

STATUTORY REPORT

MOUNTAIN VIEW-GOTEBO 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

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
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

September 20, 2018

**TO THE BOARD OF DIRECTORS OF THE
MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Mountain View-Gotebo Emergency Medical Service District 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".

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

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2017

	<u>FY 2017</u>
Beginning Cash Balance, July 1	\$ 31,491
Collections	
Ad Valorem Tax	70,741
Miscellaneous	23
Total Collections	<u>70,764</u>
Disbursements	
Personal Services	200
Maintenance and operations	3,727
Contract Services	35,918
Audit Expense	-
Total Disbursements	<u>39,845</u>
Ending Cash Balance, June 30	<u>\$ 62,410</u>

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



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TO THE BOARD OF DIRECTORS OF THE MOUNTAIN VIEW-GOTEBO 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 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 District's collections, disbursements, and cash balances for FY 2017 accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Mountain View-Gotebo 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 Mountain View-Gotebo 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 Mountain View-Gotebo 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 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

July 24, 2018

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-1- Inadequate Internal Controls and Noncompliance Over the Depositing and Reconciliation Process (Repeat Finding)

Condition: Upon inquiry and observation of the Mountain View-Gotebo Emergency Medical Service District's (the District) depositing and bank reconciliation process, the following weaknesses were noted:

- The District did not deposit ad valorem collections in a timely manner. The District Treasurer prepared the receipt and made the deposit on the same date; however, the deposit date was a month to two months after the date of the ad valorem check was remitted to the District from the Kiowa County Treasurer.
- Bank reconciliations were prepared by a volunteer but were not reviewed by someone other than the preparer nor were the bank reconciliations reviewed and approved by the Board in an open meeting.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure proper segregation of duties regarding the bank reconciliation process, including evidence of the review of bank reconciliations by someone other than the preparer and Board approval.

Additionally, policies and procedures have not been designed and implemented to ensure receipts are issued for collections and deposits are timely deposited.

Effect of Condition: The condition of not depositing funds timely resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, undetected errors, or the misappropriation of funds. Additionally, a single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transaction, including reconciliation of bank statements, 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 following key accounting functions of the District's office be adequately segregated:

- Review of bank reconciliations by someone other than the preparer and approval by the Board in an open meeting.

OSAI also recommends the District implement internal controls to document the receipt of ad valorem tax collections and timely deposit in accordance with state statute.

Management Response:

Chairman: We have an outside bookkeeper that performs the bank reconciliations. We will begin having the Board review and initial these reconciliations to ensure accuracy. As of July 24, 2018, a Board member

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has been formally appointed as the Board Secretary. This Board member will assume the duties of reviewing bank reconciliations and deposits to mitigate the risk associated with limited segregation of duties.

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 with the regard to reliability of financial reporting, including review and approval of bank reconciliations and daily deposit of ad valorem taxes received.

Title 62 O.S. § 517.3B states in part, "The treasurer of every public entity shall deposit daily, not later than the next banking day..."

Finding 2017-2- Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)

Condition: Upon inquiry of the District Board Treasurer, observation of the disbursement process, and review of the ten (10) disbursements for the fiscal year, exceptions noted are reflected as follows:

- There were no Board meetings for the fiscal year; therefore, all payments were made outside of an open meeting without being reviewed and approved by the Board.
- Four (4) purchase orders did not have proper supporting documentation attached to the claim.
- Four (4) purchase orders were not approved by two Board members as per the District's practice.

Cause of Condition: Policies and procedures have not been implemented to ensure that regularly scheduled Board meetings are conducted in accordance with the Open Meeting Act. Further, policies and procedures have not been designed and implemented to provide adequate documentation to support disbursements and document authorization for payment by the Board.

Effect of Condition: These conditions resulted in a violation of the Open Meeting Act and could result in inaccurate records, incomplete information, and/or misappropriation of assets.

Recommendation: OSAI recommends that the Board meet during regularly scheduled meetings to review and approve all purchase orders regarding the Open Meeting Act to ensure compliance with 25 O.S. § 311 (A) and 25 O.S. § 312.A. OSAI also recommends that appropriate documentation supporting disbursements be maintained to provide evidence the Board reviewed, and approved disbursements and two Board members approve the purchase orders.

