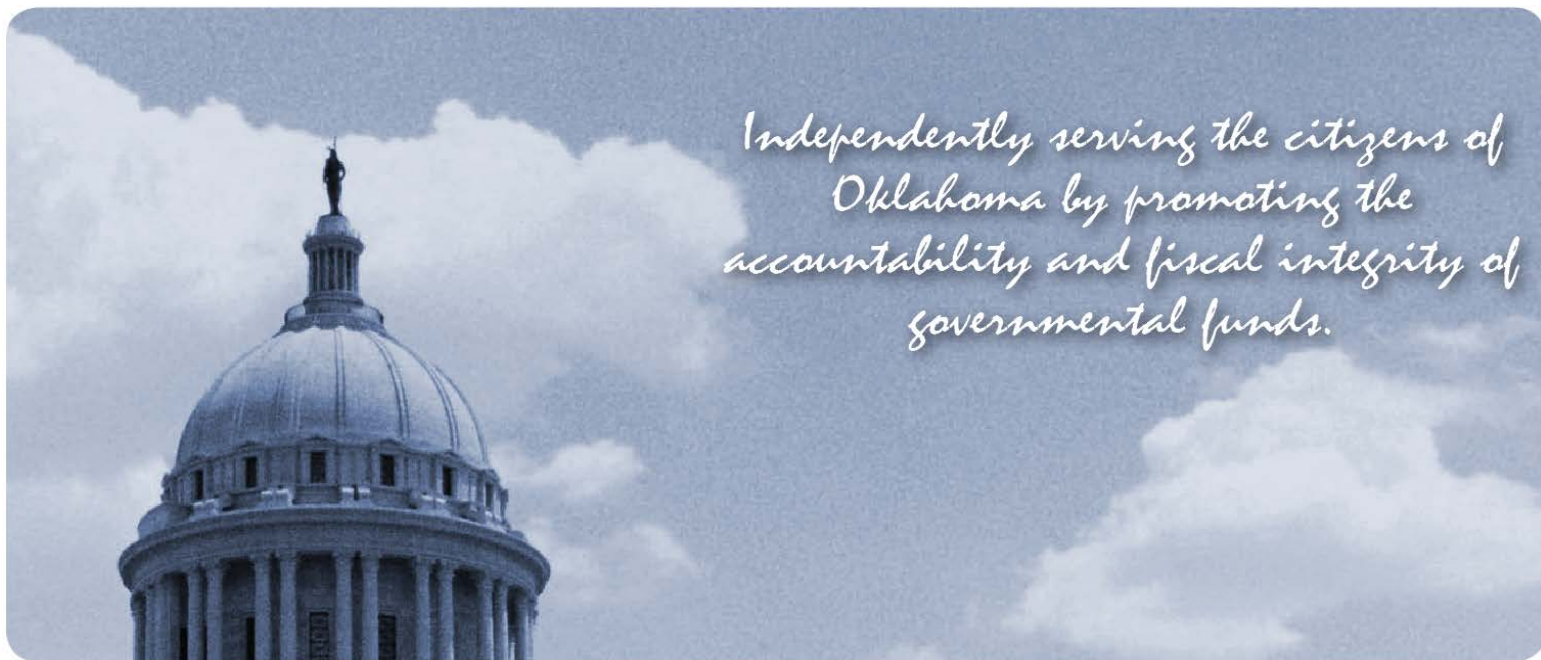


STATUTORY REPORT

MOUNTAIN VIEW - GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2016



*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, 2016**

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, 2016

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 style with a long, sweeping tail on the letter "s".

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

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2016

	<u>FY 2016</u>
Beginning Cash Balance, July 1	<u>\$ 37,322</u>
Collections	
Ad Valorem Tax	71,902
Intergovernmental	8
Miscellaneous	417
Total Collections	<u>72,327</u>
Disbursements	
Personal Services	800
Maintenance and Operations	77,358
Audit Expense	-
Total Disbursements	<u>78,158</u>
Ending Cash Balance, June 30	<u>\$ 31,491</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 2016

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.

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, 2016**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2016-1 - Inadequate Internal Controls and Noncompliance Over the Collection 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.
- Deposits were not made in a timely manner.

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

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in errors and improprieties, unrecorded transactions, or 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. OSAI further recommends that the District deposit all monies daily in accordance with Title 62 O.S. § 517.3B.

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. Additionally, all funds will be receipted and deposited as they are received.

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.

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

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
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Finding 2016-2 - 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 (20) disbursements, we noted the following exceptions:

- Fourteen (14) disbursements did not have proper supporting documentation attached to the claim.

It was also noted that Board meetings were not held after December, 2015 through June 30, 2016, resulting in purchase orders 124 through 133 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:

Treasurer: We will ensure all purchase orders have proper invoices attached and are paid on time. 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 transaction in the form of a detailed receipt or invoice to support each disbursement and approving disbursements by the Board in a public meeting.

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.

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
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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 2016-3 - 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
STATUTORY REPORT
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Finding 2016-4 - Inadequate Internal Controls and Over Noncompliance with Contract Provisions of the Contract 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 \$13,826.16.
- The Board of Trustees did not meet in an open meeting after December 8, 2015 of the fiscal year 2016, which resulted in no documentation or evidence of the following contract compliance requirements:
 - No Board review of proof of liability insurance from the contractor.
 - No Board review of run reports from the contractor.
 - No Board review of 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 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. Last year's underpaid balance will be paid this fiscal year and documented as so in an open meeting. 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.

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Finding 2016-5 - Inadequate Internal Controls and Noncompliance Over Board Meeting Minutes
(Repeat Finding)**

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 year 2015 and 2016 was not filed with the Kiowa County Clerk.
- There was no evidence of Board meeting minutes being held for July, October, or November 2015, and the entire 2016 calendar year.
- There was no evidence of the Board approving minutes for meetings held on the following dates:
 - August 17, 2015
 - December 8, 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 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:

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
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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.
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 2016-6 - Inadequate Internal Controls and Noncompliance Over the Appointment of Board Members (Repeat Finding)

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. 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 and the state statutes.

Management Response:

Board Treasurer: A new board member will be appointed to the Board and a 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

**MOUNTAIN VIEW-GOTEBO EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Emergency Medical Service 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 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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