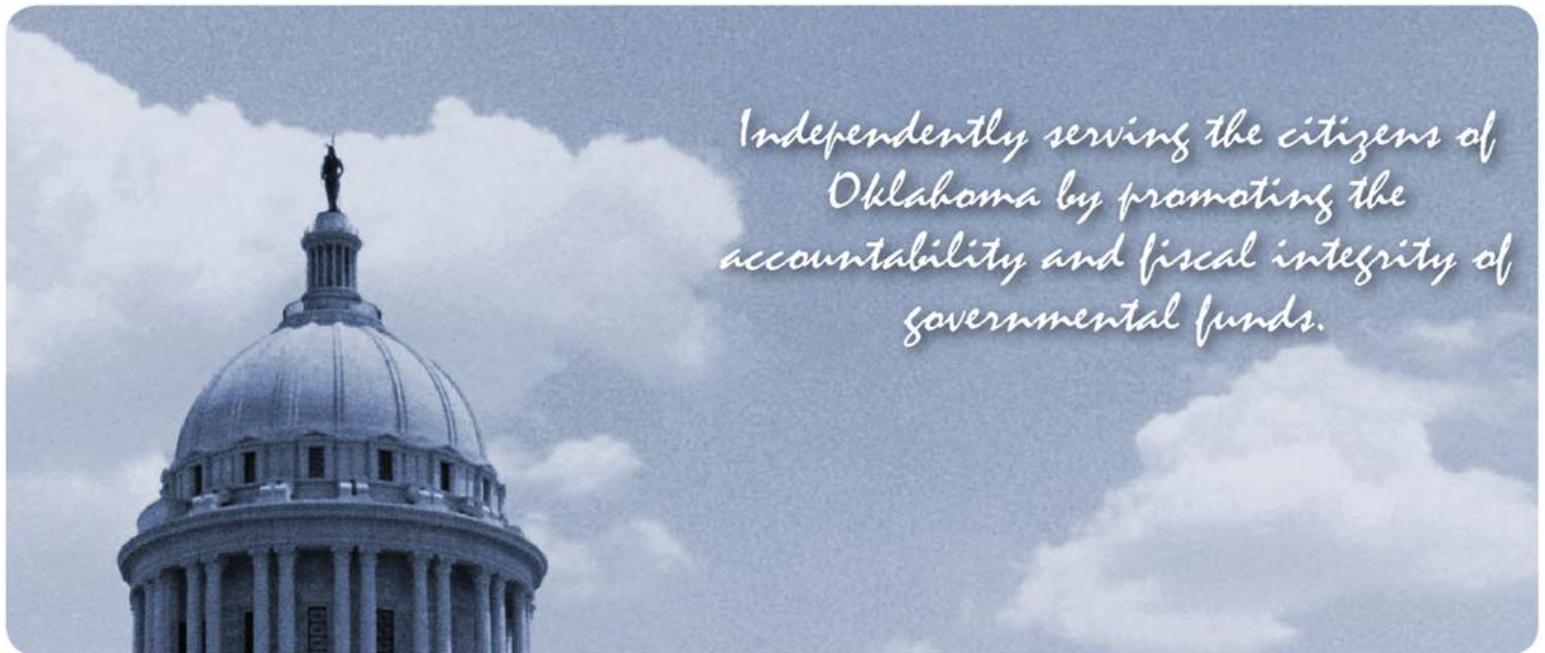


STATUTORY REPORT

YALE EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2013 through June 30, 2015



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

**YALE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD JULY 1, 2013 THROUGH JUNE 30, 2015**

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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

November 8, 2016

**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, 2013 through June 30, 2015.

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 fluid and cursive, with the first name "Gary" being the most prominent.

