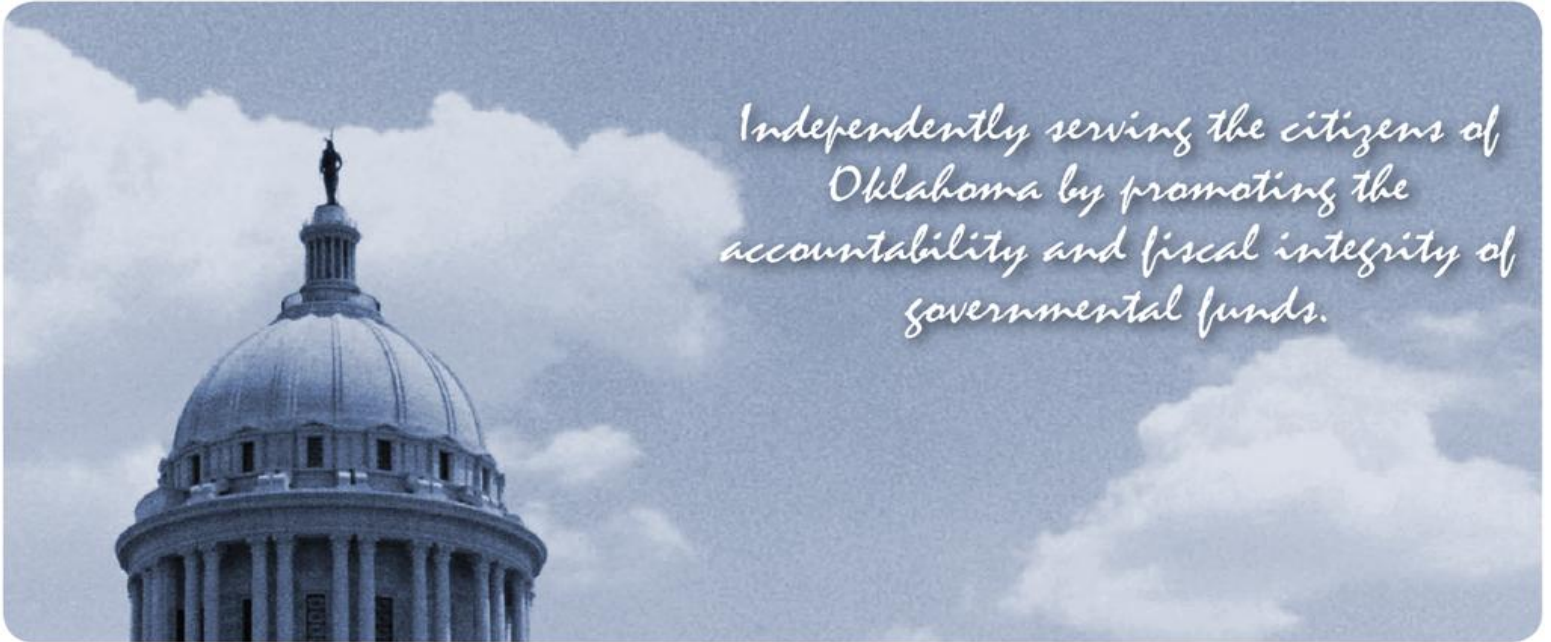


STATUTORY AUDIT

# MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2008 through June 30, 2013



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2013**

---

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](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



# Oklahoma State Auditor & Inspector

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

May 15, 2015

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

Transmitted herewith is the audit report of Muskogee County Emergency Medical Service District for the period July 1, 2008 through June 30, 2013.

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, appearing to read "Gary A. Jones", is written in a cursive style.

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

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
JULY 1, 2008 THROUGH JUNE 30, 2013**

