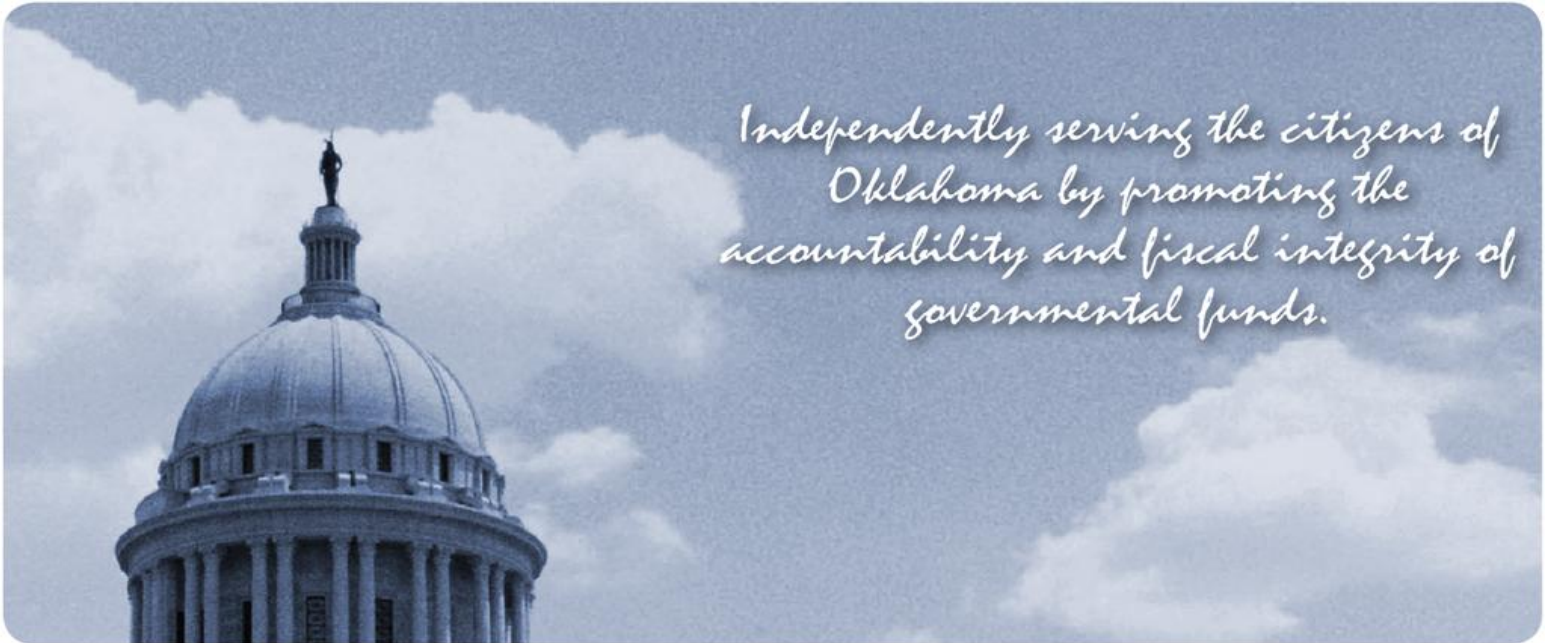


STATUTORY AUDIT

RURAL SOUTHERN OKLAHOMA EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2012 through June 30, 2014



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

**RURAL SOUTHERN OKLAHOMA EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD JULY 1, 2012 TO JUNE 30, 2014**

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Oklahoma State Auditor & Inspector

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April 29, 2015

**TO THE BOARD OF DIRECTORS OF THE
RURAL SOUTHERN OKLAHOMA EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Rural Southern Oklahoma Emergency Medical Service District for the period July 1, 2012 to 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, appearing to read "Gary A. Jones".

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

**RURAL SOUTHERN OKLAHOMA 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>270,917</u>	<u>275,825</u>
Collections		
Ad Valorem Tax	212,505	230,828
Miscellaneous	<u>344</u>	<u>255</u>
Total Collections	<u>212,849</u>	<u>231,083</u>
Disbursements		
Provider Contract	200,000	240,000
Maintenance and Operations	750	5,061
Audit Expense	<u>7,191</u>	<u>9,395</u>
Total Disbursements	<u>207,941</u>	<u>254,456</u>
Ending Cash Balance, June 30	<u>\$ 275,825</u>	<u>\$ 252,452</u>

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



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Rural Southern Oklahoma Emergency Medical Service District
P.O. Box 785
Healdton, Oklahoma 73438

TO THE BOARD OF DIRECTORS OF THE RURAL SOUTHERN OKLAHOMA 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 Rural Southern Oklahoma 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 Rural Southern Oklahoma Emergency Medical Service District.

Based on our procedures performed, we have presented our finding in the accompanying schedule.

This report is intended for the information and use of the management of the Rural Southern Oklahoma Emergency Medical Service District. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

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

March 11, 2015

**RURAL SOUTHERN OKLAHOMA EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD JULY 1, 2012 TO JUNE 30, 2014**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2014-1 - Inadequate Controls over the Revenue Process

Condition: Upon inquiry of District personnel and Board members with regard to the collection of revenue process, we noted the following weaknesses:

- One person opens the mail, sorts the mail, processes payments, prepares the deposit, and delivers or mails the deposit to the bank.
- There was no evidence of review by an employee or Board member independent of the process of the monthly bank reconciliations.

Cause of Condition: Procedures have not been designed and implemented due to the District having a very limited number of volunteers to perform the duties of revenue collection process.

Effect of Condition: A single employee having responsibility for more than one area of the collection process could result in unrecorded transactions, misstated financial reports, undetected errors, or the misappropriation of funds.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends that management be aware of these conditions and determine if duties can be properly segregated. In the event that 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 management review and approval of accounting functions. OSAI recommends evidence of the Board's review process be clearly documented so as to provided a mitigating control over the lack of segregation of duties for the receipting, depositing, and reconciling processes.

Management Response:

District Board Chairman: The Board is aware of this condition and will work to implement compensating controls to mitigate the risks involved with a concentration of duties. The Board will also start documenting the review of the monthly bank reconciliations.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to the achievement of the entity's objectives with regard to the reliability of financial reporting. Effective internal controls require that key functions within a process be adequately segregated to allow for the prevention and detection of errors and possible misappropriation of funds.



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