

STATUTORY REPORT

NOBLE EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2009 through June 30, 2014



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

**NOBLE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2014**

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Oklahoma State Auditor & Inspector

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September 1, 2015

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

Transmitted herewith is the audit report of Noble Emergency Medical Service District for the period July 1, 2009 through June 30, 2014.

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 "Gary A. Jones".

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

**NOBLE EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2013 and FY 2014

	<u>FY 2013</u>	<u>FY 2014</u>
Beginning Cash Balance, July 1	<u>\$ 6,506</u>	<u>\$ 10,180</u>
Collections		
Ad Valorem Tax	91,065	91,777
Miscellaneous	<u>206</u>	<u>292</u>
Total Collections	<u>91,271</u>	<u>92,069</u>
Disbursements		
Maintenance and Operations	<u>87,597</u>	<u>89,350</u>
Total Disbursements	<u>87,597</u>	<u>89,350</u>
Ending Cash Balance, June 30	<u>\$ 10,180</u>	<u>\$ 12,899</u>

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



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Noble Emergency Medical Service District
P.O. Box 557
Noble, Oklahoma 73068

TO THE BOARD OF DIRECTORS OF THE NOBLE 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 and FY 2014 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Noble 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 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 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

August 24, 2015

**NOBLE EMERGENCY MEDICAL SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 1 – Inadequate Controls Over Ad Valorem Remitted to the District

Condition: While verifying ad valorem apportionments to the District's deposits, the following was noted:

Fiscal Year 2011

- The District did not maintain documentation for ad valorem deposits made to the operation and sinking fund accounts for October 1, 2010, totaling \$137.21.

Fiscal Year 2013

- The District did not maintain documentation for ad valorem deposits made to the operation and sinking fund accounts for August 20, 2012, totaling \$364.14.
- The District did not maintain documentation for ad valorem deposits made to the operation and sinking fund accounts for December 5, 2012, totaling \$1,446.79.
- The District deposited the ad valorem amounts to the wrong accounts on September 17, 2012. \$76.29 that was to be deposited to the operational account was instead deposited to the sinking fund account, and \$40.74 that was apportioned to the sinking account was deposited to the operational account.

Fiscal Year 2014

- The two ad valorem payments made to the District in September were deposited into the City of Noble Sinking Fund instead of the District's operational and sinking fund accounts for a total of \$437.97.
- The District did not maintain documentation for ad valorem deposits made to the operation and sinking fund accounts for February 21, 2014, totaling \$1,969.74.
- The District did not maintain documentation for ad valorem deposits made to the operation and sinking fund accounts for April 1, 2014, totaling \$5,985.62.
- The District deposited the ad valorem amounts to the wrong accounts on June 2, 2014. \$32.32 that was to be deposited to the sinking fund account was instead deposited to the operational fund account, and \$65.08 that was apportioned to the operational account was deposited to the sinking fund account.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the amount of ad valorem deposited by the District is the complete amount due to the District.

Effect of Condition: These conditions could result in inaccurate records, incomplete information, and the misappropriation of funds.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the District maintain documentation of ad valorem collections, and verify the apportioned amount to the amount deposited on an ongoing monthly basis.

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Management Response:

Noble EMS Chairman & Director (Fire Chief): The following are the steps implemented to avoid any future infractions with EMS accounts and maintain effective internal controls:

- For every deposit, we will maintain all documentation to show how the funds should be split.
- Funds that were deposited into the wrong bank account will be transferred to the correct account. Furthermore, we will have a second person review each deposit and sign off that the funds are being split and deposited correctly.

Criteria: Effective internal controls include reviewing documentation of ad valorem collections and verifying that the amount apportioned to the District agrees to the amount received by the District.

Finding 2 – Inadequate Internal Controls and Noncompliance Over Audit Expense Budget Account

Condition: Upon inquiry and observation of records of the District over the budgeting process, it was determined that controls have not been designed and implemented to ensure the amount required by statute is correctly budgeted for the audit budget account.

The District was not using the correct formula to calculate the total millage to be budgeted for the audit expense account. This caused the District to under-budget the audit expense amount for fiscal year 2012 by \$184.96.

Further, we noted that for the fiscal year 2012, the budgeted audit expense account did not have enough appropriations set aside for audit expense. The calculated appropriations should have been \$8,905.40, including those amounts carried forward from the previous year's budget. The District only had \$6,505.54 in its operating account on June 30, 2012 budgeted as audit expense.

Additionally, the District does not list the audit expense amount in its Estimate of Needs report. The budgeted audit expense amount is the remaining balance left in the operating account at the end of the fiscal year. The District needs to include it as a line item in its Estimate of Needs to show that the audit expense amount is being properly budgeted.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the audit expense account is accurately budgeted in accordance with state statutory requirements due to the District being unaware of the need for such procedure.

Effect of Condition: This condition resulted in noncompliance with state statute.

Recommendation: OSAI recommends that 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 account and that any unused portion be carried forward into the next year's audit account in accordance with 19 O.S. § 1706.1.

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Further, OSAI recommends the financial officer of the District perform the calculation of the required amount for the audit budget account, sign and date, and then an employee, separate from financial recordkeeping, recalculate the amount for the audit budget account, sign and date. In addition, the Board should compare the figures calculated by the financial officer and the budget maker to ensure compliance with Oklahoma Statutes and include the audit expense amount in the Estimate of Needs so that it can be easily identifiable.

Management Response:

Noble EMS Chairman & Director (Fire Chief): We now have the correct millage formula to calculate future audit expenses. Based on this knowledge, all future appropriations should be correct. We have informed the preparer of the Estimate of Needs for the District to include in the report a budget for the audit fees. He is aware and has agreed to include this on all future reports.

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.

Further, according to 19 O.S. §1706.1, the District must appropriate the net proceeds of the one-tenth mill annual levy upon the net total assessed valuation of the District for audit expenses.



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