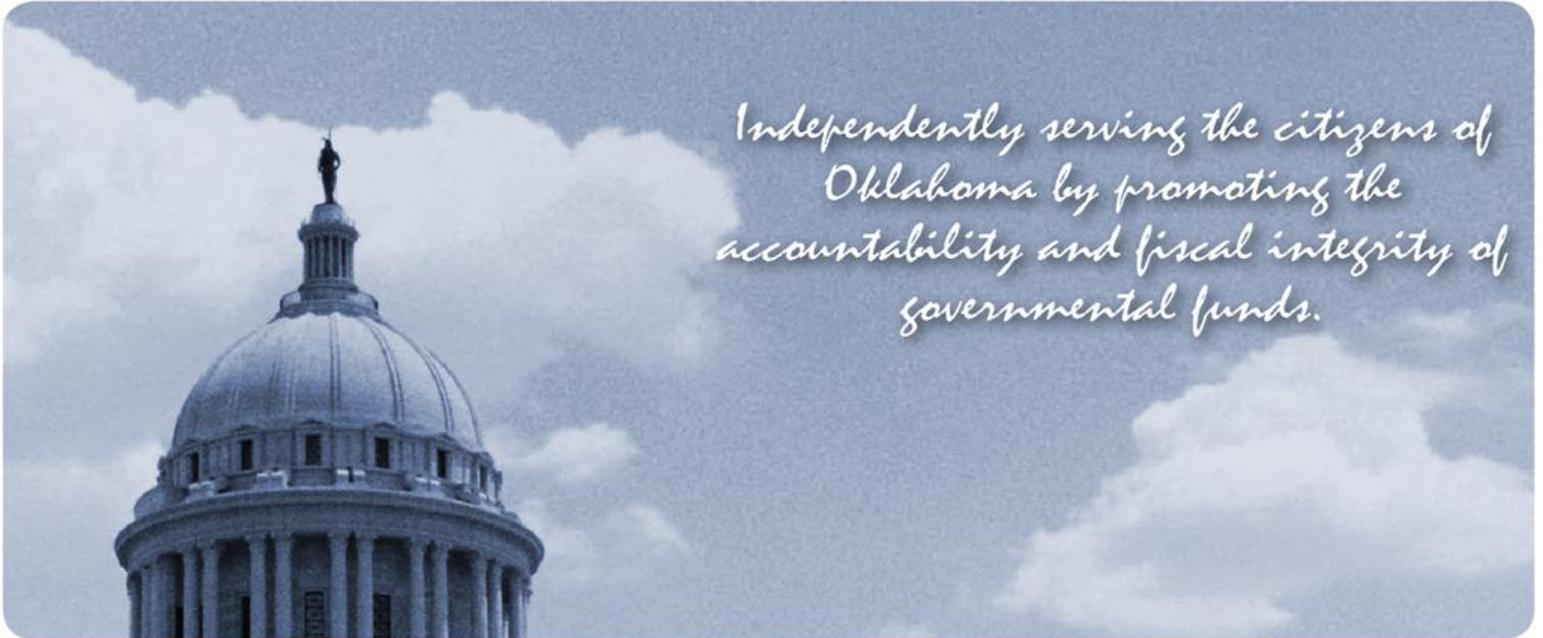


STATUTORY AUDIT

WAURIKA EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2009 through June 30, 2013



*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

**WAURIKA EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2013**

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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

October 10, 2014

**TO THE BOARD OF DIRECTORS OF THE
WAURIKA EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Waurika Emergency Medical Service District for the period July 1, 2009 through June 30, 2013.

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".