Management Response:

Chairman: We will ensure all purchase orders have proper invoices attached and two Board members approve the purchase orders. Board meetings will be held regularly to review and approve all purchase orders.

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Criteria: Internal controls should be designed to analyzed and verify accuracy, completeness, and authorization of disbursements and/or transactions. An aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the entity’s assets and safeguarding assets from loss, damage, or misappropriation.

An example of proper internal controls is Board approval of disbursements in an Open meeting including retaining evidence of transactions in the form of a detailed receipt or invoice to support each disbursement.

Further, a component objective of an effective control system is to provide accurate and reliable information through complete documentation of the Board meetings in formal Board minutes.

Title 25 O.S. § 311 states in part, “A. Notwithstanding any other provisions of law, all regularly scheduled, continued or reconvened, special or emergency meetings of public bodies shall be preceded by public notice as follows:

1. All public bodies shall give notice in writing by December 15 of each calendar year of the schedule showing the date, time and place of the regularly scheduled meetings of such public bodies for the following calendar year.
3. All county public bodies, including, but not limited to, public trusts and any other bodies with the county as beneficiary, shall give such notice to the county clerk of the county wherein they are principally located.
11. In the event any meeting is to be continued or reconvened, public notice of such action, including date, time and place of the continued meeting, shall be given by announcement at the original meeting. Only matters appearing on the agenda of the meeting which is continued may be discussed at the continued or reconvened meeting.”

Title 25 O.S. § 312.A states, “The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act.”

**Finding 2017-3 - Inadequate Internal Controls Over Service Provider Leased Equipment Inventory
(Repeat Finding)**

Condition: On July 1, 2013, the District entered into a lease agreement with the Town of Carnegie to provide emergency medical services to the District. As part of that agreement, the District agreed to lease the ambulance and some equipment to the Town of Carnegie. Upon inquiry of the District Treasurer and

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review of the provider services contract regarding the provision for the lease of the District's equipment, the following weaknesses were noted:

- The District did not maintain an inventory list of equipment leased to the service provider per the service contract provisions.
- The District did not conduct an annual verification of inventory equipment leased to the service provider.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure an inventory of leased equipment performed and properly accounted for, maintained, and updated regularly by the District.

Effect of Condition: The opportunity for loss and misappropriation of District assets may be more likely to occur when the District does not conduct annual inventory verification and maintain a current detailed inventory listing.

Recommendation: OSAI recommends management be aware of these conditions and realize the importance of documenting inventory. Further, OSAI recommends management take steps to document equipment leased to the contract service provider and ensure these assets are accounted for by performing and documenting annual inventory verifications.

Management Response:

Chairman: We will obtain a current listing of all inventory leased to the town of Carnegie. We will also obtain annual inventory verification and review and approve it in an open Board meeting.

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguarding assets from loss, damage, or misappropriation, including the verification of leased equipment inventory.

Finding 2017-4 - Inadequate Internal Controls and Noncompliance with Contract Provisions of the Service Provider (Repeat Finding)

Condition: Upon inquiry of the District Board Treasurer and review of the service provider contract, the following exceptions were noted:

- The contract between the District and the town of Carnegie was not renewed in an open meeting for the fiscal year. The contract is dated November 1, 2013 and ended on June 30, 2014. The provisions of the contract extend to subsequent fiscal years upon approval of both parties. Because the District Board has not held an open meeting since December 2015, the contract has not been approved for fiscal year 2017, and subsequently for fiscal year 2018.

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- Payments made to the contract service provider, town of Carnegie, were not made in a timely manner and were not calculated per contract stipulations.
- The Board of Trustees did not conduct a Board meeting after December 2015, resulting in noncompliance with the provisions of the contract, as follows:
 - The Board did not provide evidence of review of proof of liability insurance from the town of Carnegie.
 - The Board did not provide evidence of review of ambulance run reports from the town of Carnegie.
 - The Board did not provide evidence of review of the annual certification from the Oklahoma State Department of Health.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with provisions of the service provider contract.

Effect of Condition: These conditions resulted in inaccurate records, incomplete information, underpayment of contractual obligations, and could result in misappropriation of assets.

Recommendation: OSAI recommends the District Board establish policies and procedures to ensure payments made to the contract service provider are made in accordance with contract provisions, including the manner and timeliness of compensating the service provider, review of ambulance run reports, proof of liability insurance, and state certification. Further, OSAI recommends the contract be renewed and approved each fiscal year in an open Board meeting.

