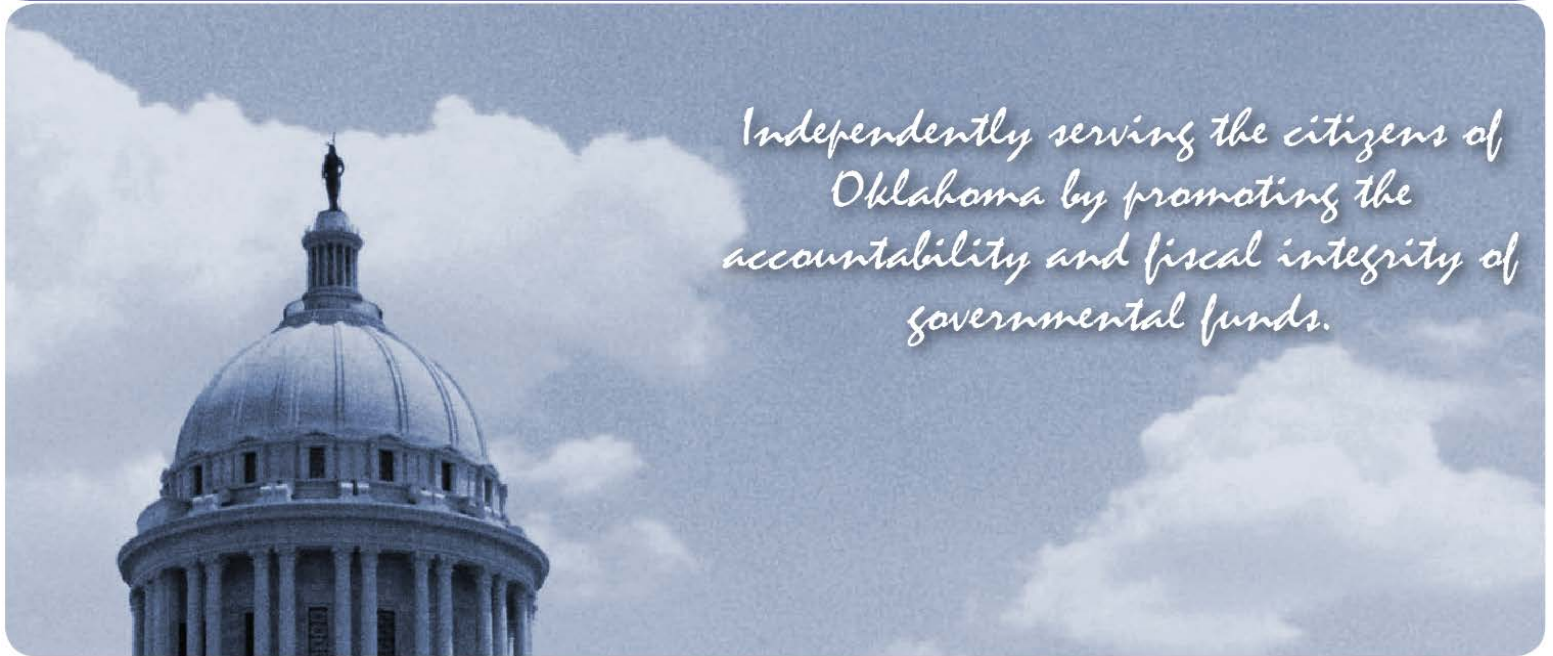


STATUTORY REPORT

WYNNEWOOD EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2016



*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

**WYNNEWOOD EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 1706.1, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

June 28, 2017

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

Transmitted herewith is the audit report of Wynnewood Emergency Medical Service District for the fiscal year ended June 30, 2016.

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

**WYNNEWOOD EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2016

Beginning Cash Balance, July 1	<u>\$ 95,153</u>
Collections	
Ad Valorem Tax	<u>223,653</u>
Total Collections	<u>223,653</u>
Disbursements	
Contract Services	200,851
Maintenance and Operations	3,306
Audit Expense	<u>2,516</u>
Total Disbursements	<u>206,673</u>
Ending Cash Balance, June 30	<u><u>\$ 112,133</u></u>

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



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

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 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 2016 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.

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

May 24, 2017

**WYNNEWOOD EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2016-1 - Inadequate Internal Controls and Noncompliance over the Audit Expense Budget Account (Repeat Finding)

The District did not appropriate the statutorily prescribed amount to the audit expense budget account. The balance from the prior years' audit expense budget accounts was not carried forward into the current year budget for the audit expense budget account. The amount budgeted was \$8,799.43; however, the amount calculated and carried forward should have been \$21,135.87. This resulted in the audit expense budget account being underfunded in the amount of \$12,336.44.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the audit expense budget account is accurately budgeted in accordance with statutory requirements.