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

**WAURIKA EMERGENCY MEDICAL SERVICE DISTRICT
 STATUTORY REPORT
 JULY 1, 2009 THROUGH JUNE 30, 2013**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2010 and FY 2011

	<u>FY 2010</u>	<u>FY 2011</u>
Beginning Cash Balance, July 1	<u>\$ 37,484</u>	<u>\$ 37,732</u>
Collections:		
Ad Valorem Tax	63,683	63,498
Miscellaneous	<u>288</u>	<u>9,842</u>
Total Collections	<u>63,971</u>	<u>73,340</u>
Disbursements:		
Maintenance and Operations	63,723	65,638
Audit Expense	<u>-</u>	<u>-</u>
Total Disbursements	<u>63,723</u>	<u>65,638</u>
Ending Cash Balance, June 30	<u><u>\$ 37,732</u></u>	<u><u>\$ 45,434</u></u>

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

**WAURIKA EMERGENCY MEDICAL SERVICE DISTRICT
 STATUTORY REPORT
 JULY 1, 2009 THROUGH JUNE 30, 2013**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2012 and FY 2013

	<u>FY 2012</u>	<u>FY 2013</u>
Beginning Cash Balance, July 1	\$ 45,434	\$ 59,180
Collections:		
Ad Valorem Tax	69,199	67881
Miscellaneous	269	135
Total Collections	<u>69,468</u>	<u>68,016</u>
Disbursements:		
Maintenance and Operations	55,722	80,693
Audit Expense	-	-
Total Disbursements	<u>55,722</u>	<u>80,693</u>
Ending Cash Balance, June 30	<u>\$ 59,180</u>	<u>\$ 46,503</u>

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



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Waurika Emergency Medical Service District
122 S. Main Street
Waurika, Oklahoma 73573

TO THE BOARD OF DIRECTORS OF THE WAURIKA 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 2010, FY 2011, FY 2012 and FY 2013 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Waurika 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 Waurika 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 Waurika 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 extending to the right.

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

October 8, 2014

**WAURIKA EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
JULY 1, 2009 THROUGH JUNE 30, 2013**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1 - Funding of Audit Expense Account

Condition: For the period of July 1, 2009 through June 30, 2010, it was noted that Waurika Emergency Medical Service District (the District) appropriated more than the mandatory one-tenth of one mill to the audit budget account. However, for the period of July 1, 2010 through June 30, 2011, it was noted that the District did not appropriate the mandatory one-tenth of one mill to the audit budget. Further, the balances from previous years were not properly carried forward.

Cause of Condition: Procedures have not been designed to ensure compliance with 19 O.S § 1706.1.

Effect of Condition: This condition resulted in noncompliance with the statute and under funding of the audit expense account.

Recommendation: OSAI recommends that the District implement policies and procedures designed to ensure that one-tenth mill upon the net total assessed valuation be set aside in the audit expense account, and that any unused portion be carried forward into the next year audit expense account in accordance with 19 O.S. § 1706.1.

Management Response: We will discuss this issue with our budget maker and corrective measures will be taken. In the future we will obtain written approval before the balances are lapsed out.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective internal control system is to provide accurate and reliable information through proper review and approval.

Further, according to 19 O.S. § 1706.1, the District must appropriate the net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation of the District for audit expenses.

Finding 2013-2 - Inadequate Internal Controls Over the Expenditure Process

Condition: While testing expenditures for the District, the following exceptions were noted:

- Board meeting minutes are not always signed by District Board members as evidence that the Board has reviewed and approved the monthly claims referred to in the minutes.
- For the period July 1, 2009 through June 30, 2010, of the 25 expenditures tested, 6 did not have invoices, and 17 were not listed in the EMS Board Minutes.
- For the period July 1, 2010 through June 30, 2011, of the 25 expenditures tested, 1 did not have an invoice, 1 had no evidence of a receiving signature or verification of accuracy on the invoice, and 3 were not listed in the EMS Board Minutes.

**WAURIKA EMERGENCY MEDICAL SERVICE DISTRICT
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- For the period July 1, 2011 through June 30, 2012, of the 25 expenditures tested, 1 did not have an invoice, 1 did not have evidence of a receiving signature or verification of accuracy on the invoice, and 2 were not listed in the EMS Board Minutes.
- For the period July 1, 2012 through June 30, 2013, of the 25 expenditures tested, 1 was not listed in the EMS Board Minutes.

