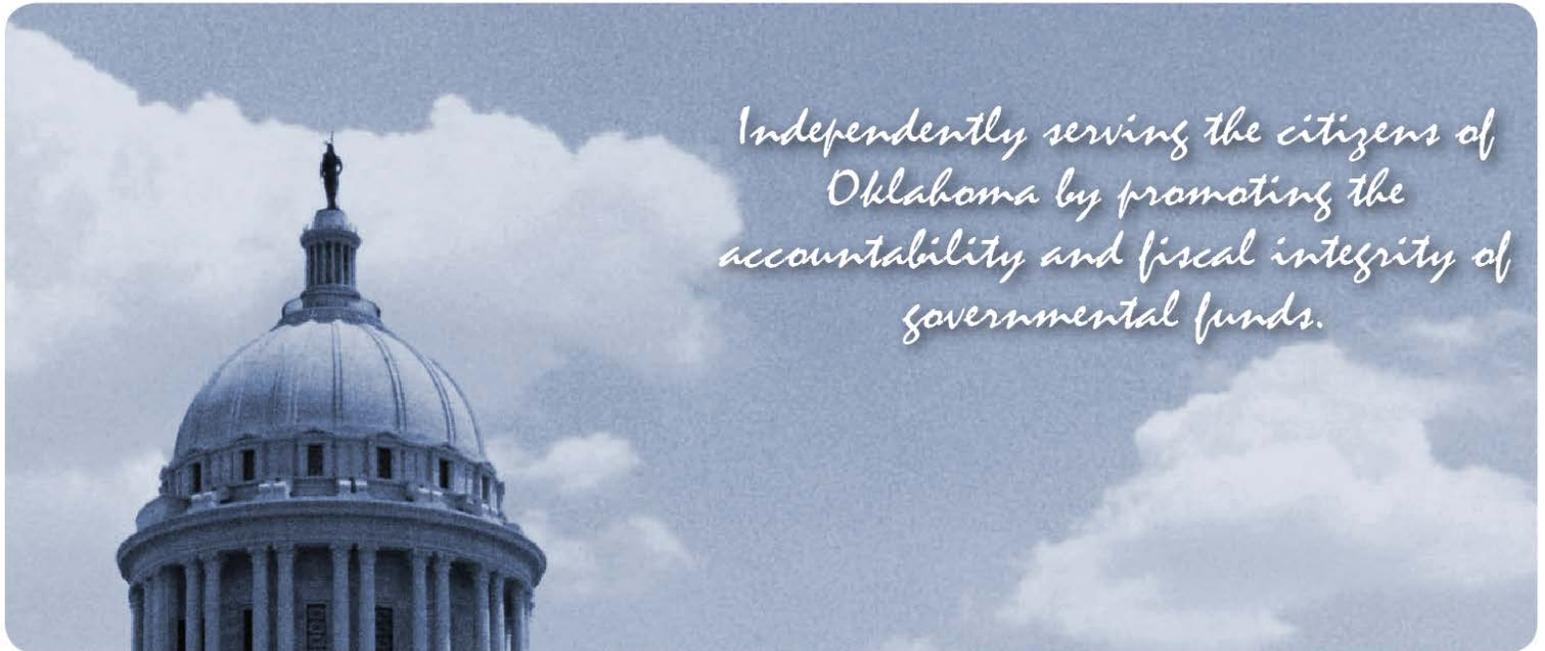


STATUTORY REPORT

MOUNTAIN VIEW - GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2015



*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, 2015**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 1706.1, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

August 7, 2017

**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, 2015.

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, flowing style.

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

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2015

	<u>FY 2015</u>
Beginning Cash Balance, July 1	\$ 9,215
Collections	
Ad Valorem Tax	80,310
Intergovernmental	2,717
Miscellaneous	3,633
Total Collections	<u>86,660</u>
Disbursements	
Personal Services	600
Maintenance and Operations	52,937
Audit Expense	5,016
Total Disbursements	<u>58,553</u>
Ending Cash Balance, June 30	<u>\$ 37,322</u>

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



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TO THE BOARD OF DIRECTORS OF THE MOUNTIAN 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 2015.

