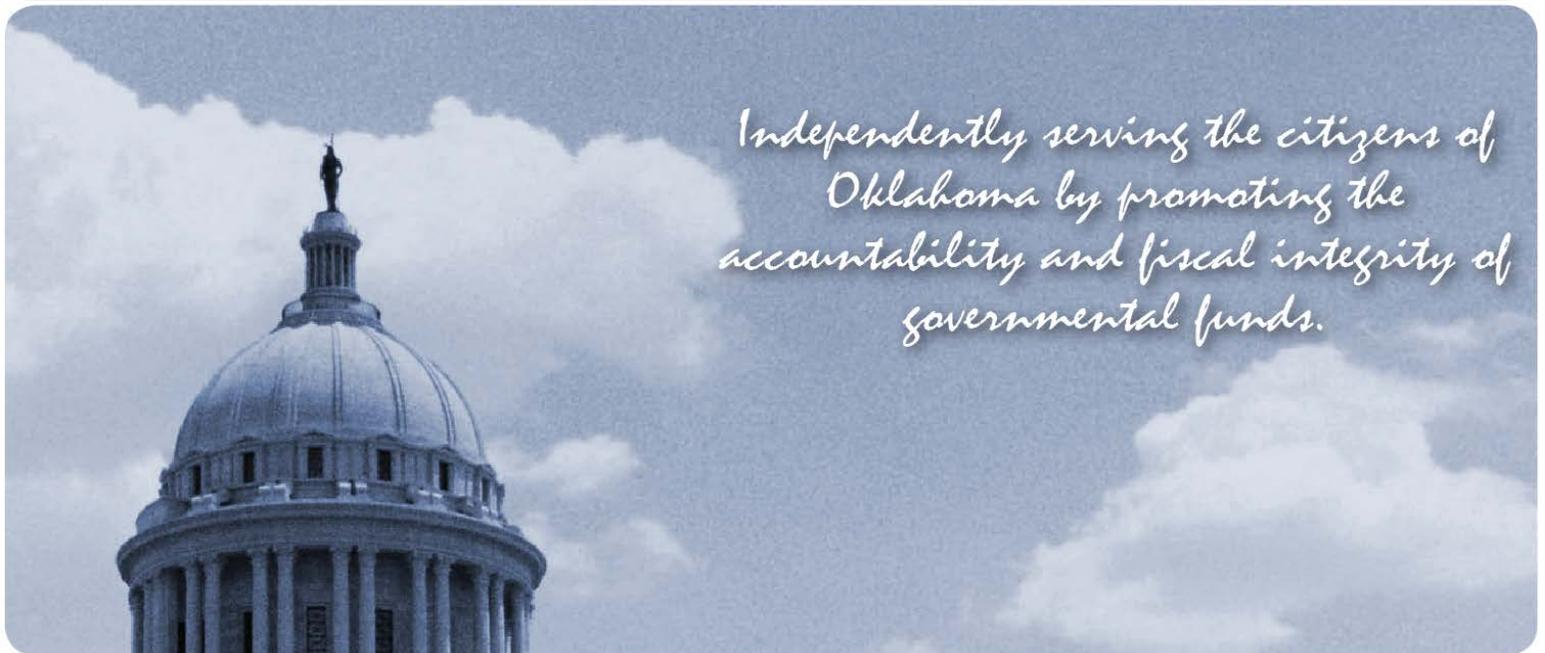


STATUTORY REPORT

OKEENE EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2015



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



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

**OKEENE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED 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

October 4, 2017

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

Transmitted herewith is the audit report of Okeene Emergency Medical Service District for the fiscal year ended 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 that reads "Gary A. Jones". The signature is written in a cursive, flowing style.

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

**OKEENE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

	<u>FY 2015</u>
Beginning Cash Balance, July 1	\$ 89,851
Collections	
Ad Valorem Tax	56,561
Charges for Services	300,966
Contract Services	272,000
Intergovernmental Revenues	3,930
Miscellaneous	1,080
Total Collections	<u>634,537</u>
Disbursements	
Personal Services	373,174
Maintenance and Operations	173,512
Capital Outlay	28,203
Audit Expense	3,446
Total Disbursements	<u>578,335</u>
Ending Cash Balance, June 30	<u>\$ 146,053</u>

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



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Okeene Emergency Medical Service District
P.O. Box 508
Okeene, Oklahoma 73763

TO THE BOARD OF DIRECTORS OF THE OKEENE 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 2015 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Okeene 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 Okeene 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 Okeene 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 that reads "Gary A. Jones". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

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

August 5, 2017

**OKEENE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-1 – Inadequate Internal Controls and Noncompliance Over Board Meeting Documentation

Condition: Upon inquiry of staff, observation of records, and review of Okeene Emergency Medical Service (the District), the following exceptions were noted:

- The June 2015 meeting was not held and no explanation was recorded prior to the meeting date.
- The minutes did not detail the Board’s approval of disbursements by purchase order number.
- The minutes did not detail the Board’s approval of write-offs by run number.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate internal controls over the documentation of the District Board minutes in accordance with state statute.