Cause of Condition: Policies and procedures have not been designed and implemented to check completeness, authorization, and provide adequate documentation to support disbursements.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends all invoices, tickets and/or statements documenting the District's disbursements be signed by a Board member, taking responsibility for verifying the goods or services were received. OSAI also recommends that the EMS expenditures be approved by the Board before payment is issued to the vendors. Furthermore, the Board minutes currently only reflect that disbursements are approved for payment. The Board minutes should include the vendor, the purchase order/claim number, and the amount approved for payment.

Management Response: Management concurs with auditor's findings. We have implemented procedures to correct the exceptions noted.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to help achieve the entity's objectives with regard to the reliability of financial reporting. A key factor in this system is designating a receiving officer to sign a receiving report or the invoice to confirm that goods and/or services were received.

Finding 2013-3 - Inadequate Internal Controls Over the Estimate of Needs

Condition: Upon inquiry and observation of the recordkeeping process, the following was noted:

- For the fiscal year 2011, the warrants issued on the Estimate of Needs showed \$7,403.48 more than the Districts ledgers, which resulted in a variance of the ending balance between the ledgers and the Estimate of Needs.
- For the fiscal year 2012, the warrants issued on the Estimate of Needs showed \$5,964.01 more than the Districts ledgers. The cash balance at June 30 on the Estimate of Needs agrees to District ledgers because the Estimate of Needs shows \$13,367 as outstanding warrants.

Cause of Condition: Procedures have not been designed and implemented to review the Estimate of Needs for accuracy prior to its approval.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

**WAURIKA EMERGENCY MEDICAL SERVICE DISTRICT
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Recommendation: OSAI recommends that the District implement a system of internal controls to provide reasonable assurance that collections, disbursements, and cash balances are accurately presented on the District's Estimate of Needs.

Management Response: Management concurs with auditor's findings. We will discuss this issue with our budget maker and implemented procedures to correct the exceptions noted.

Criteria: Internal controls should be designed to analyze and check accuracy and completeness of disbursements, collections, and cash balances are accurately presented on the Estimate of Needs.

Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Finding 2013-4 - Inadequate Controls Over the Bidding Process

Condition: During our test of bids solicited by the District, the following exceptions were noted:

- Proof of publication was not documented.
- Bids are not time and date stamped when received.

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

Effect of Condition: This condition resulted in noncompliance with state statutes, and could result in inaccurate records, incomplete information, or a misappropriation of assets.

Recommendation: OSAI recommends that the District adhere to the bid process and all requirements referenced therein. OSAI further recommends the District implement procedures to include maintaining documentation or proof of publication, and date stamp all bids when received.

Management Response: Management concurs with auditor's findings. In the future, we will maintain proof of publication, and all bids will be time and date stamped when received.

Criteria: Effective internal controls require that management properly implement procedures to ensure that purchases over \$7,500 comply with 19 O.S. § 1723.

Further, 19 O.S. § 1723 requires EMS Districts to make purchases in accordance with the county purchasing procedures as outlined in 19 O.S. § 1505.

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Title 19 O.S. § 1505.B.2, states in part: "...notice of solicitation of bids shall also be published one time in a newspaper of general circulation in the county. "

Finding 2013-5 - Promissory Note

Condition: The District entered into a long-term promissory note in violation of the Oklahoma Constitution, for the purchase of a 2010 Chevy Ambulance.

Cause of Condition: Procedures have not been designed and implemented to ensure compliance with the state constitution.

Effect of Condition: This condition resulted in noncompliance with the Oklahoma Constitution and the District incurred long-term obligations without a vote of the citizens.

Recommendation: OSAI recommends that the District adhere to Article 10, § 9C (b) of the Oklahoma Constitution.

Management Response: Management concurs with auditor's findings. Future ambulances will be purchased in accordance with the Constitution.

Criteria: The Constitution of Oklahoma, Article 10, § 9C(b) states, — "Any district board of trustees may issue bonds, if approved by a majority vote at a special election for such purpose. All registered voters within the designated district shall have the right to vote in said election. Such bonds shall be issued for the purpose of acquiring emergency vehicles and other equipment and maintaining and housing the same."



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