---

**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2012 and FY 2013**

|                                | <u>FY 2012</u>      | <u>FY 2013</u>      |
|--------------------------------|---------------------|---------------------|
| Beginning Cash Balance, July 1 | \$ 5,254,151        | \$ 5,428,807        |
| <b>Collections</b>             |                     |                     |
| Ad Valorem Tax                 | 1,406,641           | 1,464,560           |
| Charges for Services           | 7,266,119           | 7,110,950           |
| Miscellaneous                  | 193,678             | 210,402             |
| Intergovernmental              | 203,838             | 178,445             |
| Total Collections              | <u>9,070,276</u>    | <u>8,964,357</u>    |
| <b>Disbursements</b>           |                     |                     |
| Personal Services              | 6,047,270           | 6,205,483           |
| Travel                         | 23,875              | 27,995              |
| Maintenance and Operations     | 1,549,746           | 1,291,855           |
| Capital Outlay                 | 860,127             | 870,532             |
| Contract Services              | 43,864              | 34,700              |
| Bank Charges                   | 1,992               | 2,139               |
| Refunds                        | 66,098              | -                   |
| Other                          | 406,932             | -                   |
| Audit Expense                  | -                   | -                   |
| Total Disbursements            | <u>8,999,904</u>    | <u>8,432,704</u>    |
| Plus: Warrants Outstanding     | 104,284             | 234,573             |
| Less: Prior Year Outstanding   | -                   | (104,283)           |
| Less: Transferred Out          | -                   | (1,082,568)         |
| Ending Cash Balance, June 30   | <u>\$ 5,428,807</u> | <u>\$ 5,008,182</u> |

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



# Oklahoma State Auditor & Inspector

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

Muskogee County Emergency Medical Service District  
200 Callahan Street  
Muskogee, Oklahoma 74403

## **TO THE BOARD OF DIRECTORS OF THE MUSKOGEE COUNTY 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 2012 and FY 2013 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Muskogee County Emergency Medical District Service.

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 Muskogee 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 Muskogee County 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, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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

April 20, 2015

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
JULY 1, 2008 THROUGH JUNE 30, 2013**

---

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 1 – Lack of Segregation of Duties Over Receipting**

**Condition:** The Muskogee County Emergency Medical Service District (the District) has segregated the duties of preparing/reviewing deposits and performing bank reconciliations; however, the same employees who perform these deposit and reconciliation duties are also able to issue receipts. In addition, all office personnel work from the same cash drawer, and a daily mail log is not being kept.

**Cause of Condition:** The District has not designed and implemented procedures to separate receipting functions and processes among various employees in the office.

**Effect of Condition:** A single employee having responsibility for more than one area of the collection and reconciling processes could result in unrecorded transactions, misstated financial reports, undetected errors, or the misappropriation of funds.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends the District segregate the accounting duties of receiving payments, preparing the deposit, and performing bank reconciliations. OSAI further recommends the District establish a system of internal controls to adequately protect the collections received by establishing separate cash drawers for all employees who receive payments, and to maintain a daily log of all monies received via mail.

**Management Response:**

**Director/BOCC Chairman:** Muskogee County EMS will further segregate these duties to have the employee(s) that issue receipts to be separate employees from the one that performs the bank reconciliation and the one that performs the deposit. In addition, in order to further secure the cash drawer, we plan to implement a locked drawer box system protected by a computerized limited-access key system. We will also implement a mail log of all monies received via incoming mail.

**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. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing funds should be segregated.

**Finding 2 – Bank Reconciliations**

**Condition:** Based on the understanding obtained and the testwork performed of the reconciliation process of the District, the following was noted:

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
JULY 1, 2008 THROUGH JUNE 30, 2013**

---

- The June 30, 2009 and June 30, 2012 operating account reconciliations did not balance. The June 30, 2009 reconciliation contained a variance of \$196,570.48, and the June 30, 2012 reconciliation contained a variance of \$2,945.64.
- The bank reconciliations reviewed did not have an indication of review by someone other than the preparer.

**Cause of Condition:** Procedures have not been designed and implemented to ensure all accounts are reconciled accurately, and reviewed and approved by someone other than the preparer.

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

**Recommendation:** OSAI recommends all accounts be reconciled on a monthly basis with an indication of review and approval by someone other than the preparer to help ensure accuracy of any reconciling items. Additionally, all reconciling items should be verified as accurate and appropriate.

**Management Response:**

**Director/BOCC Chairman:** When the reconciliation was performed on the two months noted above, and found to be out of balance, these were referred to the Muskogee County EMS CPA for review and corrections. These subsequently were balanced. In the future we will improve our documentation as to the cause and reason for any out of balance findings. In addition, we will have both the preparer and the reviewer of the reconciliation sign for verification.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds all banks reconciliations should be performed monthly and approved by someone other than the preparer.

**Finding 3 - Disbursements**

**Condition:** Based upon inquiry and observation of the expenditures process, the following was noted concerning the testwork conducted of 25 expenditures per fiscal year:

- Concerning fiscal year 2009, check 41449 was not approved by the Board.
- Concerning fiscal year 2010, check 44732 was not approved by the Board.
- Concerning fiscal year 2011, neither check 47556 nor the purchase order could be located for review.
- Concerning fiscal year 2011, check 48039 was voided but not retained for recordkeeping purposes.

