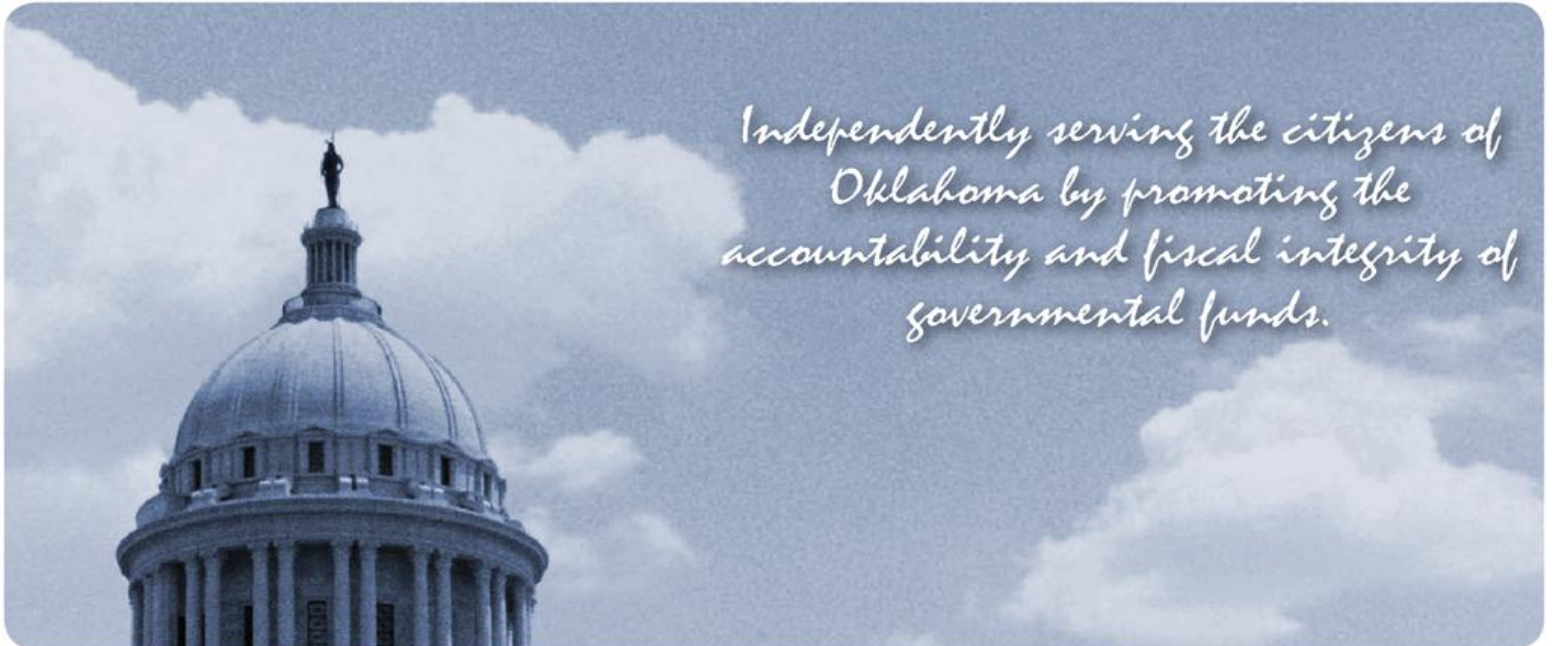


STATUTORY REPORT

# YALE EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2007 through June 30, 2013



*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

**YALE EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE PERIOD JULY 1, 2007 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

December 18, 2014

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

Transmitted herewith is the audit report of Yale Emergency Medical Service District for the period July 1, 2007 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

**YALE EMERGENCY MEDICAL SERVICE DISTRICT  
 STATUTORY REPORT  
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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	\$ 54,496	\$ 54,658
Collections		
Ad Valorem Tax	32,048	35,257
Miscellaneous Revenue	-	11
Total Collections	<u>32,048</u>	<u>35,268</u>
Disbursements		
Maintenance and Operations	<u>31,886</u>	<u>20,057</u>
Total Disbursements	<u>31,886</u>	<u>20,057</u>
Ending Cash Balance, June 30	<u>\$ 54,658</u>	<u>\$ 69,869</u>

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



# Oklahoma State Auditor & Inspector

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Yale Emergency Medical Service District  
P.O. Box 143  
Yale, Oklahoma 74085

## **TO THE BOARD OF DIRECTORS OF THE YALE 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 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 Yale Emergency Medical District Service.

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 Yale 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 Yale 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

December 15, 2014

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

**Finding 1 – Lack of Segregation of Duties Over Receipting**

**Condition:** While gaining an understanding of the receipting, depositing, and reconciling functions of the Yale Emergency Medical Service District (the District) we noted the following:

- The Treasurer is responsible for receiving payments, preparing and making deposits, and reconciling records.
- No bank reconciliations were noted in District records for the period of July 2007 through February 2009.
- Bank reconciliations were not initialed and dated to reflect when they occurred and reconciliations are not reviewed by someone other than the preparer for accuracy.
- On June 17, 2009 a deposit was noted on the bank statement, but it was not recorded until July 2009 by the District.

