

TO THE BOARD OF TRUSTEES OF THE
MOUNTAIN VIEW - GOTEBO AMBULANCE SERVICE

Transmitted herewith is the agreed-upon procedures report for the Mountain View - Gotebo Ambulance Service 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".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

A handwritten signature in blue ink that reads "Michelle R. Day".

MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

**MOUNTAIN VIEW - GOTEBO AMBULANCE SERVICE
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 3 mills levy to support the operation of the district. The County voted to repeal the personal property tax. The initiative provided that real property tax levies would be increased to make up for the loss of taxable personal property. Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is now 2.09 mills. The Mountain View - Gotebo Ambulance Service is comprised of portions of Comanche, Kiowa, and Washita Counties 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.

MOUNTAIN VIEW - GOTEBO AMBULANCE SERVICE

JUNE 30, 2008

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

TO THE BOARD OF TRUSTEES OF THE
MOUNTAIN VIEW - GOTEBO AMBULANCE SERVICE

We have performed the procedures enumerated below, which were agreed to by management of the Mountain View - Gotebo Ambulance Service (the Service), 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. Observe receipting, depositing, and reconciling functions were performed by separate employees.

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

Recommendation: OSAI recommends the Service Board be aware of this condition and realize that the concentration of duties and responsibilities for receipting depositing and reconciling activities in a limited number of individuals, is not desirable from a control point of view. Management oversight from the Board would be an increased level of review of all transactions in an attempt to exercise adequate control in these areas.

Views of responsible officials and planned corrective actions: Management chose not to respond.

2. We randomly selected 12 (6%) runs from the dispatch log book in order to:
 - Trace to the run sheet.
 - Agree fee charged to fee schedule.
 - Trace run to billing records.
 - Trace receipt number from billing records to receipt.
 - Trace receipt to deposit slip.
 - Agree cash/check composition of deposits to the receipts issued.
 - Examine receipts to determine they are pre-numbered and issued in numerical order.

- Agree date of receipts to date of deposit slip.
- For any voided receipts, observe the original receipt.
- Observe second billing and or list sent to collection agency if no payment was received.
- Observe Service Board authorization in the Board minutes if the amount was written off.

Finding: While agreeing date of receipts to date of deposit slip, it was noted that monies collected by the Service are not deposited in a timely manner. The Service Administrator deposits with the County Treasurer one or two times a month. Deposits are made at the same time checks are registered for the Service.

Criteria: Title 62 O.S. § 517.3.B. states, "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..."

Recommendation: OSAI recommends the Service Administrator place an emphasis on depositing collections for the Service with the County Treasurer in a timely manner.

Views of responsible officials and planned corrective actions: We are not in the same town as where we deposit collections. We would leave our area without coverage for the EMS. We cannot bear the extra expense.

OSAI response: State statutes require that monies be deposited daily. Further, effective internal controls require that all money receipted be deposited with the bank the same day or the business day immediately following.

With respect to the other procedures applied, there were no findings.

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

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

4. We observed 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. We compared Service cash/cash equivalents in each financial institution to the fair market value of each financial institution's pledged collateral at January and June.

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

6. We traced amounts of ad valorem taxes remitted from the County Treasurer to the Service revenue records.

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

7. We reconciled checks issued, as reported on the Service's Estimate of Needs, to bank debits/checks clearing the bank for each fiscal year.

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

8. We reviewed the Service'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.

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

Finding: It was noted that 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 try to manage the increased risk of improprieties in a small office.

Views of responsible officials and planned corrective actions: Management chose not to respond.

10. We randomly selected 20 checks/warrants/vouchers and:
 - Agreed to invoices.
 - Agreed payee on cancelled check to vendor on invoice.
 - Inspected the receiving report/invoice for signature of Service employee who verified goods and/or services were received.
 - Traced claim approval to Service Board minutes.

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

11. We selected 100% of disbursements in excess of \$2,500 and:
 - Agreed to invoices.
 - Agreed payee on cancelled check to vendor on invoice.
 - Inspected the receiving report/invoice for signature of Service employee who verified goods and/or services were received.
 - Traced claim approval to Service Board minutes.
 - For items in excess of \$7,500, we observed that bidding requirements were met.

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

12. We observed each Board member's coverage for Official Bond was included in the Service's insurance policy.

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

13. We randomly selected one payroll period and:
- o Observed whether all employees prepared timesheets.
 - o Inspected timesheets for signatures of employees and supervisors.

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

14. We selected 100% of employees from the payroll records for both years in order to:
- o Compare leave amounts earned to the Service's policy for earning leave.
 - o Compare leave balances to the Service's policy for limitations on leave balances.
 - o Trace annual leave used on the employee's timesheet (or payroll claim) to the respective monthly leave balance report.

Finding: The Service has no formal policy in place for annual or sick leave in which to compare payroll records.

Recommendation: OSAI recommends the Service adopt a formal policy for annual and sick leave.

Views of responsible officials and planned corrective actions: Management chose not to respond.

With respect to tracing annual leave used on employee's timesheets to the monthly leave balance report, there were no findings.

15. We observed the publication notice of the Service's Estimate of Needs and whether the Service's expenditures exceeded its appropriations in budget category.

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

16. We observed:
- o the existence of an equipment inventory list.
 - o documentation of the conduct of a physical inventory.

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

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

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

18. Other matters we noted:

Finding: We reviewed Board minutes to determine unusual items to follow-up. The Board did not approve the renewal of contract agreements between the Service and billing agency, nor was the approval of the investment of funds by the County Treasurer noted in the Board minutes.

Recommendation: OSAI recommends the Service Board renew all contracts and agreements annually, and record the approval in the Board minutes each fiscal year.

Views of responsible officials and planned corrective actions: Management chose not to respond.

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 Service. 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.



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October 16, 2008



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