



# WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT

## Statutory Report

For the fiscal year ended June 30, 2020

**Cindy Byrd, CPA**  
State Auditor & Inspector

**WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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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, 2020.

The goal of the State Auditor & 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 2020**

	<u>FY 2020</u>
Beginning Cash Balance, July 1	<u>\$ 92,467</u>
Collections	
Ad Valorem Tax	51,059
Charges for Services	56,603
Miscellaneous	68
Total Collections	<u>107,730</u>
Disbursements	
Maintenance and Operations	187,195
Provision for interest on Warrants	506
Total Disbursements	<u>187,701</u>
Ending Cash Balance, June 30	<u>\$ 12,496</u>

*Presented for informational purposes*



Weleetka-Graham Emergency Medical Service District  
P.O.Box 445  
Weleetka, OK 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, 2020, 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, 2020 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

August 16, 2022

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2020-001 – Lack of Internal Controls and Noncompliance Over the Open Meeting Act (Repeat Finding)**

**Condition:** Upon inquiry of the Weleetka-Graham Emergency Medical Service District (the District) staff and Board members,

- The District Board agendas were not consistently filed and maintained with the meeting minutes.
- The District Board minutes for the January 9, 2020, meeting could not be located.
- The District Board did not review nor approve to terminate the contract for third-party billing.
- The District Board approved a contract for third-party billing; however, the District Board did not approve the secondary contract for third-party billing.
- The former Administrator entered into contracts for stand-by ambulance service without the District Board’s review and approval in an open meeting.
- The District Board minutes did not document the review and approval of disbursements.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that meetings and agendas are securely maintained, and the actions of the District Board are recorded in the minutes to ensure compliance with state statutes.

**Effect of Condition:** These conditions resulted in noncompliance with the state statutes regarding the Open Meeting Act concerning maintaining and safeguarding agendas and minutes, and lack of documentation of actions in District Board meeting minutes.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends the District Board design and implement policies and procedures to ensure agendas are maintained in accordance with 25 O.S. § 311 and District Board minutes document actions in accordance with 25 O.S. § 312.

**Management Response:**

**District Board Response:** The District Board did not respond to this finding.

**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.

**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

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apply to the entity. Management is expected to set objectives that incorporate these requirements.

Title 25 O.S. § 311(A) 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:[...]”

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.”

**Finding 2020-002 – Lack of Internal Controls and Noncompliance Over Unauthorized Incurrence of Debt**

**Condition:** Based on inquiry of the District staff and Board members, observation of bank records, and a review of the District’s Bylaws, the following exceptions were noted:

- The District Board approved an amendment dated March 21, 2020, to the District’s Bylaws to allow for the incurrence of debt through a bank loan.
- On April 8, 2020, the District incurred unauthorized debt of \$8,000 in the form of a bank loan from a local banking institution for monthly payroll obligations.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that the District Board does not incur unauthorized debt and to ensure compliance with state statute and the Oklahoma Constitution.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and the Oklahoma Constitution regarding the District Board incurring debt that is not statutorily authorized.

**Recommendation:** OSAI recommends that the District Board discontinue the incurrence of debt through bank loans which is in violation of 19 O.S. § 1717 and Article 10 section 9C of the Oklahoma Constitution regarding expending funds in excess of the amount budgeted for disbursement.

**Management Response:**

**District Board Response:** The District Board did not respond to this finding.



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**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 19 O.S. § 1717 states:

“A. No expenditure may be authorized or made by any employee or member of the Board which exceeds any fund balance for any fund of the budget as adopted or amended or which exceeds the appropriation for any fund of the budget as adopted or amended. Any balance remaining in a fund at the end of the budget year shall be carried forward to the credit of the fund for the next budget year.

