



PUSHMATAHA COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY

Statutory Report

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**PUSHMATAHA COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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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

January 31, 2019

**TO THE BOARD OF DIRECTORS OF THE
PUSHMATAHA COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY**

Transmitted herewith is the audit report of Pushmataha County Emergency Medical Service Authority for the fiscal year ended June 30, 2018.

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



**PUSHMATAHA COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY
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Presentation of Collections, Disbursements, and Cash Balances of Authority Funds for FY 2018

Beginning Cash Balance, July 1	\$ 117,269
Collections	
Ad Valorem Tax	156,738
Miscellaneous	87
Total Collections	<u>156,825</u>
Disbursements	
Contract - City of Antlers	154,360
Board Member Travel Reimbursement	1,855
Maintenance and Operations	21,032
Audit Expense	9,149
Total Disbursements	<u>186,396</u>
Ending Cash Balance, June 30	<u>\$ 87,698</u>

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

Pushmataha County Emergency Medical Service Authority
P.O. Box 1243
Antlers, Oklahoma 74523

**TO THE BOARD OF DIRECTORS OF THE
PUSHMATAHA COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY**

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 Authority's collections, disbursements, and cash balances for FY 2018 were accurately presented on the estimate of needs.

All information included in the records of the Authority is the representation of the Pushmataha County Emergency Medical Service Authority.

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 Pushmataha County Emergency Medical Service Authority.

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 Pushmataha County Emergency Medical Service Authority. 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

December 11, 2018

**PUSHMATAHA COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2018-001 – Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)

Condition: Based on discussion with Pushmataha Emergency Medical Service Authority (the Authority), Board members and observation of the disbursement process, a lack of segregation of duties exists in that the Board Secretary-Treasurer performs the following duties without oversight and evidence of review and approval:

- Prepares claims,
- Reviews invoices for accuracy,
- Prepares checks,
- Signs checks,
- Disburses checks, and
- Maintains and posts amounts to the financial accounting records.

Also, there was no indication that the Board reviewed and compared invoices to claims to verify that the amounts are accurate.

The test of thirty-three (33) disbursements reflected the purpose of most of the disbursements were for contracted service with the provider, monthly travel stipends for each Board member and routine maintenance and operation expenses.

As noted in prior year audits, weaknesses in the disbursement process continue to exist, as follows:

- Twenty (20) claims for Board members' travel stipends did not have evidence of supporting documentation, such as an invoice, were not verified as received, were not approved by the Board and are not appropriate expenses for the lawful operation of the Authority.
- Three (3) claims for insurance, employee reimbursement, and postage did not have evidence of a receiving signature and/or verification of accuracy of the invoice.

Cause of Condition: As noted in the prior year audit, policies and procedures have not been designed and implemented to sufficiently segregate the disbursement process, and to ensure all claims are filed with supporting documentation, evidence of receiving and verifying goods and/or services is documented, claims are maintained for evidence of Board review and approval of disbursements for payment and disbursements are for the lawful operation of the Authority in accordance with the state statute.

Effect of Condition: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions, lack of sufficient documentation of disbursements, evidence of receiving goods and/or services, and maintenance of all records could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being

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detected in a timely manner. Additionally, paying Board members a monthly travel stipend resulted in noncompliance with the state statute.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in the Boards’ oversight of office operations and a periodic review of operations. OSAI recommends the Board provide segregation of duties so that no one individual can perform all accounting functions. When segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having the Board review and approve claims for completeness and evidence of receipt of goods and/or services. Additionally, OSAI recommends all claims be maintained to provide evidence of the Board’s approval for disbursements and be for the lawful operation of the Authority in accordance with Title 19 O.S. § 340.

Management Response:

Board Chairman: Written procedures have been put in place to correct these situations as recommended by the auditor.

Criteria: Accountability and stewardship are overall goals of the Board in the accounting of funds. 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. Effective internal controls include key functions within a process be adequately segregated to allow prevention and detection of errors and abuse. Key factors in this system are having proper supporting documentation maintained for record keeping purposes and audit needs. Additional key factors include having proper supporting documentation for disbursements, verifying that invoices and supporting documentation is accurate, and all claims are maintained.

Title 19 O.S. § 340 states, “The board of county commissioners is hereby vested with full power to inquire into and investigate the accounts, disbursements, bills and expenses of any county, *district*, or township officer, and to that end may subpoena witnesses and in case any witness fails or refuses to obey any lawful order of the board of county commissioners he shall be deemed guilty of a misdemeanor, *but in no case shall the board of county commissioners allow any compensation, fee, salary, bills or expenses to any officer or person except when expressly allowed by law.*”

Finding 2018-002 – Inadequate Internal Controls and Noncompliance Over Board Compensation (Repeat Finding)

Condition: As reported in the prior year audit and based upon inquiry of Board members and review of disbursement documents, the following weaknesses continues to exist regarding internal controls and noncompliance over Board members compensation, as follows:

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- Each Authority Board member received compensation of \$35.00 for traveling to monthly Board meetings. The claims state the \$35.00 payments made to Board members were for “*travel expense or reimbursement*”. Additionally, there was no documentation attached to the claims for travel expense.
- The Bylaws of the Authority in Article II Section 4 states, “Members of the Pushmataha County Emergency Medical Service Authority *shall receive no salary*”.
- The Authority was unable to locate an approved copy of the current Bylaws.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the Authority complies with the state statute and Attorney General (AG) Opinion regarding compensation to Board members.

Effect of Condition: This condition resulted in noncompliance with the state statute and AG Opinion and could result in inaccurate records, incomplete information or misappropriation of assets.

Recommendation: OSAI recommends the Authority ensure all disbursements are made for the lawful operation of the Authority in accordance with AG Opinion 1983 OK AG 280 and Title 19 O.S. § 340. Further, OSAI recommends the Authority cease the payment of \$35.00 for each Board member for travel expense reimbursement to the meetings.

Management Response:

Board Chairman:

- The travel reimbursement of \$35.00 has been paid by this Board since its existence.
- This item will be put on the agenda for a possible change.
- A copy of the approved Bylaws is part of the year end Board package and every effort will be made to make sure the Bylaws are intact for the next audit.

Auditor Response: As recommended in the prior year audit, we continue to recommend the Board members comply with AG Opinion 1983 OK AG 280 and Title 19 O.S. § 340.

Criteria: Accountability and stewardship are overall goals of the Board in the accounting of funds. Effective internal controls are essential to provide reasonable assurance to ensure the achievement of the entity’s objectives regarding 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. Internal controls should be designed and implemented regarding compensation practices. Additional key factors include ensuring compensation is only incurred in accordance with the AG Opinion and state statute.

Additionally, AG Opinion 1983 OK AG 280 states in part, “.12 It is, therefore, the official opinion of the Attorney General that an Emergency Medical Service District formed pursuant to Article X, Section 9C, of the Oklahoma Constitution *may not lawfully pay per diem expenses and/or mileage expense for travel to and from the board meeting and return to the residence to members of the board of trustees of the EMS District who attend regular and special meetings of the Board.*”

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Title 19 O.S. § 340 states, “The board of county commissioners is hereby vested with full power to inquire into and investigate the accounts, disbursements, bills and expenses of any county, *district*, or township officer, and to that end may subpoena witnesses and in case any witness fails or refuses to obey any lawful order of the board of county commissioners he shall be deemed guilty of a misdemeanor, *but in no case shall the board of county commissioners allow any compensation, fee, salary, bills or expenses to any officer or person except when expressly allowed by law.*”

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