

MURRAY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

JULY 1, 2005 THROUGH
JUNE 30, 2007

EMS AGREED-UPON PROCEDURES



Oklahoma State Auditor
& Inspector

**MURRAY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD JULY 1, 2005 THROUGH JUNE 30, 2007**

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, twenty-five (25) copies have been prepared and distributed at a cost of \$43.93. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

August 1, 2008

TO THE BOARD OF TRUSTEES OF THE
MURRAY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the agreed-upon procedures report for the Murray County Emergency Medical Service District for the period July 1, 2005 through June 30, 2007. 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 "Michelle R. Day".

MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

**MURRAY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
FOR THE PERIOD JULY 1, 2005 THROUGH JUNE 30, 2007**

INTRODUCTION

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and authorized a tax levy not to exceed 3 mills for the purpose of providing funds to support, organize, operate, and maintain district ambulance services. District voters approved the formation of the district and an original 3 mills levy to support the operation of the district. Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is 3.11 mills. The Murray County Emergency Medical Service District is comprised of Murray County 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.

MURRAY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
JUNE 30, 2007

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

TO THE BOARD OF TRUSTEES OF THE
MURRAY COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have performed the procedures enumerated below, which were agreed to by management of the Murray County Emergency Medical Service District, 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, 2005 through June 30, 2007. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of 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. We observed whether receipting, depositing, and reconciling functions are performed by separate employees.

Finding: Functions are not being performed by separate employees. The limited number of office personnel prevents a proper segregation of accounting functions, which is necessary to ensure adequate internal control structure over receipting, depositing, and reconciling functions.

Recommendation: We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

2. We randomly selected 10 runs from the dispatch log book 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, observed the original receipt.
- Observe second billing and or list sent to collection agency if no payment was received.
- Observe EMS Board authorization in the Board minutes if the amount was written off.

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

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

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

4. We confirmed 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 EMS cash/cash equivalents in each financial institution to the fair market value of each financial institution's pledged collateral at June 30;

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

6. We traced amounts of ad valorem taxes and sales taxes remitted from the County Treasurer to the EMS to EMS deposit slips.

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

7. We observed whether receiving goods and services, preparing claims, and issuing payments are performed by separate employees.

Finding: Duties are not being performed by separate employees. The limited number of office personnel prevents a proper segregation of accounting functions, which is necessary to ensure adequate internal control structure over receiving goods and services, preparing claims, and issuing payments.

Recommendation: We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

8. We randomly selected 25 checks to:
 - Agree to invoices.
 - Agree payee on cancelled check to vendor on invoice.
 - Inspect the receiving report/invoice for signature of EMS employee who verified goods and/or services were received.
 - Trace claim approval to EMS Board minutes.

Finding:

- For one check that was written to a credit card company for a monthly billing cycle we were unable to agree the check amount to itemized receipts, as not all of the receipts were attached to the bill.
- One check for food purchased for the Board of Trustees did not have an itemized receipt attached.

Recommendation: We recommend that all expenditures be properly documented with an itemized invoice and have a receipt attached.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will place more emphasis on the purchasing process.

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

9. We observed each Board member's Official Bond.

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

10. We randomly selected one payroll period to:
- o Observe whether all employees prepared timesheets.
 - o Inspect timesheets for signatures of employees and supervisors.

Finding: One timesheet did not have the employee's signature.

Recommendation: We recommend that management take steps to ensure that timesheets are signed by the employee and supervisor.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will continue to review timesheets to minimize mistakes.

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

11. We randomly selected 5 employees from the payroll records to:
- o Compare leave amounts earned to the EMS policy for earning leave.
 - o Compare leave balances to the EMS 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:

- One employee was not paid for annual leave in accordance with the Employee Personnel Policy Book, which states each employee will be given annual leave on the employee's anniversary date. The employee accrued and was paid for annual leave in advance of his/her anniversary date.

- We were unable to compare leave balances to the EMS policy for limitations on leave balances. The District's Employee Personnel Policy Book is not clear as to the limitation on annual leave balances. The policy states "If there is any vacation time remaining when the employee's anniversary date comes up the Director shall be able to require the employee to take the remaining time off or the employee may cash it in as long as the service is financially stable." The policy goes on to say that "All annual leave must be used in the year it is earned." Then at the end of the Annual Leave Policy it states "Vacation may be accumulated to the next year."
- Leave amounts were incorrectly posted from the timesheets to the leave balance record for two employees during June 2007.

Recommendation: We recommend that the District adhere to the personnel policy book and that it be updated to reflect the correct annual leave policy as approved by the Board. We further recommend that leave records properly reflect the amount of leave taken as indicated on the timesheets.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will continue to review timesheets and leave records to minimize mistakes.

12. We observed the publication notice of the EMS District's Estimate of Needs.

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

13. We confirmed the EMS District's policy regarding safeguarding of capital assets with the following criteria:
 - o Observed the existence of an equipment inventory list.
 - o Observed 10 items from inventory list and visually verified existence.
 - o Observed all ambulances on the inventory listing for existence.

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

14. We selected all items requiring bids (greater than \$7,500) and:
 - o Observed proof of publication of bid.
 - o Observed justification and approval of awarding the bid to a bidder other than the lowest bidder in the EMS board minutes.

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

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

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

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, and capital assets for the Murray County Emergency Medical Service District. 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.



MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

July 15, 2008



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