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

**YALE EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2014 and FY 2015

| | <u>FY2014</u> | <u>FY2015</u> |
|--------------------------------|------------------|------------------|
| Beginning Cash Balance, July 1 | \$ 69,869 | \$ 77,541 |
| Collections | | |
| Ad Valorem Tax | 36,826 | 40,627 |
| Charges for Services | 487 | 854 |
| Miscellaneous | 11 | 12 |
| Total Collections | <u>37,324</u> | <u>41,493</u> |
| Disbursements | | |
| Maintenance and Operations | 29,652 | 29,155 |
| Audit Expense | - | - |
| Total Disbursements | <u>29,652</u> | <u>29,155</u> |
| Ending Cash Balance, June 30 | <u>\$ 77,541</u> | <u>\$ 89,879</u> |

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



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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 2014 and FY 2015 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 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 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 that reads "Gary A. Jones". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

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

August 30, 2016

**YALE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2013 THROUGH JUNE 30, 2015**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-1 – Inadequate Internal Controls Over Ambulance Transport Services and Noncompliance with State Statute (Repeat Finding)

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:

Yale Emergency Medical Service Board President: The Yale EMS Director is working with the City of Cushing to come to an agreement on new contract and to start paying the City of Cushing a fee for ambulance runs. In a previous meeting Yale EMS voted to stop paying the City of Cushing for the ambulance runs.

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...”

Finding 2015-2 – Inadequate Internal Controls Over Apportionment of the District Board

Condition: Upon review of the District, the following weaknesses exist:

- The District’s Board is not appointed by the County Commissioners.
- The District’s Board does not maintain a minimum of five (5) members.
 - For fiscal year 2014, one (1) month the Board only had three (3) members, and four (4) months the Board only had four (4) members.
 - For fiscal year 2015, six (6) months the Board only had four (4) members.

Cause of Condition: The District appoints their own Board members and they do not maintain a minimum of five members at all times.

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Effect of Condition: Policies and procedures have not been designed and implemented to ensure compliance with Article 10 § 9C(a) of the Oklahoma Constitution which specifically states the County Commissioners are to appoint the District's Board and it shall be composed of not less than five members.

Recommendation: OSAI recommends the District comply with the Oklahoma Constitution and allow the County Commissioners to compose a minimum of five members to the District Board at all times.

Management Response:

Yale Emergency Medical Service Board President: Yale EMS will work with Payne County to appoint Board members as needed. Yale EMS has (5) five members currently. As need arises we will work with Payne County to appoint new members.

Criteria: Article 10 § 9C(a) states in part, "Each district which is herein authorized, or established, shall have a board of trustees composed of not less than five members. Such trustees shall be chosen jointly by the board or boards of county commissioners..."

Finding 2015-3 – Inadequate Internal Controls and Noncompliance Over Audit Expense Account (Repeat Finding)

Condition: 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: Procedures have not been designed and implemented to ensure compliance with 19 O. S. § 1706.1.

Effect of Condition: This condition resulted in noncompliance with the statute and underfunding of the audit expense account.

Recommendation: OSAI recommends that the District implement policies and procedures 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 carried forward into the next year audit expense account in accordance with 19 O.S. § 1706.1.

Management Response:

Yale Emergency Medical Service Board President: Yale EMS will open an Audit Expense line in the budget that will be Restricted funds for all audit expenses. The mandatory one-tenth mill will be added to that restricted line.

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.

**YALE EMERGENCY MEDICAL SERVICE DISTRICT
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Title 19 O.S. § 1706.1 states, “The net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation in any emergency medical service district for any year which shall be authorized and mandatorily required to be appropriated and dedicated to emergency medical service district audit shall henceforth be restricted to and used only for audit survey and reporting receipt, disbursement and management of emergency medical service district affairs financed by ad valorem levy and miscellaneous revenues other than ad valorem taxation accruing to the general fund of the emergency medical service district, whether such audit be in the performance of duties charged to the State Auditor and Inspector and instigated at the State Auditor and Inspector's own initiative and directive, on request of the board of trustees of the emergency medical service district, on request of the board of county commissioners of such county or on order of the Governor as provided by Section 212 of Title 74 of the Oklahoma Statutes. If, after completion of audit of all emergency medical service district accounts so financed, and report thereof, including report of audit of cash funds where possible, as provided by this section, unless there be directive from the Governor for other and/or further inquiry, the board of trustees of the emergency medical service district may, upon certificate of completion by the State Auditor and Inspector, request that any unexpended and unencumbered balance of appropriation therein be, by the board of trustees of the emergency medical service district, lapsed and canceled and the revenues restricted thereby revert to surplus, available for appropriation to any lawful emergency medical service district purpose.”

