

STATUTORY REPORT

VICI-CAMARGO EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2017



*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

**VICI-CAMARGO EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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

May 31, 2018

**TO THE BOARD OF DIRECTORS OF THE
VICI-CAMARGO EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Vici-Camargo Emergency Medical Service District for the fiscal year ended June 30, 2017.

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 that reads "Gary A. Jones". The signature is written in a cursive, flowing style.

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

**VICI-CAMARGO EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2017

	<u>FY 2017</u>
Beginning Cash Balance, July 1	\$ 179,599
Collections	
Ad Valorem Tax	46,293
Sales Tax	39,107
Intergovernmental	48,485
Charges for Services	17,611
Miscellaneous	<u>2,857</u>
Total Collections	<u>154,353</u>
Disbursements	
Personal Services	53,922
Maintenance and Operations	53,601
Capital Outlay	37,856
Audit Expense	<u>6,085</u>
Total Disbursements	<u>151,464</u>
Ending Cash Balance, June 30	<u>\$ 182,488</u>

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

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Sales Tax

Vici-Camargo Emergency Medical Service District (the District) receives county sales tax that is passed through the Dewey County Public Facilities Authority from Dewey County per the sales tax ballot. The District has a designated bank account for the funds received and funds are used for the improvement and operation of the District.

The Dewey County Public Facilities Board approves the disbursement of county sales tax funds to the District. The District submits a claim for reimbursement or a purchase order detailing the item(s) the District would like to purchase using the county sales tax funds to the Dewey County Public Facilities Authority Board. The Facilities Authority Board votes to approve or deny the request for funds from the District. If the request is approved, the Dewey County Public Facilities Authority Board Treasurer requests that the bank issue a check to the District for the approved amount.

The District received \$39,107.15 during the fiscal year ended June 30, 2017.

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



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Vici-Camargo Emergency Medical Service District
P.O. Box 239
Vici, Oklahoma 73859

TO THE BOARD OF DIRECTORS OF THE VICI-CAMARGO 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 2017 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Vici-Camargo 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 Vici-Camargo 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 Vici-Camargo 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 that reads "Gary A. Jones". The signature is written in a cursive style with a long horizontal stroke at the end.

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

April 9, 2018

**VICI-CAMARGO EMERGENCY MEDICAL SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-01 - Inadequate Internal Controls Over the Collections Process (Repeat Finding)

Condition: While gaining an understanding of the receipting, depositing, and reconciling functions of the Vici-Camargo Emergency Medical Service District (the District), it was noted that the following duties were not properly segregated:

- One employee picks up the mail, opens the mail, posts payments to patients accounts, prepares the deposit, takes the deposit to the bank, and reconciles bank statements.
- Bank deposits were not reviewed and approved by someone other than the preparer.
- Pre-numbered duplicate receipts were not issued for funds received.
- There was no evidence the Board reviewed and approved the Monthly Financial Reports.

Cause of Condition: Policies and procedures have not been designed and implemented to sufficiently segregate the collection process and issuance of pre-numbered duplicate receipts. Additionally, policies and procedures have not been designed and implemented to ensure documentation of the Board's review and approval of the Monthly Financial Report is available.

Effect of Condition: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions, lack of documentation of Board review of financial activity and evidence of issuing prenumbered duplicate 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 concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's oversight of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. 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, issuing pre-numbered duplicate receipts, and evidence documented of Board review of financial activity.

Management Response:

Chairman of the Board: The Board is aware of these conditions and will work to implement compensating controls to mitigate the risks involved with a concentration of duties. Pre-numbered duplicate receipts will be issued for all funds received and the Board will also document the review and approval of monthly financial report in the Board minutes.

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body,

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management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations should be segregated. Monthly Reports and bank reconciliations should be approved by someone other than the preparer, and pre-numbered duplicate receipts should be issued.

Finding 2017-02 - Inadequate Internal Controls Over the Disbursement Process (Repeat Finding)

Condition: Based upon inquiry and observation of the disbursement process, the following exceptions were noted concerning the test of (25) twenty-five disbursements:

- Twenty-four (24) disbursements did not have evidence of a receiving report or the invoice was not signed and verified for accuracy.
- One disbursement did not contain evidence of the Board's review or approval.

Cause of Condition: Policies and procedures have not been designed to ensure all claims are filed with sufficient supporting documentation for recordkeeping including verification of receiving the goods and services and Board approval.

Effect of Condition: These conditions could result in errors and improprieties, unrecorded transactions, misappropriation of assets, or misstated financial information.

Recommendation: OSAI recommends the District implement a system of internal controls to ensure that all disbursements have evidence of goods and services being received and evidence of the Board's review and approval.

Management Response:

Chairman of the Board: The Board will establish policies and procedures to ensure all disbursements have proper supporting documentation and contain evidence of the Board's review and approval.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the entity's objectives with the regard to reliability of financial reporting, evidence of independent verification of goods or services, and Board approval of disbursements.

Finding 2017-03 – Inadequate Internal Controls Over Fixed Assets Inventory Records (Repeat Finding)

Condition: Based on inquiry of the District Board Chairman, observation of fixed assets, and review of the District's fixed assets inventory records, the following exceptions were noted:

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- An updated fixed assets inventory listing was not maintained containing complete and accurate descriptions or identification of fixed assets.
- Annual physical fixed assets inventory verification was not performed.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure inventory is properly maintained and updated through a periodic review by the District.

Effect of Condition: These conditions resulted in inadequate fixed assets inventory records, and could lead to misappropriation of assets and loss of District equipment.

Recommendation: OSAI recommends that policies and procedures be implemented to ensure fixed assets inventory records are properly maintained and annual physical inventory verification be performed by someone other than the individual maintaining inventory.

Management Response:

Chairman of the Board: The District will develop policies and procedures to ensure a complete and accurate inventory of fixed assets is maintained and a physical inventory is performed annually.

Criteria: An important aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguarding assets from loss, damage, or misappropriation.



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