**Cause of Condition:** Policies and procedures have not been designed to ensure all claims are approved by the Board, and are filed with sufficient supporting documentation for recordkeeping and audit related needs.



**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
JULY 1, 2008 THROUGH JUNE 30, 2013**

---

**Effect of Condition:** These conditions could result in inaccurate records, incomplete information, or misappropriation of assets.

**Recommendation:** OSAI recommends the District implement a system of internal controls to ensure that all expenditures are approved by the Board and have proper supporting documentation. Voided checks should be defaced and retained for audit purposes.

**Management Response:**

**Director/BOCC Chairman:** We do routinely retain all voided checks and file check payment stubs with supporting original purchase orders in numerical order. However, we were unable to locate the original documentation of one voided check and one check/purchase order upon auditor request. For the future, we will make additional efforts to ensure filing procedures are improved to avoid a repeat occurrence. In addition, the register reports of checks are routinely approved by the Board, however, we will make improvements in our process to ensure that no items are omitted from the reports.

**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 regard to the reliability of financial reporting. Key factors in this system are ensuring every expenditure is approved by the Board, and having supporting documentation maintained for recordkeeping and audit needs.

**Finding 4 - Bids**

**Condition:** Based upon inquiry, observation, and testwork conducted on the bidding process of the District, the following was noted concerning the items reviewed per fiscal year:

- Concerning fiscal year 2009, none of the six bids tested were date and time stamped when received. Additionally, 1 bid for uniform pants was brand specific.
- Concerning fiscal year 2010, none of the 11 bids tested were date and time stamped when received. Additionally, 1 bid for uniform pants was brand specific.
- Concerning fiscal year 2011, none of the 10 bids tested were date and time stamped when received.
- Concerning fiscal year 2012, 1 of the 15 bids tested were date and time stamped when received.
- Concerning fiscal year 2013, none of the 4 bids tested were date and time stamped when received.

**Cause of Condition:** Policies and procedures have not been designed to ensure that expenditures are competitively bid in compliance with 19 O.S. § 1723.

**Effect of Condition:** These conditions resulted in noncompliance with state statute, and could result in inaccurate records, incomplete information, or misappropriation of assets.

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
JULY 1, 2008 THROUGH JUNE 30, 2013**

---

**Recommendation:** OSAI recommends that all purchases in excess of \$15,000 be competitively bid in accordance with state statutes. (During the period under audit, the threshold for bidding was \$7,500 for fiscal year 2012 and \$10,000 for fiscal year 2013.)

**Management Response:**

**Director/BOCC Chairman:** We will ensure that all bids are date and time stamped when received. In addition, we will avoid the use of a brand name in bid specifications. We do routinely retain the proof of publication, however in this instance, one proof was unable to be located, thus requiring a duplicate to be obtained from the publishing newspaper. For the future, we will improve our filing of bid documents and verify we have received the proof of publication as required.

**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 regard to reliability of financial reporting and compliance with applicable laws and regulations.

As of July 1, 2012, Title 19 O.S. § 1723 requires EMS Districts to make purchases in accordance with the county purchase procedures as outlined in 19 O.S. § 1505, which requires all purchases in excess of \$10,000 be competitively bid. Prior to July 1, 2012, the competitive bid threshold for EMS Districts was \$7,500.

**Finding 5 - Payroll Expenditures**

**Condition:** Based upon inquiry, observation, and a review of District payroll documents the following was noted:

- For the pay period of December 24, 2012, there was no indication of employee verification on 14 timesheets, and no indication of supervisor verification on one timesheet.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that both employees and supervisors verify the accuracy of timesheets.

**Effect of Condition:** This condition could result in the inaccurate recordkeeping and incorrect payment of wage and leave benefits.

**Recommendation:** OSAI recommends the District ensure both employees and supervisors verify timesheets for accuracy.

**Management Response:**

**Director/BOCC Chairman:** Muskogee County EMS does routinely require employees and supervisors to verify timecards. However, we are now aware the payroll software allowed that verification requirement to be bypassed in some instances. We are in the process of making changes in the software to disable this bypass function to ensure for the future all time cards are appropriately verified.

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
JULY 1, 2008 THROUGH JUNE 30, 2013**

---

**Criteria:** Effective internal controls include key functions within a process be adequately segregated to allow for prevention and detection of errors and abuse. An important aspect of internal controls is the safeguarding of assets. 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/or misappropriation of funds.



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

**[WWW.SAI.OK.GOV](http://WWW.SAI.OK.GOV)**