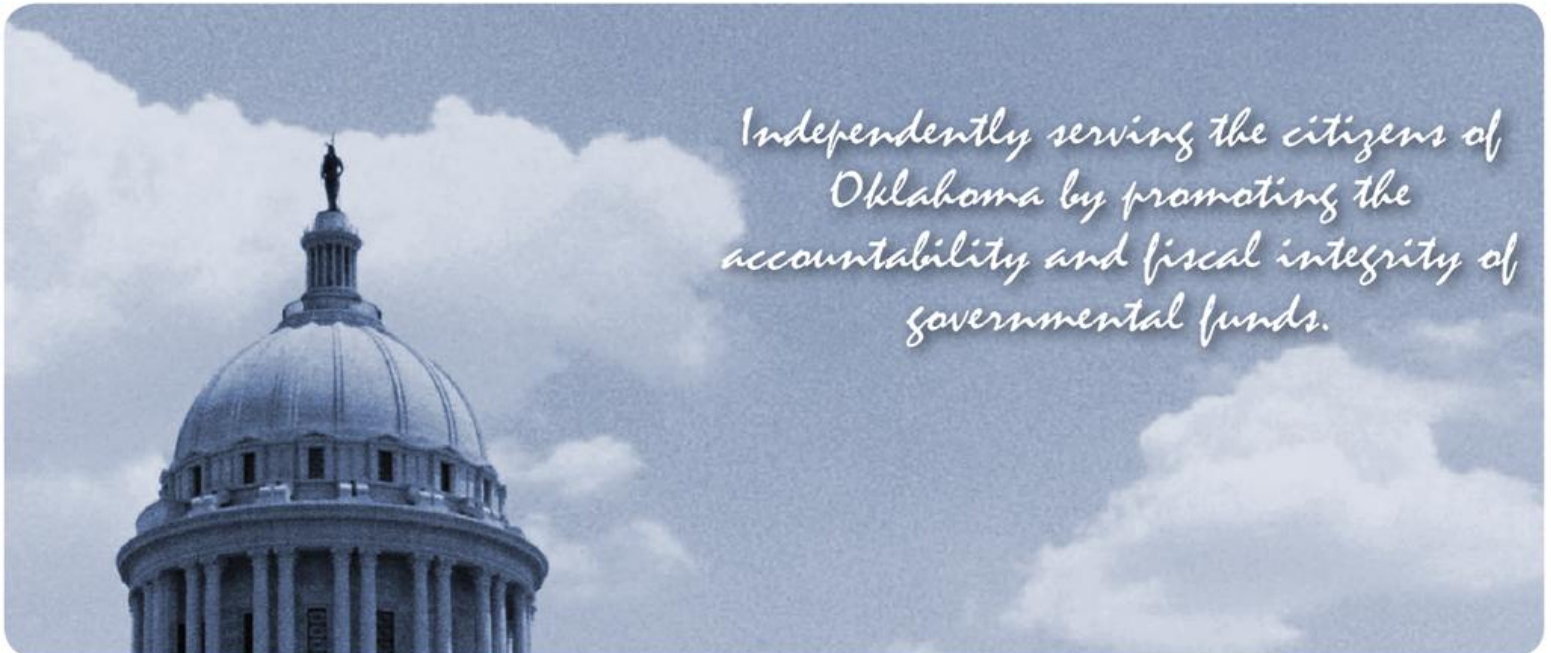


STATUTORY REPORT

RURAL SOUTHERN OKLAHOMA EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2015



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

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

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Oklahoma State Auditor & Inspector

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May 5, 2016

**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 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, appearing to read "Gary A. Jones".

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

**RURAL SOUTHERN OKLAHOMA 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	\$ 252,452
Collections	
Ad Valorem Tax	249,436
Miscellaneous	226
Total Collections	<u>249,662</u>
Disbursements	
Provider Contract	240,000
Maintenance and Operations	8,585
Audit Expense	8,496
Total Disbursements	<u>257,081</u>
Ending Cash Balance, June 30	<u>\$ 245,033</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 2015 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 findings 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.

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

May 3, 2016

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

SCHEDULE OF FINDINGS AND RESPONSES

**Finding 2015-1 – Inadequate Segregation of Duties Over Receipting and Reconciliation Processes
(Repeat Finding)**

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, prepares the deposit and delivers 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: Policies and procedures have not been designed and implemented due to the District having a very limited number of volunteers to perform the duties of the 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 provide 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 with a process be adequately segregated to allow for the prevention and detection of errors and possible misappropriation of funds.

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

Finding 2015-4 – Funding of Audit Expense Account and Noncompliance with State Statute

Condition: For the fiscal year ended June 30, 2015, it was noted that the District appropriated more than the mandatory one-tenth mill to the audit budget account. However, balances from previous years were not properly carried forward.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with 19 O.S. § 1706.1.

Effect of Condition: This condition resulted in noncompliance with state statute and under-funding of the audit expense account.

Recommendation: OSAI recommends that the District implement policies and procedures to ensure that one-tenth mill upon the net total assessed valuation be set aside in the audit expense account and that any unused portion be carried forward into the next year audit expense account in accordance with 19 O.S. § 1706.1

Management Response:

Chairman of the Board: The District will discuss the issue with the budget maker to ensure that only the mandatory one-tenth mill is budgeted in the audit account. Also, the District will obtain written documentation before the balance is lapsed.

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 ad valorem levy upon the net total assessed valuation of the District for audit expenses.



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