



WYNNEWOOD EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

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

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Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

September 13, 2021

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

Transmitted herewith is the audit report of Wynnewood 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



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

	<u>General Fund</u>
Beginning Cash Balance, July 1	<u>\$ 110,859</u>
Collections	
Ad Valorem Tax	<u>278,211</u>
Total Collections	<u>278,211</u>
Disbursements	
Maintenance and Operations	5,766
Audit Expense	<u>10,453</u>
Total Disbursements	<u>16,219</u>
Ending Cash Balance, June 30	<u><u>\$ 372,851</u></u>

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

Wynnewood Emergency Medical Service District
207 W. Robert S. Kerr Blvd
Wynnewood, Oklahoma 73098

**TO THE BOARD OF DIRECTORS OF THE
WYNNEWOOD 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 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 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 Wynnewood 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 Wynnewood 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 Wynnewood 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

July 20, 2021

**WYNNEWOOD EMERGENCY MEDICAL SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2019-002 – Lack of Internal Controls and Noncompliance Over the Collection Process (Repeat Finding)

Condition: Upon inquiry of Wynnewood Emergency Medical Service District (the District) Board members regarding the collection process, the following weaknesses were noted:

- One Board member receives the mail, opens the mail, prepares the deposit, and makes the deposit.
- Evidence of Board review and approval of financial records was not documented, which includes bank statements, ad valorem collections, bank reconciliations, and financial statements.

In addition, a test of all twelve (12) ad valorem tax deposits, for the fiscal year reflected the following weakness:

- In four (4) instances, ad valorem tax remittances totaling \$93,285.71 were deposited between seven (7) and forty-two (42) days after the remittances were issued by Garvin County.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the duties of the collection process were adequately segregated, bank reconciliations were reviewed by someone other than the preparer, the review of financial records was documented, and ad valorem tax remittances were timely deposited.

Effect of Condition: This condition of not timely depositing funds timely resulted in noncompliance with state statute. These internal control conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or the misappropriation of funds.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the District Board be aware of these conditions and determine if duties can be properly segregated. 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 management review and approval of financial records, which includes bank statements, ad valorem collections, bank reconciliations and financial statements. Additionally, the District Board should document the review and approval of financial records.

Furthermore, OSAI recommends the District design and implement policies and procedures to deposit all ad valorem tax remittances in a timely manner in accordance with 62 O.S. § 517.3 B.

Management Response:

Chairman of the Board: The Board is aware of this condition and will work to implement compensating controls to mitigate the risks involved with a concentration of duties. Some of this controls include depositing daily remittances provided by Garvin County and implementing a signed receipt of acceptance for received EMS mail.

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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.

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.

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 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 2019-003 – Lack of Internal Controls Over the Disbursement Process (Repeat Finding)

Condition: Upon inquiry of District Board members regarding the disbursement process, the following weaknesses were noted :

- One Board member prepared the checks, was an authorized check signer, maintained all accounting records, checked invoices for accuracy, and ordered and received goods and/or services.
- The District did not maintain a check register and did not prepare claims for Board approval of payment.

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Additionally, a test of twelve (12) disbursements reflected the following exceptions:

- Ten (10) disbursements could not be traced to an invoice.
- Seven (7) disbursements issued could not be determined if they were approved in the Board minutes due to no check numbers or amounts listed in the minutes.
- One (1) check was issued for \$1,050.00; however, the minutes reflect the District Board only approved \$1,000.50.

Cause of Condition: The District has not designed and implemented policies and procedures to sufficiently segregate the disbursement process. Additionally, policies and procedures have not been designed and implemented to ensure accuracy of invoices and Board approval of disbursements was documented in the minutes.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, clerical errors or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends that management be aware of these conditions and determine if duties can be properly segregated. 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 management review and approval of accounting functions. OSAI recommends evidence of the Board's review process be clearly documented to provide a mitigating control over the lack of segregation of duties for the disbursement process.

Additionally, OSAI recommend that the District prepare claims for disbursements including all invoices, and Board approval of disbursements are verified for accuracy and documented in the District's Board minutes.

Management Response:

Chairman of the Board: The Board has hired an accounting firm to handle and prepare disbursements and statements which will be submitted to the Board for review, approval and evidence of signing.

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.

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

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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.

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