Effect of Condition: This condition resulted in noncompliance with the state statute and the audit expense budget account being underfunded for the fiscal year.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the District implement a system of internal controls to provide reasonable assurance that one-tenth mill upon the net total assessed valuation be set aside in the audit expense budget account and that any unused portion be carried forward into the next year's audit expense budget account in accordance with 19 O.S. § 1706.1.

Chairman of the Board: The Board will contact the accounting firm to ensure that this finding is rectified, and the Board will make a request to the Oklahoma State Auditor and Inspector that unused funds be lapsed into the District's budget to be used for the operation of the District.

Criteria: Accountability and stewardship are overall goals of management in 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 mil annual ad valorem levy upon the net total assessed valuation of the District for audit expenses.

Finding 2016-2 - Inadequate Internal Controls Over the Collection and Disbursement Processes (Repeat Finding)

Condition: Upon inquiry of District personnel and Board members with regard to the collection of revenue process, we noted the following weaknesses:

- One employee or volunteer opens the mail, sorts the mail, processes payments, prepares the deposit, delivers or mails the deposit to the bank, and reconciles the bank statement.

**WYNNEWOOD EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

- There was no evidence of review by an employee or Board member independent of the process of the monthly bank reconciliations.

Upon inquiry of District personnel and observation of the District's disbursement process, the following was noted:

- One employee prepares printed checks, enters information into the accounting records, reconciles the bank statements to the accounting records, and orders goods and/or services and also receives goods and/or services.

Cause of Condition: Policies and procedures have not been designed and implemented due to the District having only one volunteer to perform the duties of revenue collection and the disbursement processes.

Effect of Condition: A single employee having responsibility for more than one area of the collection and disbursement process could result in unrecorded transactions, misstated financial reports, undetected errors, or the misappropriation of funds.

Recommendation: OSAI recommends that management be aware of these conditions and determine if duties can be properly segregated. 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, and having management review and approval of accounting functions. We recommend evidence of the Board's review process be clearly documented so as to provide a mitigating control over the lack of segregation of duties for the receipting, depositing, and reconciling processes and the disbursements of funds process. Additionally, we recommend the duty of ordering goods and or services be separated from the duty of receiving those goods and or services to provide segregation of duties over the disbursement process.

Chairman of the Board: The Board Secretary is currently balancing the bank statements as well as ensuring that deposits are made and that invoices are paid in a timely manner. The Board is aware of the difficulty in segregating duties. The addition of a new Board member could possibility alleviate this condition.

Auditor Response: OSAI recommends the Board involve other volunteer Board members in the process of collecting, depositing and reconciling bank statements as evidenced by Board minutes in which the other Board members review and reconcile the deposits to the receipts, and bank statement reconciliation by documenting the review with initials and dates of the Board members. Additionally, we recommend the disbursement process include evidence of review and Board approval in the Board minutes and documentation of the review with initials and dates of Board members.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to the achievement of the entity's objectives with regard to the reliability of financial reporting. Effective internal controls require that key functions within a process be

**WYNNEWOOD EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

adequately segregated to allow for the prevention and detection of errors and possible misappropriation of funds.

Finding 2016-3 – Inadequate Internal Controls Over the District’s Service Provider Contracts

Condition: Upon inquiry and observation of the District’s service provider contracts with Pauls Valley General Hospital, we noted the following exceptions:

- The contract for fiscal year 2015-2016 was not renewed by the District until May 16, 2016.
- The payment to the provider was made for the period June 2, 2015 through May 2, 2016 as opposed to July 1, 2015 through June 30, 2016 as stated in the contract.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure contracts were renewed in a timely manner and District compliance with contractual obligations.

Effect of Condition: These conditions resulted in noncompliance with contractual obligations for the fiscal year 2015-2016. Further, these conditions could result in undetected errors or misappropriation of funds.

Recommendation: OSAI recommends that the District implement a system of internal controls to ensure the District is in compliance with their contractual obligations with regard to maintaining the contracts and meeting the financial obligations of the contractual agreements.

Chairman of the Board: The District’s Attorney stated the Board has always paid a year behind because the ad valorem taxes have not been collected at the time of the execution of the contract.

Auditor Response: While we understand that the contracted amounts to be paid to the contractor result from the ad valorem tax valuation from the previous tax year, we recommend the contract period for the fiscal year be renewed for the that fiscal year in order to provide assurance that the District has obligated funds for the fiscal year under contract in that same fiscal year.

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 of contractual obligations.



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV