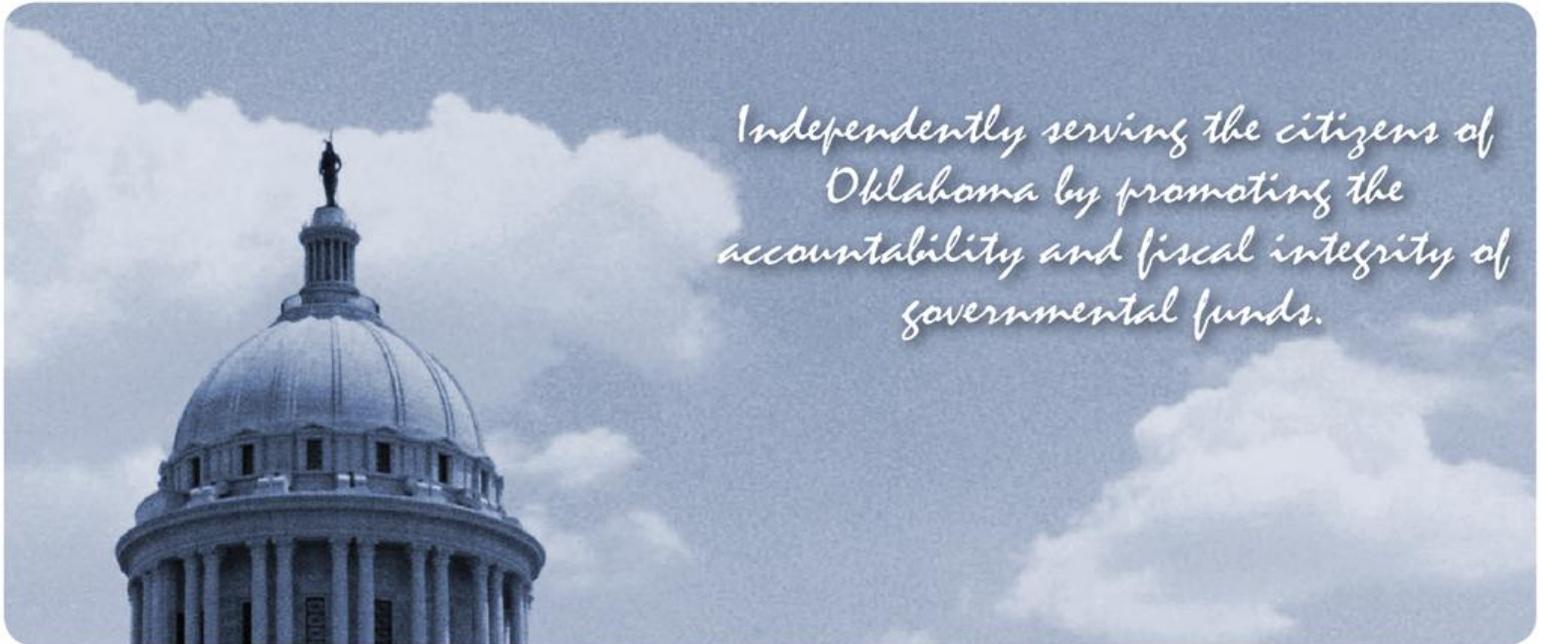


STATUTORY REPORT

# WYNNEWOOD EMERGENCY MEDICAL SERVICE DISTRICT

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



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

**WYNNEWOOD 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 6, 2014

**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 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

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

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**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	\$ 57,901	\$ 86,209
Collections		
Ad Valorem Tax	135,732	118,603
Miscellaneous	-	-
Total Collections	<u>135,732</u>	<u>118,603</u>
Disbursements		
Maintenance and Operations	107,424	114,952
Audit Expense	-	-
Total Disbursements	<u>107,424</u>	<u>114,952</u>
Ending Cash Balance, June 30	<u>\$ 86,209</u>	<u>\$ 89,860</u>

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

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

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**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	\$ 89,860	\$ 101,367
Collections		
Ad Valorem Tax	151,914	198,675
Miscellaneous	-	-
Total Collections	<u>151,914</u>	<u>198,675</u>
Disbursements		
Provider Contract	-	-
Maintenance and Operations	140,407	179,673
Audit Expense	-	-
Total Disbursements	<u>140,407</u>	<u>179,673</u>
Ending Cash Balance, June 30	<u>\$ 101,367</u>	<u>\$ 120,369</u>

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



# Oklahoma State Auditor & Inspector

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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 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 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, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

September 30, 2014

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

**Finding 2014-1 - Funding of Audit Expense Account**

**Condition:** For the period of July 1, 2009 through June 30, 2013, it was noted that the District did not appropriate the mandatory one-tenth mill to the audit budget account.

**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:** The Oklahoma State Auditor & Inspector's Office (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 lapsed into the next year audit expense account in accordance with 19 O.S. § 1706.1.

**Management Response:**

**District Board:** The Board will work to correct this issue.

**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 2014-2 - Inadequate Controls Over the Revenue Process**

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

**Cause of Condition:** Procedures have not been designed and implemented due to the District having only one volunteer to perform the duties of revenue collection.

**WYNNEWOOD EMERGENCY MEDICAL SERVICE DISTRICT  
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**Effect of Condition:** A single employee having responsibility for more than one area of the collection 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 provided a mitigating control over the lack of segregation of duties for the receipting, depositing , and reconciling processes.

**Management Response:**

**District 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. The Board will also start documenting the review of the monthly bank reconciliations.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. 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. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

**Finding 2014-3 - Inadequate Internal Controls Over the Disbursement Process**

**Condition:** Upon inquiry of employees 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.
- Not all checks are signed by two District Board members as required by the District check writing policy.

Further, in the test of 21 disbursements, the following exceptions were noted:

- Five disbursements had no evidence of a receiving signature or verification of accuracy on the invoice.
- Two disbursements did not have proper supporting documentation (invoices).
- One was not approved in the District Board minutes.

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

**Recommendation:** 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:**

**District 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. As for the exceptions noted, the Board will work to ensure that all disbursements have original invoices and documentation that the goods and or services were received.

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

**Finding 2014-4 - Inadequate Internal Controls Over the Estimate of Needs**

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

- Ad Valorem taxes apportioned by the County Treasurer do not agree to the collections as reported on the Estimate of Needs for the fiscal year 2011.
- Total warrants issued on the Estimate of Needs do not agree to the actual warrants issued for fiscal year 2011.

**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.

**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.

**WYNNEWOOD EMERGENCY MEDICAL SERVICE DISTRICT  
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Further, OSAI recommends the District Administrator or a member of the Governing Board compare the Estimate of Needs to District records and the County Treasurer to ensure collections, disbursements, and cash balances are accurately presented on the Estimate of Needs.

**Management Response:**

**District Board:** This was an oversight caused when the City's advolrem taxes for the month of August were mistakenly deposited into the EMS District's account. The error was corrected the following month.

**Criteria:** Internal controls should be designed to ensure the 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.