B. It shall be unlawful for any employee or member of the board in any budget year:

1. To create or authorize creation of a deficit in any fund; or
2. To authorize, make or incur expenditures or encumbrances in excess of ninety percent (90%) of the appropriation for any fund of the budget as adopted or amended until revenues in an amount equal to at least ninety percent (90%) of the appropriation for the fund have been collected. Any fund balance which is included in the appropriation for the fund is considered revenue in the budget year for which it is appropriated. Expenditures may then be made and authorized so long as any expenditure does not exceed any fund balance.”

Article 10 section 9C of the Oklahoma State Constitution allows the sale of bonds as the only manner for incurring debt, as follows:

“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.”

**Finding 2020-003 – Lack of Internal Controls and Noncompliance Over the Billing, Collection and Accounting Processes (Repeat Finding)**

**Condition:** Based on inquiry of District staff and Board members and observation of the collection process, the District has not segregated the following duties of the collections process. The former Administrator performed the following duties:

- Received the mail.
- Opened the mail.
- Issued receipts.
- Posted transactions.

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- Prepared deposits.
- Took deposits to the bank.

The following weaknesses were noted regarding bank accounts and financial records:

- Monthly bank statement reconciliations were not performed.
- An annual financial statement was not prepared.
- Overdraft fees totaling \$250 were charged to the bank account.
- The District Board did not review bank statements.

The District staff and Board members did not provide oversight over the billing process:

- Receipts for payments made to the District could not be located; therefore, a test of the cash composition of deposits could not be completed during this audit period.
- There was no indication of review or approval of someone other than the former Administrator regarding the receipting and billing of ambulance service runs.
- The District did not maintain any billing documentation for ambulance service runs during the fiscal year.
- The District Board did not have policies and procedures designed or implemented regarding writing off delinquent accounts as uncollectable.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure adequate segregation of duties over the collection process, monthly bank reconciliations are performed and verified to the District financial records, reconciliations and financial reports are reviewed and approved by the District Board in the monthly meetings, and an annual cumulative financial statement is prepared. Further, policies and procedures have not been designed and implemented to provide timely and accurate billing of ambulance service runs and maintenance of patient account balances.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, clerical errors and/or in misappropriation of funds not being detected in a timely manner.

Additionally, untimely billing of services and improper maintenance of documentation increases the risk of inaccurate records, incomplete billing information, misappropriation of assets, incurring overdraft fees, and the loss of revenue for the operation of the District.

**Recommendation:** OSAI recommends the District Board provide segregation of duties so that no one employee can perform all duties of the collection and billing process. Internal controls would include separating key processes and/or critical functions of the office and having management review and approve accounting functions. In addition, OSAI recommends that the District design and implement policies and procedures to ensure monthly bank statement reconciliations are performed, and that evidence of the District Board's review and approval is documented. It is further recommended that billing for ambulance services be performed in a timely manner, delinquent accounts to be written off as uncollectable be

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reviewed and approved by the District Board, and that all documentation be properly maintained. Finally, an annual financial statement should be prepared in accordance with 19 O.S. § 1706.

**Management Response:**

**District Board Response:** The District Board did not respond to this finding.

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

*Segregation of duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

*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.

*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.

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 19 O.S. § 1706, states in part,

“It shall be the duty of the board of the district on or before the third Monday of July in each year to produce or cause to be produced and forward to the State Auditor and Inspector a financial statement of the district for the preceding year ending June 30th.”

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**Finding 2020-004 – Lack of Internal Controls and Noncompliance Over Ad Valorem Tax Collections**

**Condition:** A review of the District’s ad valorem tax collections reflected the following exceptions:

- On November 7, 2019, a deposit of \$151 was made ten (10) days after it was remitted to the District.
- An ad valorem tax check totaling \$13,071 was remitted to the District on April 7, 2020. On April 9, 2020, the check endorsed by the former Administrator reflected \$12,871 was deposited into the bank account. Further, the deposit slip indicated a cash back request of \$200 that was not deposited into the bank account.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that all ad valorem tax collections are deposited in a timely manner and in accordance with state statute.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and unrecorded transactions and could result misstated financial reports, undetected errors, and/or misappropriation of funds.

**Recommendation:** OSAI recommends that the District Board design and implement policies and procedures to ensure all deposits are made in a timely manner and that total ad valorem tax funds collected are deposited in accordance with 62 O.S. § 517.3(B).

**Management Response:**

**District Board Response:** The District Board did not respond to this finding.

**Criteria:** 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.

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.

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Title 62 O.S. § 517.3(B) states in part, “The treasurer of every public entity shall deposit daily, not later than the immediately next banking day, all funds and monies of whatsoever kind that shall come into the possession of the treasurer by virtue of the office ...”

**Finding 2020-005 – Lack of Internal Controls and Noncompliance Over Disbursement Process (Repeat Finding)**

**Condition:** Upon inquiry of District staff and Board members, observation of bank records and review of all disbursements, the following internal control weaknesses, absence of District Board oversight and noncompliance with state statutes were noted.

The District *does not have an adequate segregation of duties* to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

The following duties were performed by the former administrator:

- Ordered office supplies.
- Received invoices.
- Prepared purchase orders and printed check.,
- Posted checks to the check register.
- Distributed checks to vendors.

**Local Financial Institution**

A review of all eighty (80) checks reflected the following weaknesses:

- Fifteen (15) checks were not located in the paid check copies provided to OSAI by the local financial institution or the bank statements provided by the District.
- Fifty-five (55) checks were not supported by documentation or an invoice.
- Sixty-two (62) checks were not supported by evidence of a receiving signature or verification of accuracy of the goods and/or the services received.
- Thirty-nine (39) checks were not approved by the Board.

Additionally, check number 1502, dated October 18, 2019, for \$3,186 was paid to the former Administrator; however, the invoice was from CPR and More, Inc. for medical supplies and equipment. There was no evidence that medical supplies and equipment were received.

**Credit Union Bank Accounts**

On October 3, 2019, the District Board authorized the opening of bank accounts with a Credit Union located in Henryetta. The former Administrator obtained a new Employee Identification Number (EIN) and opened five (5) accounts on November 1, 2019. The bank issued debit cards for all accounts. The debit cards for the Daily Operations Account and the Fuel Account were in the possession of the former Administrator.

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**Cash Withdrawals**

The review of the bank statement information indicated twenty (20) cash withdrawals and automatic cash withdrawals from Automatic Teller Machines (ATMs) totaling \$12,735 were made from those accounts as follows:

<b>Bank Account Name</b>	<b>Account Number</b>	<b>Amount</b>
Daily Operations	36138	\$2,128
Fuel	36145	\$457
Payroll	36139	\$700
Utility	36146	\$150
Audit	36147	\$9,300
Total		<u>\$12,735</u>

A test of the twenty (20) ATM withdrawals reflected the following weaknesses:

- Seventeen (17) withdrawals did not have supporting documentation.
- Twenty (20) withdrawals did not have evidence of a receiving signature or verification of accuracy of the withdrawal.
- Nineteen (19) withdrawals were not approved by the Board.
- Eighteen (18) withdrawals were not expenditures for the lawful operation of the District.

**Debit Card Transactions**

**Daily Operations Account**

A review of one hundred (100) disbursements totaling \$9,392 reflected the following weaknesses:

- Sixty-eight (68) disbursements did not have supporting documentation.
- Ninety-seven (97) disbursements did not have evidence of a receiving signature or verification of accuracy of the goods and/or services received.
- Ninety-three (93) disbursements were not reviewed and approved by the District Board.
- Two (2) disbursements were not for the lawful expenditures of the District.
  - Sam’s Club – Tulsa: \$40 cash back requested on a receipt for \$81.
  - Stanley’s Get-It-Today-\$375 down payment for office furniture that was not approved by the District Board. Further, there was no evidence that the District received the furniture.