Management Response:

Chairman: The contract will be renewed for each fiscal year in an open Board meeting. The Board has held an open meeting on May 9, 2018 and July 24, 2018. We will also review the process for calculating payments, and obtain documents as stipulated in the terms of the contract. All payments will be made in a timely manner.

Criteria: Accountability and stewardship are overall goals of the Board in the accounting of funds. A component objective of an effective internal control system is to provide accurate and reliable information through proper review and approval of provisions of the service provider contract including the compensation method and timeliness of payments.

Finding 2017-7 - Inadequate Internal Controls and Noncompliance Over the Open Meeting Act and Bylaws (Repeat Finding)

Condition: Upon inquiry of the District Board Treasurer, observation of financial records, and review of prior year weaknesses noted for fiscal year 2016, we determined the District has not established policies and procedures over the financial records, nor has the Board performed duties of oversight over the financial operations of the District, as follows:

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- The District could not locate Bylaws or District formation documents.
- No District Board meetings have been conducted from December 8, 2015 through the fiscal year June 30, 2017.
- As noted in the prior year audit, the Board Chairman submitted his resignation on March 20, 2015; however, a new Chairman had not been appointed, nor had the Board member been replaced by appointment of the Kiowa County Board of County Commissioners as of the end of the fiscal year.

Cause of Condition: Policies and procedures have not been designed and implemented regarding the Open Meeting Act. The District failed to ensure the Board meeting agendas were properly posted according to state statute, and to ensure that regularly scheduled Board meetings were held.

Further, policies and procedures have not been designed and implemented to ensure compliance with the state statute and Oklahoma State Constitution.

Effect of Condition: These conditions resulted in noncompliance with statute statues regarding the Open Meeting Act and the Oklahoma Constitution and could result in inaccurate records, incomplete information, underpayment of contractual obligations, and/could result in misappropriation of assets.

Recommendation: OSAI recommends the Board adhere to the Open Meeting Act regarding filing regularly scheduled meetings with the Kiowa County Clerk, filing and posting notices of agendas, recording and maintaining Board minutes of the Board meetings, and providing a safe and secure location to maintain the minutes.

In addition, OSAI recommends the District be aware of all constitutional and statutory requirements that pertain to emergency medical service districts as defined in Article 10 section 9C.

Management Response:

Chairman: A new Board member was appointed on July 24, 2018 and assumed the role of Secretary and a Chairman was appointed on May 9, 2018. Management will work towards designing written policies and procedures over the District. A meeting schedule will be filed with the County Clerk by December 1 each year. The Board will meet on scheduled dates, file minutes for each meeting, and sign minutes to signify approval.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective internal control system is to provide accurate and reliable information through proper documentation of the Board meetings. The Oklahoma Open Meeting Act states as follows:

Title 25 O.S. § 303 states in part, “All meetings of such public bodies, shall be preceded by advance public notice specifying the time and place of each such meeting.”

Title 25 O.S. § 311 (A) states in part, “Notwithstanding any other provisions of law, all regularly scheduled, continued or reconvened, special or emergency meetings of public bodies shall be preceded by public notice as follows:

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2. All public bodies shall give notice in writing by December 15 of each calendar year of the schedule showing the date, time and place of the regularly scheduled meetings of such public bodies for the following calendar year.

4. All county public bodies, including, but not limited to, public trusts and any other bodies with the county as beneficiary, shall give such notice to the county clerk of the county wherein they are principally located.

11. In the event any meeting is to be continued or reconvened, public notice of such action, including date, time and place of the continued meeting, shall be given by announcement at the original meeting. Only matters appearing on the agenda of the meeting which is continued may be discussed at the continued or reconvened meeting.

Title 25 O.S. § 312.A states: “The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act.”

Additionally, Article 10 § 9C for Emergency Medical Service Districts, states in part,

“Each district which is herein authorized, or established, shall have a board of trustees composed of not less than five members. Such trustees shall be chosen jointly by the board or boards of county commissioners, provided that such membership shall be composed of not less than one individual from each county or part thereof which is included in said district.”

“Each year, as necessary, the board or boards of county commissioners shall appoint successors to such members of the board of trustees whose terms have expired, and such subsequent appointments shall be for terms of five (5) years.”



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

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