

SUGAR CREEK AMBULANCE SERVICE

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

AGREED-UPON PROCEDURES REPORT



Oklahoma State Auditor
& Inspector

**SUGAR CREEK AMBULANCE SERVICE
AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

This publication is printed and issued by the State Auditor and Inspector as authorized by Article 10, § 9C (i) of the Oklahoma Constitution and as defined by 19 O.S. § 1704.3. Pursuant to 74 O.S. § 3105.B, ten (10) copies have been prepared and distributed at a cost of \$24.07. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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December 8, 2008

TO THE BOARD OF TRUSTEES OF THE SUGAR CREEK AMBULANCE SERVICE

Transmitted herewith is the agreed-upon procedures report for the Sugar Creek Ambulance Service 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

A handwritten signature in blue ink that reads 'Michelle R. Day'.

MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

**SUGAR CREEK AMBULANCE SERVICE
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

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 District and an original 3 mills levy to support the operation of the District. The County voted to repeal the personal property tax. The initiative provided that real property tax levies would be increased to make up for the loss of taxable personal property. Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is now 3.17 mills for Blaine, Caddo, and Canadian Counties, respectively. The Sugar Creek Ambulance Service is comprised of portions of Blaine, Caddo, and Canadian Counties 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
SUGAR CREEK AMBULANCE SERVICE

We have performed the procedures enumerated below, which were agreed to by management of the Sugar Creek Ambulance Service (the Service), 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 Service cash/cash equivalents in each financial institution to the fair market value of each financial institution's pledged collateral at January and June.

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

4. We performed a petty cash count.

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

5. Observe 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.

Recommendation: OSAI recommends management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. The most effective controls lie in management's knowledge of office operations and periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's comments and will conduct periodic review of Service operations.

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

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

7. We traced amounts of ad valorem taxes remitted from the County Treasurer to the Service to Service deposit slips.

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

8. Observe whether receiving goods and services, preparing claims, and issuing payments are performed by separate employees.

Finding: It was noted that receiving of goods and services, preparing claims, and issuing payments were not properly segregated to assure adequate internal control structure.

Recommendation: OSAI recommends management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. The most effective controls lie in management's knowledge of office operations and periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's comments and will conduct periodic review of Service operations.

9. We reconciled warrants issued, as reported on the Service's Estimate of Needs, to the County Treasurer's disbursements for both fiscal years.

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

10. We selected 100% of disbursements in order to:
 - Agree to invoices.
 - Agree payee on cancelled check to vendor.
 - Inspect the receiving report/invoice for signature of Service employee who verified goods and/or services were received.
 - Trace claim approval to Service Board minutes.
 - For items in excess of \$7,500, observe that bidding requirements were met.

Finding: Four of the thirty disbursements selected did not have an invoice or receiving report with signature of Service employee who verified that goods and services were received.

Recommendation: OSAI recommends all disbursements be adequately documented by supporting receipts, invoices, and delivery tickets. If necessary, a signed voucher or claim form

could be implemented to describe the nature and purpose of a disbursement for which there is no other supporting documentation.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's comments.

With respect to agreeing payee on cancelled checks to vendor; tracing claim approval to Service Board minutes; and observing that bidding requirements were met for items in excess of \$7,500, there were no findings.

11. Confirm whether the Service has a provider contract and:

- o Obtain a copy of the contract to determine it is renewed annually; observe Board approval of contract in the minutes.
- o Review significant contract provisions to determine compliance with contract provisions.

Finding: The service agreements between the Service and hospitals are not being renewed each year. In addition, the contract states the "agreement shall continue to be binding upon the parties...from year to year," therefore, suggesting obligation of future funds.

Recommendation: OSAI recommends agreements be approved and signed by the Board for a single fiscal year, and be renewed each year thereafter.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's comments and will renew agreements yearly.

12. We observed each Board member's coverage for Official Bond was included in the Service's insurance policy.

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

13. We observed the publication notice of the Service's Estimate of Needs and whether the Service's expenditures exceeded its appropriations in budget category.

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

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

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

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 Service. 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
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October 22, 2008



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