



MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

June 22, 2020

**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 fiscal year ended June 30, 2019.

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".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
JUNE 30, 2019**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2019

	<u>Operating Fund</u>	<u>Group Benefit Fund</u>	<u>Public Relations Fund</u>
Beginning Balance, July 1	\$ 4,178,879	\$ 553,977	\$ 3,881
Collections			
Ad Valorem Tax	1,569,020	-	-
Charges for Services	8,194,594	-	-
Intergovernmental	14,486	-	-
Miscellaneous	265,415	259,067	2,541
Contributions from other funds - Transfer In	-	1,392,932 *	4,131
Total Collections	<u>10,043,515</u>	<u>1,651,999</u>	<u>6,672</u>
Disbursements			
Personal Services	7,999,528 *	-	-
Travel	25,894	-	-
Maintenance and Operations	1,415,999	1,510,000	5,606
Capital Outlay	393,496	-	-
Contract Services	69,332	-	-
Audit Expense	15,468	-	-
Total Disbursements	<u>9,919,717</u>	<u>1,510,000</u>	<u>5,606</u>
Ending Balance, June 30	<u>\$ 4,302,677</u>	<u>\$ 695,976</u>	<u>\$ 4,947</u>

* The Muskogee County Emergency Medical Service District has a self-funded Group Benefits Trust Plan. The Group Benefits Trust Plan is presented above as the Group Benefit Fund. Funding for the Group Benefits Trust Plan is derived from Operating Fund disbursements.

Description of Funds

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

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
JUNE 30, 2019**

The Muskogee County Emergency Medical Service District (District) uses funds to report on receipts, disbursements, and changes in cash balances.

Following are descriptions of the District's funds within the Presentation of Collections, Disbursements, and Cash Balances of District Funds:

Operating Fund – accounts for ad valorem tax collections and charges for service revenue to be used for the general operations the emergency medical service district.

Group Benefit Fund – accounts for the monies derived from the Operating Fund and disbursements to be used for the health care related expenditures as allowed by the provisions of the health care service agreement for the District's self-funded insurance plan.

Public Relations Fund – accounts for donations to be utilized for community awareness of the District's activities and programs.

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 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(s) ended June 30, 2019 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 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(s) ended June 30, 2019 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 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 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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

May 14, 2020

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2019-002 – Internal Controls Over the Disbursements Process (Repeat Finding)

Condition: Based on inquiry of the Muskogee County Emergency Medical Service District (the District) staff and observation of the disbursement process, including replenishment of the petty cash fund and payment of credit card statements, the following internal control weaknesses were noted:

- Checks for purchases over \$500.00 are signed by a Board member prior to the Board meeting.
- Evidence of purchase orders being reviewed and approved by the Board was not documented.
- Evidence of petty cash receipts for the documentation of petty cash fund replenishment being reviewed and approved by the Board was not documented.
- Evidence of credit card expenditures being reviewed and approved by the Board was not documented.

The District Bylaws as stated below in part, appear to conflict with the disbursement process as described above;

4. Duties of the Board

b. The Board of Trustees of the Muskogee County Emergency Medical Service will approve payment of all bills and liabilities made by said ambulance service or its representatives.

While performing a test of forty (40) disbursements, the following exception was noted:

- Four (4) disbursements for reimbursement of employee gym memberships as part of the District's Wellness Program did not have adequate supporting documentation attached to the purchase order claim.

Cause of Condition: The District has not designed and implemented policies and procedures for the Board to approve purchases in an open meeting and document those actions in Board minutes. Policies and procedures have been designed, but not completely implemented to ensure supporting documentation such as invoices and detailed statements are attached to the purchase order to determine the appropriateness of the disbursement including documenting gym membership reimbursements and avoiding late fees on credit card purchases. Additionally, the District has not designed and implemented policies and procedures to ensure credit card purchase orders are issued based on the actual amounts expended.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, clerical errors or misappropriation of funds not being detected in a timely manner.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the District design and implement policies and procedures to ensure that all disbursements have proper supporting

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STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

documentation to provide evidence the expenditure is for the lawful operation of the District. Additionally, OSAI recommends the Board approve disbursements in the Board meetings by evidence of reviewing and approving the check register log for completeness and accuracy. Further, OSAI recommends the District design and implement policies and procedures to document the financial process of reimbursing employee gym memberships and credit card authorization of payments are reviewed and approved by the Board in an open meeting.

**Management Response:
Chairman of the Board:**

1. The Board has approved updated Bylaws to state the Executive Director is authorized to make expenditures that do not conflict with state statute or Bylaws and the Board will approve disbursements in the following regularly scheduled Board meeting. The Board Chairman will approve these disbursements by reviewing and signing the check registers of the preceding month during the open meeting, including authorization to replenish petty cash.
2. The gym membership Standard Operating Guidelines (SOG) for financial procedures and documentation has been updated to reflect the recommendations of the Office of the Oklahoma State Auditor and Inspector and were approved in the May 14, 2020 Board meeting.
3. In response to the documentation of expenses authorized for payment by the credit card, the following policy and procedures has been implemented by the Board and the District staff:
 - The credit card company will not allow the District to add the vendor name to the check. The District staff has added the vendor name on the check stub for our records.
 - Each vendor is listed in a cover sheet for the credit card purchases each month.
 - This cover sheet will be approved by the Board in the following regularly scheduled Board meeting and signed by the Board Chairman as approval of all purchases made for the preceding month with the credit card.
 - All credit card invoices will be paid in full each month to prevent interest accrual and late fees.
 - The credit card Standard Operating Guidelines (SOG) were approved in the May 14, 2020 Board meeting and have been updated to reflect all recommendations made by the Office of the Oklahoma State Auditor and Inspector.

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

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.

Accurate and timely recording of transactions

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

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