

STATUTORY REPORT

# NOBLE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2012 through June 30, 2015



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

**NOBLE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2015**

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# 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 10, 2016

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

Transmitted herewith is the audit report of Noble Emergency Medical Service District for the period July 1, 2012 through June 30, 2015.

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".

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

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**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2013, FY 2014, and FY 2015**

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Beginning Cash Balance, July 1	\$ -	\$ 54,396	\$ 30,880
<b>Collections</b>			
Ad Valorem Tax	148,431	163,722	171,320
Total Intergovernmental Revenues	12	496	1,014
Miscellaneous	-	94	-
Total Collections	<u>148,443</u>	<u>164,312</u>	<u>172,334</u>
<b>Disbursements</b>			
Contract Services	94,047	187,226	124,166
Training	-	-	4,570
Maintenance and Operations	-	602	-
Audit Expense	-	-	850
Total Disbursements	<u>94,047</u>	<u>187,828</u>	<u>129,586</u>
Ending Cash Balance, June 30	<u>\$ 54,396</u>	<u>\$ 30,880</u>	<u>\$ 73,628</u>

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



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Noble County Emergency Medical Service District  
300 Courthouse Dr., #1  
Perry, Oklahoma 73077

## **TO THE BOARD OF DIRECTORS OF THE NOBLE 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 2013, FY 2014, and FY 2015 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Noble 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 Noble 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 Noble 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 at the end.

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

May 10, 2016

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2015-01 – Inadequate Internal Controls and Noncompliance Over the Audit Expense Budget Account**

**Condition:** Based upon inquiry of District staff and observation of the budgeting process, it was determined that the amount required by state statute was not budgeted for the audit expense budget account in any of the fiscal years within this audit. As a result, the District's balance in the audit budget account did not reflect a balance as of June 30, 2015. However, the correct balance should have been \$48,645.15.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the audit expense budget account is accurately budgeted in accordance with the statutory requirement.

**Effect of Condition:** This condition resulted in noncompliance with state statute and underfunding of the audit expense budget account.

**Recommendation:** OSAI recommends the District implement a system of internal controls to provide reasonable assurance that one-tenth mill upon the net total assessed valuation be set aside in the audit expense budget account, and that any unused portion be carried forward into the next year audit expense budget account in accordance with 19 O.S. § 1706.1.

**Management Response:**

**Assistant District Attorney for the Board:** The County Ambulance District has determined that the Board will review the ad valorem collections and the division of the funds into the provider accounts and the retention account on a monthly basis. This will ensure that the correct amounts are determined for each provider and for the retention account. The preparer of the yearly budget will be given a full report of all expenditures and retention amounts prior to preparation of the yearly budget.

**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.

Title 19 O.S. § 1706.1 states, "The net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation in any emergency medical service district for any year which shall be authorized and mandatorily required to be appropriated and dedicated to emergency medical service district audit shall henceforth be restricted to and used only for audit survey and reporting receipt, disbursement and management of emergency medical service district affairs financed by ad valorem levy and miscellaneous revenues other than ad valorem taxation accruing to the general fund of the emergency medical service district, whether such audit be in the performance of duties charged to the State Auditor and Inspector and instigated at the State Auditor and Inspector's own initiative

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and directive, on request of the board of trustees of the emergency medical service district, on request of the board of county commissioners of such county or on order of the Governor as provided by Section 212 of Title 74 of the Oklahoma Statutes. If, after completion of audit of all emergency medical service district accounts so financed, and report thereof, including report of audit of cash funds where possible, as provided by this section, unless there be directive from the Governor for other and/or further inquiry, the board of trustees of the emergency medical service district may, upon certificate of completion by the State Auditor and Inspector, request that any unexpended and unencumbered balance of appropriation therein be, by the board of trustees of the emergency medical service district, lapsed and canceled and the revenues restricted thereby revert to surplus, available for appropriation to any lawful emergency medical service district purpose.”

**Finding 2015-02 – Inadequate Internal Controls Over the Disbursement Process**

**Condition:** Based on discussion with District volunteers and observation of 32 disbursements, we noted the following weaknesses with regard to the disbursement process:

- The District has not developed procedures for utilizing a claim form or receiving document for expenditures.
- Four (4) of the thirty-two (32) expenditures tested did not have an independent verification of goods/services received.
- None of the expenditures had evidence of Board approval.
- Payments to the contracted Emergency Medical Service District are not made monthly, as stated in the contracts.
- The Board has not formally authorized the County Treasurer as the Treasurer for Noble County Emergency Medical Service District.
- The Board has not formally authorized the Assistant District Attorney as a pass-through for the Noble County Emergency Medical Service District Board.

**Cause of Condition:** Policies and procedures have not been designed in regards to the disbursement process.

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

**Recommendation:** OSAI recommends that the District implement a system of internal controls to ensure that all disbursements have proper supporting documentation and independent verification of invoices should be documented to ensure that the District receives goods and/or services. OSAI also recommends the District maintain evidence of Board approval of all expenditures.



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**Management Response :**

**Assistant District Attorney for the Board:** The Noble County Treasurer has created a disbursement resolution which will be executed by the Ambulance Board prior to any disbursement of funds, including developing procedures to verify the receipt of goods and services. The contracts with providers will be amended to state that payments will be made after approval of the Ambulance Board. The Ambulance Board will consider a Resolution appointing the Noble County Treasurer as the Treasurer for the Ambulance Board and also a resolution appointing a person to act as a pass-through for the Board to the County.

**Criteria:** Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure a proper accounting of funds, supporting documentation of the disbursement such as an invoice, statement, or fuel tickets and indication of goods and services being received should be evidenced.

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.

**Finding 2015-03 – Inadequate Internal Controls Over Inventory**

**Condition:** Based on inquiry and observation of the District, the following was noted concerning fixed assets inventory:

- Annual physical verification of inventory is not performed.
- Two (2) of the eight (8) items tested were not marked with the proper inventory number.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure inventory is being properly accounted for, maintained, and updated regularly by the District.

**Effect of Condition:** These conditions could result in errors and improprieties, unrecorded transactions, misappropriation of assets, or loss of District equipment.

**Recommendation:** OSAI recommends physical inventory verification, by someone other than the individual in charge of inventory, be completed, and documented annually to verify inventory on hand.

**Management Response:**

**Assistant District Attorney for the Board:** The Noble County Ambulance Board will appoint an individual to conduct a yearly inventory verification to confirm proper tracking and identification of inventory items.

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**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.



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

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