

SOUTHWEST OKLAHOMA AMBULANCE AUTHORITY

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

AGREED-UPON PROCEDURES REPORT



Oklahoma State Auditor
& Inspector

**SOUTHWEST OKLAHOMA AMBULANCE AUTHORITY
AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

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STATE AUDITOR AND INSPECTOR

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State Auditor

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September 8, 2009

TO THE BOARD OF TRUSTEES OF THE SOUTHWEST OKLAHOMA AMBULANCE AUTHORITY

Transmitted herewith is the agreed-upon procedures report for the Southwest Oklahoma Ambulance Authority 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".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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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 Authority and a 3 mills levy to support the operation of the Authority. The Southwest Oklahoma Ambulance Authority is comprised of Harmon County and was created to provide ambulance service to all citizens.

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
SOUTHWEST OKLAHOMA AMBULANCE AUTHORITY

We have performed the procedures enumerated below, which were agreed to by management of the Southwest Oklahoma Ambulance Authority (the Authority), 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 confirmed with financial institutions all cash and cash equivalent balances and investment balances as of June 30.

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

Finding: One exception was noted in which the Authority bank balances exceeded the FDIC by \$3,730.65 at January 31, 2008.

4. We identified investments and determined compliance with 62 O.S. § 348.1.

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

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5. We observed 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.

6. We randomly selected 30 runs from the 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 Authority Board authorization in the Board minutes if the amount was written off.

Finding: With regard to procedure H, two exceptions were noted where the receipts for the days selected did not agree to the deposit slips.

With respect to the other procedures applied, there were no findings.

7. We reconciled revenues, as reported on the Estimate of Needs, to bank credits/deposits clearing the bank for the fiscal year.

Finding: An unidentified variance of \$36.78 was noted when reconciling revenue to the Estimate of Needs for the fiscal year 2006-2007.

8. We traced ad valorem taxes remitted from the County Treasurer to the bank deposit slips and Authority revenue records.

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

9. We observed whether receiving goods and services, preparing claims, and issuing payments are performed by separate employees.

Finding: Proper segregation of accounting functions is necessary to ensure adequate internal control structure over receiving goods and services, preparing claims, and issuing payments. This lack of internal control with regard to disbursements is inadequate to assure the Board that goods and services have been received prior to payment.

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10. We reconciled checks/warrants issued, as reported on the Estimate of Needs, to bank debits/checks clearing the bank for the fiscal year.

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

11. We reviewed the warrant/check register report for comparison with total checks issued to identify missing and/or voided checks and obtain disposition of missing and/or voided checks.

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

12. We randomly selected 30 (15 from each fiscal year) checks/warrants/vouchers in order to:
- A. Agree to invoice(s) or ticket(s).
 - B. Agree payee on cancelled check to vendor on invoice/ticket.
 - C. Inspect the receiving report/invoice/ticket for signature of Authority employee who verifies goods and/or services are received.
 - D. Trace claim approval to Authority Board minutes.

Finding: The following exceptions were noted as a result of applying the procedures:

- A. Eight exceptions were noted where there was no invoice to document expenditures.
- C. The Authority did not use receiving reports to verify goods and/or services were received.
- D. None of the expenditures were approved in the Board minutes.

With respect to procedure B, there were no findings.

13. We selected 100% of disbursements in excess of \$2,500 in order to:
- A. Agree to invoice(s) or ticket(s).
 - B. Agree payee on cancelled check to vendor on invoice/ticket.
 - C. Inspect the receiving report/invoice/ticket for signature of Authority employee who verifies goods and/or services are received.
 - D. Trace claim approval to Authority Board minutes.
 - E. Select items requiring bids (greater than \$7,500) in order to:
 - i. Observe proof of publication for the bid;
 - ii. Observe justification and approval of awarding the bid to a bidder other than the lowest bidder in the Authority Board minutes.

Finding: The Authority did not bid a Stryker cot in the amount of \$10,567.68.

With respect to the other procedures applied, there were no findings.

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14. We observed whether each Board member's coverage for Official Bond was included in the Authority's insurance policy.

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

15. We randomly selected at least one payroll period in order to:
- A. Observe whether all employees prepared timesheets.
 - B. Inspect timesheets for signatures of employees and supervisors.

Finding: In applying procedure B, it was noted that timesheets were not signed by the employees or supervisor.

With respect to applying procedure A, there were no findings

16. We selected all employees from the payroll records in order to:
- A. Compare leave amounts earned to the Authority's policy for earning leave.
 - B. Compare leave balances to the Authority's policy for limitations on leave balances.
 - C. If there is a record or ledger for accrued leave balances, trace leave used from the employee's timesheet and/or payroll claim to that record or ledger.

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

17. We observed the publication notice of the Estimate of Needs.

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

18. We observed whether expenditures have exceeded appropriations in any budget category.

Finding: The Authority's expenditures exceeded the capital outlay budgetary account by \$5,567.68 in the 2007-2008 Estimate of Needs.

19. We observed the Authority's policy regarding safeguarding of capital assets.

Finding: The Authority did not have a policy for the safeguarding of capital assets.

20. We observed the Authority's safeguarding of capital assets with the following criteria:
- A. Observe the existence of an equipment inventory list.
 - B. Observe documentation of the conduct of a physical inventory.

Finding: The Authority had an inventory list, but it was not maintained and updated, and there was no documentation that a current physical inventory had been conducted.

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21. We observed insurance policies for the existence of coverage of capital assets.

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 Authority. 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

January 14, 2009



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