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".

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

June 5, 2017

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-1 - Inadequate Internal Controls Over the Receipting and Reconciliation Processes (Repeat Finding)

Condition: Upon inquiry and observation of the Mountain View-Gotebo Emergency Service District's (the District) receipting and reconciliation processes, the following was noted:

- The District did not issue receipts for funds directly deposited to the bank account.
- No bank reconciliations could be located for the District bank account for the audit period.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that bank account balances are accurate and that receipts are issued for all collections.

Effect of Condition: These conditions could result in errors and improprieties, unrecorded transactions, misappropriation of assets.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the District issue receipts for all funds electronically deposited into the bank account and reconcile accounts monthly. The District should maintain documentation of bank reconciliations and provide evidence of the Board's review for all bank reconciliations.

Management Response:

Note: The Board Treasurer has responded to the findings due to the Chairman's resignation March 20, 2015 and the remaining Board members not appointing a new Chairman.

Board Treasurer: We are going to have an outside bookkeeper perform reconciliations. The Board will review these reconciliations to ensure accuracy. There should be no future direct deposits in the account as the District is now contracted with a service provider.

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. Effective internal controls include issuing receipts for all collections and documenting bank reconciliations and evidence of review of those reconciliations.

Finding 2015-2 - Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)

Condition: Upon inquiry of staff and review of the District Board minutes, observation of the disbursement process, and test of twenty-five (25) disbursements, we noted the following exceptions:

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
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- Six (6) disbursements did not have proper supporting documentation attached to the purchase order.
- One (1) disbursement was not signed by two members of the Board.
- One (1) disbursement to the Internal Revenue Service for unpaid taxes from March of 2014 included charges for interest/late charges.
- Three (3) disbursements were made via electronic withdrawal without the issuance or approval of the Board.

It was also noted that regular Board meetings were not held during the months of July, August, and September, 2014 resulting in purchase order numbers 89 through 92 not being reviewed and approved in an open meeting.

Cause of Condition: Policies and procedures have not been designed and implemented to check completeness, and authorization, and provide adequate documentation to support disbursements. Further, policies and procedures have not been implemented to ensure that regularly scheduled Board meetings are held.

Effect of Condition: These conditions appear to have resulted in a violation of the Open Meetings Act. Further, these conditions could result in inaccurate records, incomplete information, and/or misappropriation of assets.

Recommendation: OSAI recommends that appropriate documentation supporting disbursements be maintained with purchase orders to provide evidence that the Board reviewed and approved valid disbursements. OSAI also recommends that the Board meet during regularly scheduled meetings to review and approve all purchase orders in compliance with the Open Meetings Act in Title 25 O.S. § 312.A.

Management Response:

Board Treasurer: We will ensure all purchase orders have proper invoices attached and are paid on time. There should be no future electronic withdrawals from the account as we are no longer contracted with a third party billing service. Board meetings will be held regularly to review and approve purchase orders.

Criteria: Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions.

An important 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 retaining evidence of transactions in the form of a detailed receipt or invoice to support each disbursement and preparing purchase orders to support each disbursement and approving disbursements by the Board in a public meeting.

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
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Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective control system is to provide accurate and reliable information through proper documentation of the Board meetings.

Further, 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 2015-3 - Inadequate Internal Controls Over Contract Service Provider Leased Equipment Inventory (Repeat Finding)

Condition: Upon inquiry of District personnel and review of the provider services contract with regard to the provision for the lease of equipment, the following weaknesses were noted:

- The District did not have a current inventory list of leased equipment available for review.
- The District did not maintain an inventory list of equipment leased to the provider per the service contract provision.
- The District did not conduct an annual verification of inventory items leased to the provider.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure inventory of leased equipment is being 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 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 via annual inventory verification.

