



MURRAY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**MURRAY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Cindy Byrd, CPA | State Auditor & Inspector

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September 14, 2020

**TO THE BOARD OF DIRECTORS OF THE
MURRAY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Murray County Emergency Medical Service District for the fiscal year ended June 30, 2018.

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 "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**MURRAY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2018

	<u>Operations</u>	<u>County Sales Tax</u>
Beginning Cash Balance, July 1	\$ 1,216,849	\$ 55,077
Collections		
Ad Valorem Tax	374,633	-
Charges for Services	961,403	-
Sales Tax	-	85,885
Miscellaneous	3,866	-
Total Collections	<u>1,339,902</u>	<u>85,885</u>
Disbursements		
Personal Services	622,455	-
Maintenance and Operations	388,218	36,194
Capital Outlay	265,087	83,032
Audit Expense	16,236	-
Total Disbursements	<u>1,291,996</u>	<u>119,226</u>
Ending Cash Balance, June 30	<u>\$ 1,264,755</u>	<u>\$ 21,736</u>

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SALES TAX

Sales Tax of November 8, 2011

The voters of Murray County approved a one percent (1%) sales tax on November 8, 2011. The sales tax became effective January 1, 2012 and has a term of 10 years. The sales tax is to be earmarked and used for maintaining General Government, County Commissioners, Economic Development, Sulphur Chamber of Commerce, Davis Chamber of Commerce, Murray County Senior Citizens Organizations, Rural Fire Departments, Rural Emergency Management, Murray County Fair Board, Home Extension Organizations, 4-H Organizations, County Clerk, Court Clerk, County Assessor, County Treasurer, County Sheriff, County Sheriff's Reserve Deputies, Courthouse Facilities and Grounds, OSU Extension Office (Agriculture), Miscellaneous Collection Fees, EMS (Ambulance Service), and Enhanced 911. The Murray County Emergency Medical Service District receives 5.25% of the sales tax appropriations and the funds are accounted for within the County General Fund as "EMS 5" EMS Sales Tax.

For the fiscal year ended, June 30, 2018, \$119,226.00 was received for the purchase of an ambulance and architect fees for remodeling of a building.

Murray County Emergency Medical Service District
P.O. Box 545
Sulphur, Oklahoma 73086

**TO THE BOARD OF DIRECTORS OF THE
MURRAY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT**

For the purpose of complying with 19 O.S. § 1706.1, we have performed the following procedures:

- Determined charges for services were billed and collected in accordance with District Policies.
- 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 for the fiscal year ended June 30, 2018 was 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 and 61 O.S. §101-139.
- 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 compliance with contract service providers.
- Determined whether the District's collections, disbursements, and cash balances for the fiscal year ended June 30, 2018 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Murray County 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 Murray County 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 Murray County Emergency Medical Service District. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

June 26, 2020

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2018-008 - Internal Controls Over the Payroll Process

Condition: Based upon inquiry of Murray County Emergency Medical Service District (the District) staff and the review of twenty-one (21) employees' timesheets and supporting documents for the payroll period of June 17, 2018 through June 30, 2018, the following exceptions were noted:

- None of the twenty-one (21) timesheets tested had evidence of review and approval by a supervisor or the director in the form of a signature.
- One (1) employee did not sign a timesheet.
- One (1) employee's personnel file did not contain a retirement form for withholding, and one (1) employee's personnel file contained the form; however, the form did not document the dollar amount to be withheld for retirement.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure timesheets are signed by the employee and approved by a supervisor or the director, and all supporting documentation is maintained for withholdings.

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

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the District be aware of these conditions and ensure each timesheet is verified by the employee and supervisor or the director for accuracy, review and approval. Additionally, OSAI recommends that all supporting documentation be maintained for withholdings.

Management Response:

Chairman: The District will be more diligent in adhering to payroll policies and procedures that have been designed.

Criteria: The United States Government Accountability Office's Standards for Internal Control in the Federal Government (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasigovernmental entities.

The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Segregation of duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing

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the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Finding 2018-011 – Internal Controls and Noncompliance Over the Open Meeting Act and Board Minutes and Purchase of Real Estate

Condition: Upon inquiry of the District officials and review of the District Board agendas and minutes, we determined the following:

- Regular meeting agendas stated the following, “Board to Discuss Employee Matters with Possible Executive Session.” However, the Board minutes reflected there were no matters to discuss as reported by the Board Attorney. Further, the agenda item did not identify a specific employee or unique position as required by the Open Meeting Act.
- Special meeting agendas stated the following, “New Business, with Possible Discussion and Board Action.” In accordance with the Open Meeting Act, new business is not provided for as an agenda item when holding a special meeting.

Further, Board minutes of July 12, 2017 reflected the Board Attorney advised the Board of the price of the real estate as \$265,000.00 and the Board approved the purchase and designated the Chairman as the representative for the contract for sale.

The District purchased real estate in Sulphur, Oklahoma as documented by purchase order number 15756 in the amount of \$265,055.16, dated July 24, 2017.

The real estate settlement date was July 31, 2017 and was signed by the sellers and the District Chairman.