Effect of Condition: These conditions resulted noncompliance with state statute and also resulted in incomplete documentation of Board approval for disbursements and write-off of patient accounts.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the District maintain written minutes in a safe and secure location for all Board meetings to ensure compliance with 25 O.S. § 312.A.

Management Response:

Chairman of the Board: The District attempted to hold several meetings during the month of June but we were not able to have a quorum due to Board members being unable to attend and approve disbursements. We now have excluded the month of June in our Calendar Year Schedule of Regular Meetings that is filed with the County Clerk. Future Board write-offs of delinquent patient accounts will include a detailed list that will include the run number.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective control system is to provide accurate and reliable information through proper documentation of the Board meetings.

Further, Title 25 O.S. § 312.A states, “The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act.”

**OKEENE EMERGENCY MEDICAL SERVICE DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Finding 2015-2 – Inadequate Internal Controls Over the Billing Process

Condition: Upon inquiry of staff, observation of records, and the test of forty (40) ambulance runs, the following exceptions were noted:

- There was no evidence of the amounts billed to patient accounts by the District were reviewed.
- The District did not issue receipts.
- Two (2) accounts were overpaid creating a negative balance that has not been refunded to the patient.

Run Number	Account Number	Date of Service	Account Balance
HFD-140928056	10589	9/28/2014	-\$742.00
O-179	10077	02/10/15	-\$9.03

- One (1) account reflected incorrect amounts billed to patients as compared to our calculations.

Run Number	Account Number	Date of Service	Account Balance	OSAI Balance	Variance
HFD-140928056	10589	9/28/2014	\$1,100.00	\$700.00	-\$400.00

- One (1) account had an unresolved balance for which the District is awaiting response.

Run Number	Account Number	Date of Service	Account Balance
W-1708	10849	05/05/15	\$495.12

- One (1) account was not charged and there was no documentation of Board approval.

Run Number	Account Number	Date of Service
HFD-150516026	10852	05/15/15

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all services provided are billed, amounts billed for services are accurate, receipts are prepared for all monies received, delinquent accounts are reviewed, and the Board approves all write-offs.

**OKEENE EMERGENCY MEDICAL SERVICE DISTRICT
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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, and the District under/over-billing for ambulance services.

Recommendation: OSAI recommends the District actively review the billing statements to ensure all services provided are billed, and that amounts billed for services are accurate. In addition, OSAI recommends patient accounts be reviewed to ensure payments are received, properly receipted and credited to patient accounts. Further, delinquent accounts should be reviewed to determine additional actions to initiate account settlement. Payments received in excess of patient account balances should be returned to the payee immediately.

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

- The District will review patient account activity monthly at Board meetings.
- The District will change our consent agenda to add a separate line for approval of refund requests and runs not billed. This should eliminate excessive periods between refund requests for disbursements. A complete list of refunds requested from the third-party billing service will be presented to the Board for approval for the regular meeting on 8/17/2017.
- Account 10859 was billed incorrectly for mileage and has been corrected.
- The District's accountant is working with the third-party billing service to resolve the issue with Account 10849.
- Account 10852 was a no transport event; however, we will change our consent agenda to add a separate line for approval for refund requests and runs not billed to be approved by the Board.

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 the regard to reliability of financial reporting. Effective internal controls require oversight by management to provide assurance that amounts billed are based upon the billing policies adopted by the Board, and the billing process is monitored for accuracy and completeness.

Finding 2015-3 – Inadequate Internal Controls Over the Disbursement Process (Repeat Finding)

Condition: Upon discussion with District personnel, observation of records, and the test of thirty (30) disbursements, we noted the following weaknesses over the disbursement process:

- In five (5) instances disbursements were missing all documentation, including the purchase order.
- There was no indication that invoices were reviewed for correct prices or the correct items were received.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all claims are filed with sufficient supporting documentation for recordkeeping and audit related needs.

**OKEENE EMERGENCY MEDICAL SERVICE DISTRICT
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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 disbursements have proper supporting documentation, including evidence of verification receipt of goods and services.