**Fuel Account**

A test of forty-five (45) disbursements totaling \$1,958 reflected the following weaknesses:

- Forty-two (42) disbursements did not have proper supporting documentation.
- Forty-five (45) disbursements did not have evidence of a receiving signature or verification of accuracy.
- Forty-five (45) disbursements were not reviewed and approved by the District Board.

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**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that disbursement duties are sufficiently segregated, that verification of receipt of goods and/or services are documented, that District Board approval of payments are documented, and that disbursements are for lawful operations of the District.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, clerical errors, and/or misappropriation of funds not being detected in a timely manner.

**Recommendation:** OSAI recommends the District Board provide segregation of duties so that no one employee can perform all accounting functions. If 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 and having the District Board review and approve accounting functions. Also, OSAI recommends the District implement a system of internal controls to ensure that all disbursements have proper supporting documentation and are expended for the lawful operation of the District in accordance with 19 O.S. § 1710.1(A).

Additionally, OSAI recommends the following:

- Verification of receipt of all goods and/or services.
- District Board approval of each purchase with the approval listed in the minutes by check number and amount.

**Management Response:**

**District Board Response:** The District Board did not respond to this finding.

**Criteria:** The GAO Standards – Principal 10 – Design Control Activities – 10.03 states in part:

*Segregation of duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

*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 lifecycle 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.

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The GAO Standards – Section 2 – Objectives of an Entity – OV 2.23 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 19 O.S. § 1710.1(A) requires that funds be expended “for the support, organization, operation, and maintenance of district ambulance services.”

**Finding 2020-007 – Lack of Board Oversight and Internal Controls Over the Payroll Process**

**Condition:** After inquiry with District staff and Board members and a test of payroll for the pay period of January 24, 2020 through February 7, 2020, the following weaknesses were noted:

- Two (2) employees’ payroll checks tested were not supported with timesheets or other documentation of hours worked.
- The former Administrator was the signor on payroll checks for employees; however, the former Administrator was not authorized by the District Board as a signor.
- Documentation of leave records for the District staff could not be located; therefore, leave test work could not be performed.

Additionally, a review of fifty (50) payroll checks totaling \$45,389 were not approved by the Board.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that employees and supervisors verify the accuracy of timesheets and the District Board approve payroll checks. Further, policies and procedures have not been designed and implemented to ensure that leave balances are accurately maintained, reviewed, and approved by the designated supervisor and/or the District Board.

**Effect of Condition:** These conditions resulted in inaccurate recordkeeping, incorrect payroll disbursements, and inaccurate leave accruals and balances.

**Recommendation:** OSAI recommends the District ensure all employees prepare timesheets and that each timesheet has evidence of an employee signature and review and approval by the supervisor. Further, OSAI recommends payroll checks be reviewed and approved by the District Board. Additionally, leave balances should be accurately maintained, reviewed and approved by the District to ensure accuracy and completeness.

**Management Response:**

**District Board Response:** The District Board did not respond to this finding.



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

*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.

The GAO Standards – Principle 13 – Use Quality Information– 13.04 states:

*Relevant Data from reliable Sources*

Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with or bearing upon the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

**Finding 2020-008 – Lack of Internal Controls Over the Fixed Assets Inventory Process (Repeat Finding)**

**Condition:** Upon inquiry of District staff and the Board Chairman, and observation of fixed assets inventory listings, the following weaknesses were noted:

- A policy for the safeguarding of fixed assets was signed by two (2) District Board members and dated October 17, 2019. The policy listed the Board Chairman as the appointed District Board member to oversee the verification of fixed assets.

The District prepared a handwritten fixed assets inventory listing and an electronic version of the fixed assets listing. The following weaknesses were noted in observation of both fixed assets inventories:

- The dollar amount and all the serial numbers were not included on either of the lists.
- Evidence of annual physical verification of fixed assets was not documented on either of the lists.