- The District did not provide an independent appraisal of the property value as authorized by state statute.

Cause of Condition: Policies and procedures have not been designed and implemented regarding District Board agendas and meetings regarding compliance with state statutes, the Open Meeting Act and Attorney General Opinions, and independent appraisal of real estate purchased by the District.

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Effect of Condition: These conditions could result in unrecorded transactions, undetected errors, or misappropriation of funds and resulted in noncompliance with state statutes, the Open Meeting Act and Attorney General Opinions.

Recommendation: OSAI recommends the District design and implement policies and procedures to comply with the Open Meetings Act, Attorney General Opinion, and ensure compliance with state statutes.

OSAI recommends the following process for purchasing real estate, if the needed location of the land is very specific,

- The Board could approve the purchase as a sole source (exempt from bidding) because every tract of land is unique.
- Three (if possible) disinterested individuals appraise the property and deliver the appraisal to the Board.
- If the purchase price is determined to be reasonable,(through negotiation) then the Board could approve the purchase
- A legal representative for the District review and approves the contract to purchase real property, or
- The purchase could be negotiated by the real estate broker and documented in the contract for sell.

Management Response:

Chairman: The District (MCEMS) purchased land with an existing structure from a private individual. The Board negotiated with the sellers exclusively and reached a point that was the least amount the sellers would agree. The District did not see the utility or reason to obtain a real estate appraisal. In the future, all real property purchased will have a certified appraisal.

Regarding executive sessions, the District will no longer include an agenda item for executive session unless there are specific reasons for the executive session.

Regarding new business as listed on a special meeting agenda, the District will no longer include new business as an agenda item on a special meeting notice.

Criteria: The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

The Open Meeting Act provides the following regarding documenting the actions of the Board in public meeting;

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Title 25 O.S. § 312(A) states, “A. 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.”

The Open Meeting Act and Attorney General Opinion provides for the following regarding executive sessions and personnel issues states the following;

The Agenda must list proposed executive sessions and state the *specific provision* of the Open Meeting Act authorizing the executive session

Title 25 O.S. § 311(B.1)(2), states;

“B. 1. All agendas required pursuant to the provisions of this section shall identify all items of business to be transacted by a public body at a meeting including, but not limited to, any proposed executive session for the purpose of engaging in deliberations or rendering a final or intermediate decision in an individual proceeding prescribed by the Administrative Procedures Act.

2. If a public body proposes to conduct an executive session, the agenda shall:

- a. contains sufficient information for the public to ascertain that an executive session will be proposed,
- b. identifies the items of business and purposes of the executive session, and
- c. state specifically the provision of Section 307 of this title authorizing the executive session.”

If discussing personnel, the agenda must list the *specific employee or unique position* of the employee in accordance with 1997 OK AG 61.

The special meeting agenda must be visible for the entire 24 hours in advance of a meeting. (1997 OK AG 98)

The special meeting agenda can *only* discuss items listed on the agenda. Special Meetings cannot have “new business” discussed.

Title 25 O.S. § 311(A)(12), states:

“12. Special meetings of public bodies shall not be held without public notice being given at least forty-eight (48) hours prior to the meetings. Such public notice of date, time and place shall be given in writing, in person or by telephonic means to the Secretary of State or to the county clerk or to the municipal clerk by public bodies in the manner set forth in paragraphs 2, 3, 4, 5 and 6 of this subsection. The public body also shall cause written

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notice of the date, time and place of the meeting to be mailed or delivered to each person, newspaper, wire service, radio station and television station that has filed a written request for notice of meetings of the public body with the clerk or secretary of the public body or with some other person designated by the public body. Such written notice shall be mailed or delivered at least forty-eight (48) hours prior to the special meeting. The public body may charge a fee of up to Eighteen Dollars (\$18.00) per year to persons or entities filing a written request for notice of meetings and may require such persons or entities to renew the request for notice annually. In addition, all public bodies shall, at least twenty-four (24) hours prior to such special meetings, display public notice of the meeting, setting forth thereon the date, time, place and agenda for the meeting. Only matters appearing on the posted agenda may be considered at the special meeting. Such public notice shall be posted in prominent public view at the principal office of the public body or at the location of the meeting if no office exists. Twenty-four (24) hours prior public posting shall exclude Saturdays, Sundays and holidays legally declared by the State of Oklahoma. In lieu of the public posting requirements of this paragraph, a public body may elect to follow the requirements found in subparagraph b of paragraph 9 of this subsection, provided that forty-eight-hour notice is required for special meetings and that the forty-eight-hour requirement shall exclude Saturdays, Sundays and holidays legally declared by the State of Oklahoma.”

Title 19 O.S. § 421.1(G) provides guidance for the appraisal of real estate, as follows:

“G. Pursuant to the authority of Section 1 of this title, boards of county commissioners shall have authority, under such statute and in consideration of the procedures in this section to sell real property belonging to the county without declaring such property surplus under the following conditions:

1. A certified appraisal of the county property shall be performed to determine the market value of the property and accepted by the board of county commissioners.”

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