



WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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November 7, 2022

**TO THE BOARD OF DIRECTORS OF THE
WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Weleetka-Graham Emergency Medical Service District for the fiscal year ended June 30, 2019.

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 "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2019

	<u>FY 2019</u>
Beginning Cash Balance, July 1	\$ 45,263
Collections	
Ad Valorem Tax	50,500
Total Collections	<u>50,500</u>
Disbursements	
Maintenance and Operations	1,677
Audit Expense	1,619
Total Disbursements	<u>3,296</u>
Ending Cash Balance, June 30	<u>\$ 92,467</u>

Presented for informational purposes



Weleetka-Graham Emergency Medical Service District
P.O. Box 445
Weleetka, Oklahoma 74880

**TO THE BOARD OF DIRECTORS OF THE
WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT**

For the purpose of complying with 19 O.S. § 1706.1, we have performed the following procedures:

- Determined charges for services were billed and collected in accordance with District Policies.
- 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 for the fiscal year ended June 30, 2019 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 and 61 O.S. § 101-139.
- 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 compliance with contract service providers.
- Determined whether the District's collections, disbursements, and cash balances for the fiscal year ended June 30, 2019 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Weleetka-Graham 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 Weleetka-Graham 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 Weleetka-Graham Emergency Medical Service District. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

May 7, 2020

**WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2019-001 – Lack of Internal Controls Over the Bank Statements and the Reconciliation Process (Repeat Finding)

Condition: Upon inquiry and observation of the Weleetka-Graham Emergency Medical Service District (the District) and reconciliation of the monthly bank statements to District financial records, the following weaknesses were noted:

- The District did not perform monthly bank reconciliations. Further, the Board did not review and approve monthly bank reconciliations in monthly meetings.
- The District did not prepare, nor did the Board review and approve District monthly financial reports.
- The District could not locate bank statements for the months of July through December of 2018.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the District obtains and securely maintains monthly bank statements, performs monthly bank reconciliations that are verified to the District financial records, and reviewed and approved in the monthly meetings.

Effect of Condition: These conditions resulted in unrecorded transactions, and could result in undetected account errors, and a misappropriation of funds not being detected in a timely manner.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the District obtain and secure bank statements and prepare monthly bank reconciliations. Additionally, we recommend the District verify reconciled bank reconciliations to the financial records and that both the preparer and reviewer of reconciliations sign and date to document evidence of review and approval.

Management Response:

Chairman of the Board: In answer to the finding of the bank statements and the reconciliation process, the District Board has implemented a review process for the fiscal year 2020 and now documents this process at each monthly District Board meeting. The Board goes over the bank statement and they check them against the spending records. We have a book for the bank statements and one for the receipts of purchases. These books will be housed at the main station under lock and key and ready for the next inspection.

Criteria: The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

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The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Accurate and timely recording of transactions

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Finding 2019-002 – Lack of Internal Controls Over the Disbursement Process (Repeat Finding)

Condition: Upon inquiry and observation of the District disbursement process, the following weaknesses were noted:

- There were no Board approved, formal policies and procedures implemented within the District regarding the disbursement process.

Additionally, the District issued eight (8) checks during the fiscal year, and the test of those disbursements reflected the following exceptions:

- Two (2) disbursements did not have supporting documentation such as an invoice or statement.
- Four (4) disbursements did not have a verification signature of goods and/or services received.
- Eight (8) disbursements did not indicate that the District Board approved the disbursements due to Board minutes not being located by the District.
- One (1) disbursement for \$9.00 Check # 1469 had no supporting documentation, nor was the “payee” completed on the check; therefore, it could not be determined that the expenditure was for the lawful operation of the District.

Cause of Condition: Policies and procedures have not been formally designed and implemented for the disbursement process, including adequate supporting documentation, verification of goods and/or services, and evidence of Board approval.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors or misappropriation of funds. In addition, without formal policies and procedures, invoices could be processed for goods or services that were not received by the District or were not for lawful District purposes.

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Recommendation: OSAI recommends the District implement formal written policies and procedures for the disbursement process within the District, and that this process be fully implemented and approved by the District in an open meeting. Additionally, OSAI recommends that all disbursements are documented with supporting documentation, verified by signature of the accuracy of the invoice, are approved by the District Board, and are for the lawful operation of the District.

Management Response:

Chairman of the Board: In answer to segregation of duties, the District Board has accepted and reviewed the Oklahoma Constitution outline of 522 Board positions of responsibility of duties for the Board and the employees. The Treasurer oversees the accounting division of the District. Each of the Board members vote on major purchases and that vote is recorded in the monthly Board minutes. We are following the amounts set for public spending for major purchases sent out to bid for purchase if over the \$15,000 amount. Disbursement of normal everyday items such as utilities and minor purchases under \$1,000 will be handled by the Administrator. This policy was set by the Board and voted as approved before the opening of business. The disbursements by the Administrator will be reviewed by the Board at each monthly meeting. Payroll is handled by a CPA. The checks for employee payroll are dual signed by the Administrator and the Treasurer. The Administrator's payroll check is signed by two Board members at each monthly meeting.