Additionally, a review of the District’s thirty-nine (39) items on the fixed assets inventory list reflected the following weaknesses:

- According to Oklahoma Tax Commission registration documentation, the District owned four (4) ambulances; however, these ambulances were not listed on the fixed assets inventory lists.

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- One (1) ambulance, Unit #3, a 1994 Ford E300 Econoline with VIN 1FDJE30M7RHB570092, could not be visually verified.
- Six (6) items on the inventory lists could not be located during the physical verification.

<b>Item</b>	<b>Serial #</b>	<b>Model #</b>
Pocket Doppler	304048-M16304D4D185	Sonotrax Basic
Printer	X6AZ132427	C614B
Handheld Radio	LC192430139	TPEB1D
IV Pump	2860-57149	N/A
Cardiac Monitor	US00213262-33618939	N/A
Coffee Pot (Black)	2003398	511400

**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.

**Effect of Condition:** These conditions could result in errors and improprieties, unrecorded transactions, and the misappropriation of assets or the loss of District equipment.

**Recommendation:** OSAI recommends that policies and procedures be implemented to ensure fixed assets inventory is updated on an ongoing basis and the District Board establish a dollar limit for the inclusion of fixed assets on a fixed assets inventory. Furthermore, OSAI recommends annual physical fixed assets inventory verification by someone other than the individual maintaining the fixed assets inventory. OSAI further recommends that all items being disposed of, be approved by the District Board in a public meeting.

**Management Response:**

**District Board Response:** The District Board did not respond to this finding.

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

*Safeguarding of 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.

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**Finding 2020-009 – Lack of Internal Controls Over the Former Administrator’s Service Contract**

**Condition:** Upon inquiry of District staff and Board members regarding the former Administrator’s contract for services and observation of the contract, the following exception was noted:

- The contract provided by the former Administrator was not approved by the District Board and was dated October 24, 2020, which was after the dates of service.
- Payments made to the former Administrator were for the period of August 19, 2019, through April 16, 2020.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure contracts are approved timely by the District Board during an open meeting.

**Effect of Condition:** This condition could result in errors and improprieties, unrecorded transactions, misappropriation of assets and insufficient District Board oversight of the duties.

**Recommendation:** OSAI recommends that the District Board design and implement policies and procedures to ensure contracts are approved timely during an open meeting and compliance with the provisions of approved contracts are monitored by the Board.

**Management Response:**

**District Board Response:** The District Board did not respond to this finding.

**Criteria:** 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.

The GAO Standards – Section 2 – Objectives of an Entity – OV 2.23 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.

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**Finding 2020-011 – Lack of Internal Controls Over Emergency Medical Service District Membership Dues**

**Condition:** Residents within the boundaries of the District were offered an annual membership at a cost of \$65 per household to offset additional ambulance service costs not paid by insurance. Records of the membership fees did not appear to be complete.

A review of sixteen (16) membership applications and dues reflected the following weaknesses:

- Six (6) membership dues recorded as paid could not be traced to a deposit to the District’s bank accounts.
- The remaining ten (10) membership dues recorded could not be verified as paid due to lack of documentation.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that membership dues paid by residents of the District are properly documented and maintained, and timely deposited to the appropriate bank account.

**Effect of Condition:** Improper maintenance of receipts and deposits could result in inaccurate records, incomplete information, misappropriating assets, and/or loss of revenue. Additionally, this improper maintenance of documentation could result in members not receiving full benefits associated with their membership dues.

**Recommendation:** OSAI recommends the District design and implement policies and procedures to ensure that all membership documentation and receipts associated with the payment of dues be maintained in a secure location and timely deposited in the District’s bank account.

**Management Response:**

**District Board Response:** The District Board did not respond to this finding.

**Criteria:** 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

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operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

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



**Cindy Byrd, CPA | State Auditor & Inspector**

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