Management Response:

Chairman of the Board: The documentation for these disbursements has been located; however, the auditors were not at fault for not finding the documentation due to the District misfiling of the documents. In the future, the District will check the disbursements with the purchase order numbers and file all appropriate paperwork together. In the future, all invoices will be signed by the receiving party.

Criteria: 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. Key factors in this system are having supporting documentation maintained for recordkeeping and audit needs and documentation of receipt of goods and or services is evidenced.

Finding 2015-4 – Inadequate Internal Controls Over Timesheets and the Payroll Process

Condition: Upon examination of payroll registers, timesheets, and check stubs for all employees of the District for the pay period of March 25, 2015, the following was noted:

- One timesheet lacked a supervisor signature.
- One timesheet lacked an employee signature.

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

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

Recommendation: OSAI recommends the District ensure timesheets are signed and verified by the employee and the supervisor for accuracy.

Management Response:

Chairman of the Board: These items were unnoticed during review of the timesheets by the Director. He has asked the accountant to check for future omissions.

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

**OKEENE EMERGENCY MEDICAL SERVICE DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

entity's objectives with regard to the reliability of financial reporting. An important aspect of internal controls is to ensure timekeeping records are accurately prepared to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and/or misappropriation of funds.

Finding 2015-5 – Inadequate Internal Controls and Noncompliance Over the Audit Expense Budget Account (Repeat Finding)

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

The District has not carried forward the balance into the audit expense budget account each fiscal year. As a result, the District's balance in the audit expense budget account was \$3,446.08. However, the correct balance should have been \$3,782.86.

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

Effect of Condition: This condition resulted in noncompliance with state statute and the underfunding of the audit expense budget account in the amount of \$336.78.

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's audit account in accordance with 19 O.S. § 1706.1.

Management Response:

Chairman of the Board: The District has hired an accounting firm to prepare our Estimate of Needs for our annual budget. We have shared this finding with the accountant concerning one-tenth mill upon the net total assessed valuation be set aside in the audit expense budget account and any unused portion should be carried forward into the next year's audit expense budget account.

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.

**OKEENE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
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Finding 2015-6 – Inadequate Internal Controls and Noncompliance Over the Deposits of Ad Valorem Tax Remittance Checks

Condition: The District receives ad valorem tax remittance checks from Blaine County. Based upon inquiry of the District and observation of the depositing and reconciling process, and the test of twelve (12) remittance checks received by the District, the following weaknesses were noted:

- The ad valorem tax remittance check from the month of August 2014 was not deposited until October 2014.
- The ad valorem tax remittance checks from the months of September, October, and November 2014 were all held and deposited together in January 2015.

Cause of Condition: Policies and procedures have not been designed and implemented for depositing ad valorem tax remittance checks in a timely manner.

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: OSAI recommends that the Board ensure remittance checks are deposited in a timely manner in accordance with 62 O.S. § 517.3B.

Management Response:

Chairman of the Board: The District has contacted the Blaine County Treasurer’s Office and provided them the mailing address for the ad valorem tax checks. The accounting firm that is contracted to perform the accounts receivable duties will have one person pick up the mail, another person open the mail and then another party in the accounting firm will make the deposit.

Criteria: Effective internal controls require oversight by management to provide assurance that checks are deposited in a timely manner.

Title 62 O.S. § 517.3B states in part; “...The treasurer of every public entity shall deposit daily, not later than the immediately next banking day.”

Finding 2015-7 – Inadequate Internal Controls and Noncompliance Over Renewal of Lease Purchase Agreement

Condition: Based on discussion with District staff and observation of records, we noted the following weakness with regard to the renewal of the District’s lease purchase agreement process:

- The minutes do not reflect the Board approved a renewal of the lease purchase agreement for an ambulance.

**OKEENE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Cause of Condition: Policies and procedures have not been designed or implemented by the Board to ensure the District approves lease purchase agreements at the beginning of the fiscal year and do not extend past year end.

Effect of Condition: This condition resulted in noncompliance with the Oklahoma Constitution and could result in disbursements in excess of estimates made by the Board.

Recommendation: OSAI recommends that the District Board design and implement procedures to ensure the lease purchase agreements are approved at the beginning of each fiscal year and do not extend past fiscal year end.

Management Response:

Chairman of the Board: In the future, the Director will place the item for renewal on the agenda for consideration. This ambulance has now been paid in full and no other renewals of the lease purchase will be needed.

Criteria: Oklahoma Constitution Article 10 § 26 requires political subdivisions to obtain approval by three-fifths of the voters to extend lease purchases or other types of indebtedness past the fiscal year end.

Further, the lease purchase contract requires renewal by the District Board each fiscal year and should be included as an agenda item for the open meeting.



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