

**OKEENE
EMERGENCY
MEDICAL SERVICE
DISTRICT**

**FOR THE PERIOD JULY 1, 2006
THROUGH JUNE 30, 2008**

AGREED-UPON PROCEDURES REPORT



Oklahoma State Auditor
& Inspector

**OKEENE EMERGENCY MEDICAL SERVICE DISTRICT
AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

February 5, 2009

TO THE BOARD OF TRUSTEES OF THE
OKEENE EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the agreed-upon procedures report for the Okeene Emergency Medical Service District for the period July 1, 2006 through June 30, 2008. The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage". The signature is written in a cursive, flowing style.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

**OKEENE EMERGENCY MEDICAL SERVICE DISTRICT
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

INTRODUCTION

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and initially authorized a tax levy not to exceed 3 mills for the purpose of providing funds for the purpose of support, organization, operation and maintenance of district ambulance services. District voters approved the formation of the District and an original 3 mills levy to support the operation of the District. With the repeal of personal property tax, the millage with the adjustment factor is now 3.16 mills. The Okeene Emergency Medical Service District is comprised of Okeene School District I-9 in Blaine County and was created to provide ambulance service in that school district.

Emergency medical service districts are governed by a board of trustees. The board of trustees (the board) has the power to hire a manager and other personnel, contract, organize, maintain, or otherwise operate the emergency medical service district. The trustees must act as a board when entering into contracts or other agreements affecting the district's welfare. Thus, actions taken by the board are voted on and approved by a majority of the trustees. The board of trustees' business meetings are open to the public. The board shall have the capacity to sue and be sued but shall enjoy immunity from civil suits for actions or omissions arising from the operation of the district. Such districts have the authority to charge fees for services, and accept gifts, funds, or grants.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

TO THE BOARD OF TRUSTEES OF THE
OKEENE EMERGENCY MEDICAL SERVICE DISTRICT

We have performed the procedures enumerated below, which were agreed to by management of the Okeene Emergency Medical Service District (the District), solely to assist you in evaluating the receipt and disbursement process, the safeguarding of capital assets, and in determining whether selected receipts and disbursements are supported by underlying records for the period July 1, 2006 through June 30, 2008. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We obtained bank confirmations for all cash, cash equivalents and investments with financial institutions.

There were no findings as a result of applying the procedures.

2. We agreed all bank reconciliations performed during the year to the financial records.

There were no findings as a result of applying the procedures.

3. We compared District cash/cash equivalents in each financial institution to the fair market value of each financial institution's pledged collateral at January and June.

There were no findings as a result of applying the procedures.

4. Observe whether receipting, depositing, and reconciling functions are performed by separate employees.

Finding: The receipting, depositing, and reconciling functions were not properly segregated to assure adequate internal control structure.

Recommendation: OSAI recommends management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. An increased level of review of transactions, cross-training for the financial duties could provide effective oversight by management.

Views of responsible officials and planned corrective actions: Management chose not to respond.

5. Randomly select 30 runs from the dispatch log book in order to:
 - a. Trace to the run sheet.
 - b. Agree fee charged to fee schedule.
 - c. Trace run to billing records.
 - d. Trace receipt number from billing records to receipt.
 - e. Trace receipt to deposit slip.
 - f. Agree cash/check composition of deposits to the receipts issued.
 - g. Examine receipts to determine they are pre-numbered and issued in numerical order.
 - h. Agree date of receipts to date of deposit slip.
 - i. For any voided receipts, observe the original receipt.
 - j. Observe second billing and or list sent to collection agency if no payment was received.
 - k. Observe District Board authorization in the Board minutes if the amount was written off.

Finding: Amounts billed do not agree with amounts calculated using the fee schedule. The billing company failed to bill for oxygen in many cases.

Recommendation: OSAI recommends the District review billing reports from the billing company to ascertain that they are charging the correct amounts.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding: Receipts were not issued for the items deposited.

Recommendation: OSAI recommends that all funds collected and deposited be receipted with pre-numbered duplicate receipts.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding: Billing records could not be located for all runs due to the inconsistent reporting to the District from the billing company.

Recommendation: OSAI recommends that the District establish a policy that requires the billing company to submit written reports of all activity for the billing cycle on a consistent basis.

Views of responsible officials and planned corrective actions: Management chose not to respond.

