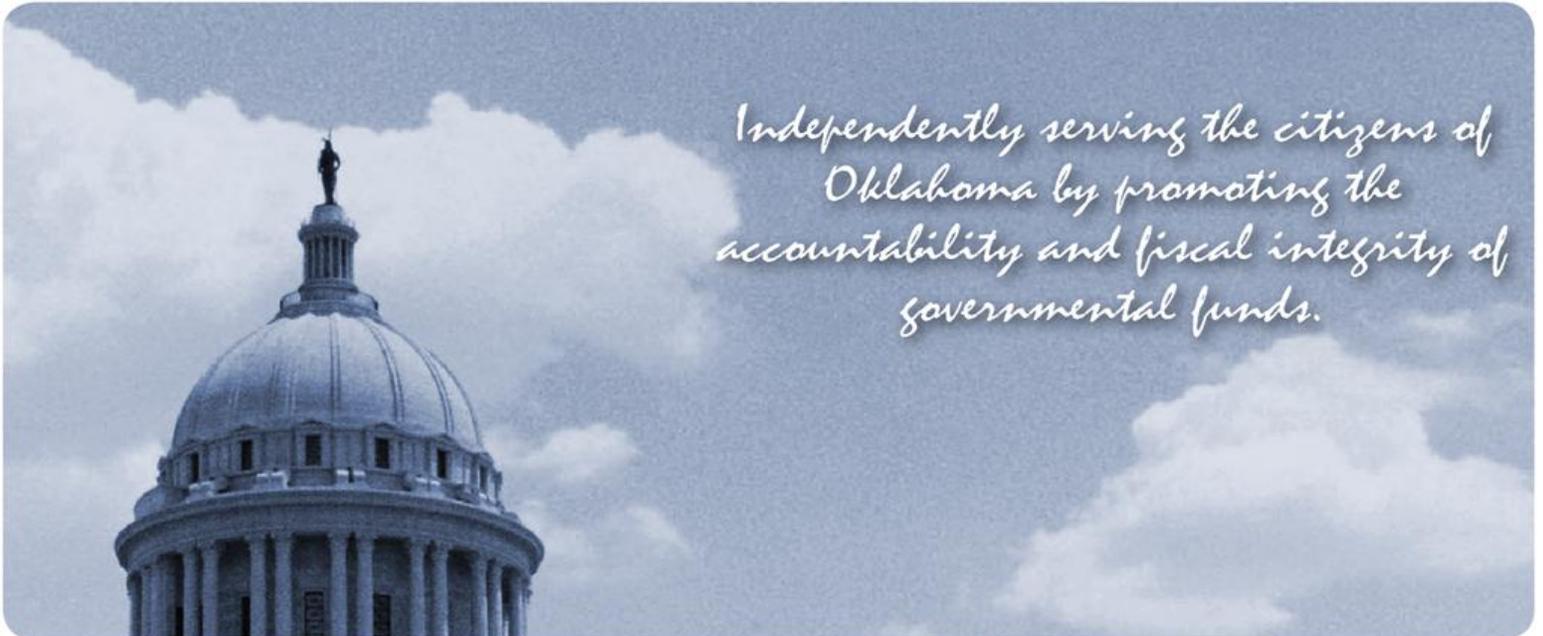


STATUTORY AUDIT

SUGAR CREEK AMBULANCE SERVICE DISTRICT

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



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

**SUGAR CREEK AMBULANCE 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
SUGAR CREEK AMBULANCE SERVICE DISTRICT**

Transmitted herewith is the audit report of the Sugar Creek Ambulance 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

**SUGAR CREEK AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
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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>217,226</u>	<u>310,034</u>
Collections		
Ad Valorem Tax	168,909	170,516
Miscellaneous	<u>161,814</u>	<u>292,689</u>
Total Collections	<u>330,723</u>	<u>463,205</u>
Disbursements		
Provider Contract	220,824	235,008
Maintenance and Operations	17,091	270,490
Audit Expense	<u>-</u>	<u>5,155</u>
Total Disbursements	<u>237,915</u>	<u>510,653</u>
Ending Cash Balance, June 30	<u>\$ 310,034</u>	<u>\$ 262,586</u>

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



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Sugar Creek Ambulance Service District
Binger, Oklahoma 73009

TO THE BOARD OF DIRECTORS OF THE SUGAR CREEK AMBULANCE 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 Sugar Creek Ambulance 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 Sugar Creek Ambulance 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 Sugar Creek Ambulance 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

April 29, 2015

**SUGAR CREEK AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2014-1 - Inadequate Segregation of Duties Over the Receipting 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: The District has not designed and implemented policies and procedures to sufficiently segregate the receipting and reconciling 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. We recommend 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: In quarterly meeting, the financial statements are reviewed and compared to bank statements. The financial statement shows all income and expenses of the 522 district. After examination and comparison, the item is voted and approved. There is minimal activity in these accounts due to the structure of the system. The district actually contracts their service, which minimizes activity.

Auditor Response: Duties regarding the collections process are not adequately segregated.

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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Finding 2014-2 - Noncompliance with Competitive Bidding Process

Condition: Based upon the review of the District's expenditures it was noted that the following checks were issued for payments where no bids was solicited.

- Emergency Services Supply to remount ambulance to 2013 Chevrolet G3500 for \$67,760.00.
- Emergency Services Supply for purchase of ambulance for \$117,770.00.
- Physio Control for a defibrillator for \$37,603.44.

Cause of Condition: Procedures have not been designed and implemented to provide assurance that controls are in place and to document compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with the state statutes.

Recommendation: OSAI recommends that the District follow the proper purchasing requirements for items requiring bids in accordance with 19 O.S. § 1723 and 19 O.S. § 1505B, which requires all purchases in excess of \$15,000 be competitively bid.

Management Response: Ambulances are specialized and available through limited suppliers. The items which were purchased by the District were recommended by the contract service provider. This equipment is bid specific equipment which the personnel are familiar with and are on other ambulances in the fleet. Management agrees these items need to be like items to ensure the efficiency of the employees which are using the equipment.

Auditor Response: The District did not comply with 19 O.S. § 1723 and 19 O.S. § 1505B which requires all purchases over \$15,000 be competitively bid.

Criteria: Effective internal controls require that management properly implement procedures to ensure that purchases over \$15,000 comply with 19 O.S. § 1723. and 19 O.S. § 1505B.



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