

STATUTORY REPORT

TILLMAN COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2015



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



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

**TILLMAN COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

March 30, 2016

**TO THE BOARD OF DIRECTORS OF THE
TILLMAN COUNTY EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Tillman County 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

**TILLMAN COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2015

	FY 2015
Beginning Cash Balance, July 1	\$ 157,353
Collections	
Ad Valorem Tax	94,066
Charges for Services	284,091
Miscellaneous	132,931
Total Collections	511,088
Disbursements	
Personal Services	316,769
Maintenance and Operations	95,315
Capital Outlay	125,703
Contract Services	13,384
Audit Expense	3,217
Total Disbursements	554,388
Ending Cash Balance, June 30	\$ 114,053

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



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Tillman County Emergency Medical Service District
300 Lucille Avenue
Frederick, Oklahoma 73542

TO THE BOARD OF DIRECTORS OF THE TILLMAN COUNTY 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 Tillman County 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 Tillman County 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 Tillman County 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

March 18, 2016

**TILLMAN COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-1 - Inadequate Internal Controls Over the Collection and Reconciling Processes (Repeat Finding)

Condition: Upon inquiry and observation of Tillman County Emergency Medical Service District (the District's) collection and reconciling processes, we determined the following:

- Duties are not adequately segregated due to one employee preparing patient accounts, performing the billing process, posting to patient accounts, issuing receipts, and reconciling monthly bank statements.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to segregating the duties over aspects of the collection and reconciling processes.

Effect of Condition: A single person having responsibility for more than one area of recording, authorization, custody of assets, reconciling, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends management be aware of these conditions and realize that a concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. In the event a segregation of duties is not possible, OSAI recommends implementing compensating controls such as the implementation of review processes of key accounting functions.

Management Response:

District Board Chairman: The District will work towards the design of review processes to enhance internal controls.

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, the duties of preparing patient accounts, performing the billing process, posting to patient accounts, and issuing receipts and transaction authorization should be segregated.

Further, an important aspect of internal control is the safeguarding of assets. A safeguarding of assets constitutes a process affected by an entity's governing body and management to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions or the misappropriation of funds.

**TILLMAN COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Finding 2015-2 - Inadequate Internal Controls Over the Disbursement Process and Noncompliance with State Statute (Repeat Finding)

Condition: Upon inquiry, observation of the District's disbursement process, the following was noted:

- Duties are not adequately segregated because one employee prepares purchase orders, posts expenditures to accounting records, prepares checks for payment, and performs the monthly bank reconciliation.
- The District does not have designated receiving officers; therefore, receiving reports are not prepared and attached to purchase orders to verify goods and/or services received.

Further, in the test of twenty-five (25) disbursements, the following exceptions were noted:

- Six (6) instances were noted in which the purchase order did not have invoices attached.
- The District did not solicit bids for the purchase of equipment in the amount of \$125,697.

With regard to payroll disbursements, we noted the following:

- Duties are not adequately segregated over the payroll process because one employee enrolls new hires, posts withholdings, maintains personnel files, initiates the payment of payroll, writes payroll checks, posts to accounting records, prepares state and federal reports, and reconciles bank statements.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to the disbursement process to ensure adequate internal controls and compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statute with regard to bidding. Further, these conditions could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that a concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. In the event a segregation of duties is not possible, OSAI recommends implementing compensating controls such as the implementation of review processes of key accounting functions. OSAI recommends that bank reconciliations be performed and approved by someone other than the preparer on a monthly basis.

OSAI also recommends the District designate two receiving officers, and receiving reports be attached to purchase orders to ensure the verification of goods and/or services received by the District and enhance the safeguarding of assets.

Further, OSAI recommends the District comply with 19 O.S. § 1723 regarding bid requirements for purchases in excess of the statutory amount, currently \$15,000.

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Management Response:

District Board Chairman: The District will work toward the design of review processes to enhance internal controls over the disbursements of the District. All review processes will be signed or initialed and dated. The EMS Board will designate two receiving officers and receiving reports will be attached to purchase orders. Further, with regard to bidding requirements, the EMS District will bid purchases in excess of \$15,000 to ensure compliance with 19 O.S. § 1723.

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds a single person should not have responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions.

Further, an important aspect of internal controls is the safeguarding of assets. A safeguarding of assets constitutes a process affected by an entity's governing body and management to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions or the misappropriation of funds.

Title 19 O.S. § 1723 requires EMS Districts to make purchases in accordance with the county purchase procedures as outlined in Title 19 O.S. § 1501 § 1505.

Title 19 O.S. § 1501 and § 1505 requires all purchases in excess of \$15,000 be competitively bid.



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