Criteria: The GAO Standards – Principle 3 – Establish Structure, Responsibility, and Authority - states in part:

Documentation of the Internal Control System

3.10 Effective documentation assists in management's design of internal control by establishing and communicating the who, what, when, where and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors.

3.11 Management documents internal control to meet operational needs. Documentation of controls, including changes to controls, is evidence that controls are identified, capable of being communicated to those responsible for their performance, and capable of being monitored and evaluated by the entity.

3.12 The extent of documentation needed to support the design, implementation and operating effectiveness of the five components of internal control is a matter of judgement for management. Management considers the cost benefit of documentation requirements for the entity as well as the size, nature, and complexity of the entity and its objectives. Some level of documentation, however, is necessary so that the components of internal control can be designed, implemented and operating effectively.

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Finding 2019-003 – Lack of Internal Controls and Noncompliance Over Fixed Assets Inventory (Repeat Finding)

Condition: Upon inquiry and observation of the fixed assets inventory process of the District, the following weaknesses were noted:

- There were no Board approved policies and procedures implemented for the District’s fixed assets inventory.
- Annual physical verification of fixed assets inventory was not performed.
- The District fixed assets inventory list was incomplete and was not Board approved.
- The District ambulance was not insured for vehicle liability during the audit period as required by state statute.

Additionally, the test of fixed assets inventory reflected the following exception:

- The District ambulance was not documented on the most current fixed assets inventory list.
Ford E450 Ambulance VIN# 1FDXE45F43HA44508

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fixed assets inventory is properly accounted for, maintained, updated, and verified regularly by the District. Further, the Board has not designed and implemented policies and procedures to determine vehicle liability insurance is provided for each vehicle.

Effect of Condition: These conditions resulted in noncompliance with state statute regarding vehicle liability insurance, and could result in errors and improprieties, unrecorded transactions, misappropriation of assets, and/or loss of District equipment.

Recommendation: OSAI recommends policies and procedures be designed and implemented to ensure fixed assets inventory is updated on an ongoing basis. Additionally, OSAI recommends physical inventory verification be completed, documented, and approved annually to verify inventory on hand. Lastly, OSAI recommends that vehicle liability insurance be provided for all vehicles owned by the District in accordance with state statute.

Management Response:

Chairman of the Board: In answer to the fixed assets inventory finding, the District Board has appointed a Chairperson to review the inventory records and physically verify the fixed assets. The Administrator will prepare a fixed assets inventory report to be reviewed by a Board appointed person. After the verification is reviewed, a full report will be filed with the District Board to be voted on as approved in the fixed assets inventory records. The District Board has set a purchase and/or donated dollar limit of \$500 for items that will be included in the fixed assets inventory records. The final inventory list will be voted on and accepted by the District Board in June of each fiscal year. This process will allow for a good, fixed assets inventory report for the audit. Records will be kept at the main station for inspection.

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Auditor Response: The Board did not address the condition that the ambulance was not insured for vehicle liability during the audit period as required by state statute.

Criteria: The GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.24 states in part:

Safeguarding Assets

Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets.

Additionally, Principle 10 – Design Control Activities – Section 10.03 states in part:

Physical control over vulnerable assets

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Title 47 O.S. § 7-600 states:

4. "Compulsory Insurance Law" is the law requiring liability insurance, which provides the minimum vehicle liability limits, in conjunction with the operation of a motor vehicle in this state.

Finding 2019-005 – Lack of Internal Controls and Noncompliance Over the Open Meeting Act

Condition: Upon inquiry of District personnel, the following exceptions were noted regarding the Open Meeting Act:

- The District Board minutes and agendas could not be located for Board meetings for the fiscal year.
- The District did not provide evidence that the County Clerk was notified of the meeting times and dates for regular meetings for each calendar year by December 15 of the preceding year.

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Cause of Condition: Policies and procedures have not been designed and implemented to provide adequate internal controls to ensure meetings are documented with District Board minutes and agendas ensure compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with the state statutes regarding the Open Meeting Act concerning meeting dates and times for regular meetings, and inadequate documentation of agendas and minutes.

Recommendation: OSAI recommends the District Board develop policies and procedures to ensure regular meetings are held at the dates and times specified and filed with the County Clerk . Further, agendas and Board meetings should be documented and maintained in a secure location in accordance with 25 O.S. § 311 and § 312.

Management Response:

Chairman of the Board: The Board now follows the guidelines of the Open Meeting Act. The Board does hold an open forum during the meetings for public participation. Each meeting’s minutes and agenda is kept in a book for audit inspection. The book is filed in the main station.

Criteria: The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Title 25 O.S. § 311(A)(1) states,

Notwithstanding any other provisions of law, all regularly scheduled, continued or reconvened, special or emergency meetings of public bodies shall be preceded by public notice as follows:

All public bodies shall give notice in writing by December 15 of each calendar year of the schedule showing the date, time and place of the regularly scheduled meetings of such public bodies for the following calendar year.”

Title 25 O.S. § 312 (A) states, “The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act.”

O·K·L·A·H·O·M·A
S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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