Management Response:

Board Treasurer: We will obtain a current listing of all inventory leased to the contractor. We will also obtain annual inventory verifications performed by the contractor and review 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.

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
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Finding 2015-4 - 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 Board meeting minutes and contract with service provider, exceptions noted are reflected as follows:

- The contract between the District and the Town of Carnegie (contractor) was not renewed in an open meeting for the fiscal year.
- Payments made to the contractor were not made in a timely manner and were not calculated per contract stipulations, resulting in the District underpaying the contractor in the amount of \$31,108.23.

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 could result in inaccurate records, incomplete information, and/or misappropriation of assets.

Recommendation: OSAI recommends the District Board establish policies and procedures to ensure that payments made to the contract provider are made according to contract provisions. Further, OSAI recommends the contract be renewed yearly in an open Board meeting.

Management Response:

Board Treasurer: The contract will be renewed yearly in an open Board meeting. We will also review the process for calculating payments made and issue correct the payments for future purposes. All payments will be made in a timely manner.

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 review and approval of provisions of the service provider contract and approval of the contract.

Finding 2015-5 - Inadequate Internal Controls and Noncompliance Over Board Meeting Minutes

Condition: Upon inquiry of the District Treasurer and the Kiowa County Clerk, and review of the District's Board meeting agendas and minutes, the following weaknesses were noted:

- A schedule of meetings to be held for the calendar years 2014 and 2015 was not filed with the Kiowa County Clerk.
- There was no evidence of Board meetings being held for the following months:
 - 2014 – July, August, September, and November
 - 2015 – January, June, and May

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
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- There was no evidence of the Board approving minutes for meetings held on the following dates:
 - October 6, 2014
 - December 9, 2014
 - February 20, 2015
 - March 10, 2015

Cause of Condition: Policies and procedures have not been designed and implemented with regard to the Open Meeting Act. The District did not ensure the Board meeting schedules were properly posted according to state statutes, and to ensure that regularly scheduled Board meetings are held.

Effect of Condition: Inadequate internal controls over the agenda of the Board meetings appear to have resulted in noncompliance with the Open Meetings Act. Additionally, failure to provide adequate internal controls over recordkeeping of Board minutes could result in inaccurate records and noncompliance with the Open Meetings Act.

Recommendation: OSAI recommends the Board adhere to the Open Meeting Act with regard to filing all regularly scheduled meetings with the Kiowa County Clerk. OSAI also recommends the Board meeting minutes be reviewed for accuracy and signed as verification of this review, and maintained in a safe and secure location in accordance with state statutes.

Management Response:

Board Treasurer: A meeting schedule will be filed with the Kiowa 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 control system is to provide accurate and reliable information through proper documentation of the Board meetings. Oklahoma Open Meeting and Open Records Book states:

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)(1)(3)(10) 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.

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
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10. 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.

Further, 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 2015-6 - Inadequate Internal Controls and Noncompliance Over the Appointment of Board Members

Condition: Upon inquiry of the District Board Treasurer and review of Board meeting minutes, it was noted that the Board Chairman submitted his resignation on March 20, 2015; however, as of June 5, 2017, a new Chairman has not been appointed, nor has the Board member been replaced by appointment.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with the state statute and Oklahoma State Constitution.

Effect of Condition: This condition resulted in noncompliance with the state statute and could result in liability and accountability issues for the District.

Recommendation: OSAI recommends the District Board establish policies and procedures to ensure compliance with the Oklahoma State Constitution. Any resignations within the Board should be filled by appointment. 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 § 9C.

Management Response:

Board Treasurer: A new board member will be appointed to the Board and a new Chairman will be voted on and approved by the Board.

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 adequate representation of the District as provided by the Oklahoma State Constitution and state statute.

Article 10 § 9C (a) for Emergency Medical Service District, 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

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
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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.”



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