**Cause of Condition:** The District has not designed and implemented policies and procedures to sufficiently segregate the receipting, recording, and reconciling processes.

**Effect of Condition:** A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends management be aware of these conditions and determine how to properly segregate duties, and to ensure bank reconciliations are prepared monthly and reviewed and initialed by an individual other than the preparer. OSAI further 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 approve the accounting functions.

**Management Response:** We agree and will work to segregate duties.

**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 2 – Expenditure Process**

**Condition:** While testing expenditures for the District the following exceptions were noted:

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- For the period July 1, 2007 through June 30, 2008, of the 25 expenditures tested 23 did not have evidence of a receiving signature. Additionally, two expenditures could not be traced to Board minutes for approval, and two expenditures were voided without the supporting documentation being retained.
- For the period July 1, 2008 through June 30, 2009, of the 25 expenditures tested 23 did not have evidence of a receiving signature.
- For the period July 1, 2009 through June 30, 2010, of the 25 expenditures tested 18 did not have evidence of a receiving signature. Additionally, one of the expenditures tested did not have supporting documentation available for review, nor was the expenditure able to be traced to Board minutes for approval.
- For the period July 1, 2010 through June 30, 2011, of the 25 expenditures tested 25 did not have evidence of a receiving signature or verification of accuracy on the invoice.
- For the period July 1, 2012 through June 30, 2013, of the 23 expenditures tested 5 did not have evidence of a receiving signature or verification of accuracy on the invoice.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure invoices are verified for accuracy or signed by the receiving agent, or to ensure board approval exists for all expenditures incurred.

**Effect of Condition:** These conditions could result in inaccurate records, incomplete information, or misappropriation of assets.

**Recommendation:** OSAI recommends that the District implement a system of internal controls to ensure all items received are reviewed for accuracy, and that all expenditures have board approval and proper supporting documentation maintained for management review and audit purposes.

**Management Response:** We have implemented procedures to correct this condition. We now sign a receiving report for each purchase order. Everything needs board approval and we will address issues.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to help achieve the entity's objectives with regard to the reliability of financial reporting. A key factor in this system is designating a receiving officer to sign a receiving report or the invoice to confirm that goods and/or services were received.

### **Finding 3 – Lack of Board Minute Support for Bid Acceptance**

**Condition:** It was noted during our test of bids solicited by the District that a bid on heart monitors was accepted without the minutes providing justification and approval for awarding the bid to a bidder other than the lowest bidder.

**Cause of Condition:** Policies and procedures have not been designed to ensure all relevant discussion concerning bids is recorded in the District Board minutes in accordance with 19 O.S. § 1505.B.4.



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**Effect of Condition:** This condition resulted in noncompliance with state statutes, inaccurate records, and incomplete information.

**Recommendation:** OSAI recommends that the District adhere to the County bid process and all requirements referenced therein. One of these requirements is that Board minutes should always provide justification and approval of awarding the bid to a bidder other than the lowest bidder.

**Management Response:** It was discussed in the Board meeting why the lowest and best bid was not accepted. The reason was it just did not get put into the Board minutes.

**Criteria:** 19 O.S. § 1723 requires EMS Districts to make purchases in accordance with the county purchasing procedures as outlined in 19 O.S. § 1505. Title 19 O.S. § 1505.B.4, states in part, "...any time the lowest bid was not considered to be the lowest and best bid, the reason for such conclusion shall be recorded."

**Finding 4 – Funding of Audit Expense Account**

**Condition:** For the period of July 1, 2009 through June 30, 2013, the District did not appropriate the mandatory one-tenth mill to the audit budget account. Further, balances from previous years were not properly carried forward.

**Cause of Condition:** Policies and procedures have not been designed to ensure compliance with 19 O.S. § 1706.1.

**Effect of Condition:** This condition resulted in noncompliance with state statute and under-funding of the audit expense account.

**Recommendation:** 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:** On July 17, 2013, the County Clerk called the budget maker to make sure that this condition is corrected.

**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. If this balance is not used during the fiscal year, it is to be carried forward into the following fiscal year.

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**Finding 5 – Not Providing Ambulance Transport Services**

**Condition:** The District is operating as a first responder unit only without making transport runs.

**Cause of Condition:** The District does not own an ambulance, and they are not providing transport run services.

**Effect of Condition:** Procedures have not been designed to ensure compliance with Article 10 § 9C of the Oklahoma Constitution which specifically refers to ambulance services as a function of a District.

**Recommendation:** OSAI recommends the District evaluate how they can ensure compliance with the Oklahoma Constitution and the requirement of providing ambulance services. This could include contracting out for such services, or exploring other options.

**Management Response:** Cushing is our ambulance provider. We will draft a new contract.

**Criteria:** Article 10 § 9C of the Oklahoma Constitution depicts an Emergency Medical Service District can be voted on and established "...for the purpose of providing funds for the purpose of support, organization, operation and maintenance of district ambulance services, known as emergency medical service districts..."



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