With respect to the procedures a, f, h, i, j, and k, there were no other findings.

6. We reconciled revenues on the Estimate of Needs to the bank deposits for each fiscal year.

There were no findings as a result of applying the procedures.

7. We traced amounts of ad valorem taxes remitted from the County Treasurer to the District reports.

There were no findings as a result of applying the procedures

8. Observe whether receiving goods and services, preparing claims, and issuing payments are performed by separate employees.

Finding: The receiving of goods and services, preparing claims, and issuing payments were not properly segregated to assure adequate internal control structure.

Recommendation: We recommend management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. An increased level of review of transactions, cross-training for the financial duties, and periodic rotation of financial duties are ways that some small entities try to manage the increased risk of irregularities in a small office.

Views of responsible officials and planned corrective actions: Management chose not to respond.

9. We reconciled checks issued as reported on the Estimate of Needs to the checks clearing the bank for each fiscal year.

There were no findings as a result of applying the procedures.

10. We reviewed the check register for total checks issued to identify missing and/or voided checks.

There were no findings as a result of applying the procedures.

11. Randomly select 20 checks/warrants/vouchers in order to:

- a. Agree to invoices.
- b. Agree payee on cancelled check to vendor on invoice.
- c. Inspect the receiving report/invoice for signature of District employee who verified goods and/or services were received.
- d. Trace claim approval to District Board minutes.

Finding: Of the 20 warrants selected, one invoice could not be located.

Recommendation: OSAI recommends each claim be accompanied by an original invoice prior to payment.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding: Goods and services were not verified with an employee's signature on any of the items tested.

Recommendation: OSAI recommends that goods and services be verified as received prior to payment.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding: The District Board minutes do not list the checks that have been approved.

Recommendation: OSAI recommends that the Board minutes reflect checks approved for payment.

Views of responsible officials and planned corrective actions: Management chose not to respond.

12. We observed the Board members' coverage for Official Bond was included in the District's insurance policy.

There were no findings as a result of applying the procedures.

13. Randomly select one payroll period and:
 - a. Observe whether all employees prepared timesheets.
 - b. Inspect timesheets for signatures of employees and supervisors.

Finding: The employees do not prepare or sign any documents indicating shifts on call or runs made, nor is there any indication of agreement of amount paid.

Recommendation: OSAI recommends that each employee complete and sign a monthly timesheet prior to payment and that each timesheet be approved by a supervisor.

Views of responsible officials and planned corrective actions: Management chose not to respond.

14. We observed the publication notice of the District's Estimate of Needs.

There were no findings as a result of applying the procedure.

15. Observe whether expenditures exceeded appropriations in any budgeted category.

Finding: It was noted that for the period 2006-2007, the expenditures for part-time help and salary and expense of audit and report exceeded appropriations by \$11,715 and \$1,265, respectively. Further, for the period 2007-2008, the expenditure for part-time help exceeded appropriations by \$9,480.

Recommendation: OSAI recommends that the District adhere to their adopted budgets and that no expenditure be approved by the District Board in excess of approved appropriations.

Views of responsible officials and planned corrective actions: Management chose not to respond.

16. Confirm the District's policy regarding safeguarding of capital assets.

Finding: The District has not established a formal policy regarding the safeguarding of capital assets.

Recommendation: OSAI recommends that the District establish and document in the Board minutes the policy regarding accounting records of capital assets.

Views of responsible officials and planned corrective actions: Management chose not to respond.

17. Observe the existence of an equipment inventory list.

Finding: Equipment inventory records are not updated when new purchases are made.

Recommendation: OSAI recommends that the District establish a complete listing of assets and update the list periodically or as needed when new purchases are made.

Views of responsible officials and planned corrective actions: Management chose not to respond.

18. We observed insurance coverage of the fixed asset group.

There were no findings as a result of applying the procedure.

19. We reviewed the Board minutes for any unusual items.

There were no findings as a result of applying the procedure.

20. We reviewed the agreement with the Town of Okeene regarding the reimbursement of the cost of the ambulance.

There were no findings as a result of applying the procedure.

We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the cash, receipts, disbursements, personnel costs, capital assets, and long-term debt for the District. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees, Excise Board, and Legislative officials and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., § 24A.1 et seq.), and shall be open to any person for inspection and copying.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

October 28, 2008



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

WWW.SAI.OK.GOV