Finding 2015-4 – Inadequate Internal Controls and Noncompliance with State Statute Over District Board Meeting Minutes

Condition: Upon review of the District's Board meeting minutes, the following weaknesses were noted:

- Board minutes for July and August 2013 could not be located.
- Board minutes for December 2014, and January through May 2015 could not be located.

Cause of Condition: Policies and procedures have not been designed and implemented with regards to the state statute. The District failed to ensure that Board meeting minutes were written in detail and maintained in a safe and secure location.

Effect of Condition: These conditions appear to have resulted in noncompliance with state statute. Additionally, failure to provide adequate internal controls over recordkeeping of Board minutes resulted in incomplete records.

Recommendation: OSAI recommends the Board adhere to state statute 25 O.S. § 312(a) regarding meeting minutes being reviewed for accuracy and signed as verification of this review. OSAI also recommends the District Board meeting minutes be maintained in a safe and secure location.

**YALE EMERGENCY MEDICAL SERVICE DISTRICT
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Management Response:

Yale Emergency Medical Service Board President: Board Minutes are being kept with hard copies for every meeting going forward. We had a Board Member doing the minutes and was not printing the hard copies for the meetings. He has since left the Board. Yale EMS will adhere to the state statute regarding board meeting minutes.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective control system is to provide accurate and reliable information through proper documentation of the Board meetings.

Title 25 O.S. § 312(a) 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 2015-5 – Inadequate Segregation of Duties Over Receipting Process (Repeat Finding)

Condition: While gaining an understanding of the receipting, depositing, and reconciling functions of the District, we noted the following:

- The Treasurer is responsible for receiving payments, preparing and making deposits, and reconciling records.
- Bank reconciliations were not reviewed for accuracy by someone other than the preparer.

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

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, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's oversight of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. 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 approve accounting functions.

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Further, OSAI recommends evidence of the Board's review process be clearly documented for all bank reconciliations, so as to provide a mitigating control over the lack of segregation of duties over the receipting, depositing, and reconciling process.

Management Response:

Yale Emergency Medical Service Board President: Bank reconciliations will be reviewed by the Board President to mitigate and detect proper accounting of funds, receiving, receipting, recording, and depositing of funds. I will be more involved in oversight of office operations and a periodic review of operations. I will also segregate duties so that no one employee is able to perform all accounting functions.

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, and depositing should be segregated. Bank reconciliations should be performed on a monthly basis and approved by someone other than the preparer and include an indication of review.

Finding 2015-6 – Inadequate Internal Controls Over Disbursements (Repeat Finding)

Condition: Based upon inquiry with the District staff, and observation of twenty-five (25) randomly selected disbursements for each fiscal year, we noted the following weaknesses with regard to the disbursement process:

- One individual may order goods/services, and receive goods/services. These duties should be segregated.

Of the twenty-five (25) disbursements tested, the following exceptions were noted for FY 14:

- Twelve (12) claims did not have supporting documentation (i.e., invoice, etc.).
- Twenty (20) claims were not approved by the Board.
- Ten (10) claims did not have any indication that goods and/or services had been received (i.e., receiving report, signature, etc.).
- Two (2) claims were voided and the supporting documentation was not maintained.

Of the twenty-five (25) disbursements tested, the following exceptions were noted for FY 15:

- Eight (8) claims did not have supporting documentation (i.e., invoice, etc.).
- Twenty-two (22) claims were not approved by the Board.
- Eleven (11) claims did not have any indication that goods and/or services had been received (i.e., receiving report, signature, etc.).

Cause of Condition: The District has not designed and implemented policies and procedures to document approval of expenditures and the receipt of goods and/or services.

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Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's oversight of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. 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 approve accounting functions.

In addition 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:

Yale Emergency Medical Service Board President: I will be more involved in oversight of office operations and a periodic review of operations. I will also segregate duties so that no one employee is able to perform all accounting functions.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. Internal controls should be established to analyze and check accuracy, completeness, authorization, and validity of transactions.

Finding 2015-7 – Inadequate Segregation of Duties Over Inventory

Condition: Based on inquiry and observation of the District, the following was noted concerning inventory:

- Inventory records are not maintained.
- Physical inspection of inventory is not performed.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure inventory is properly accounted for, maintained, and updated regularly by the District.

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

Recommendation: OSAI recommends that policies and procedures be implemented to ensure inventory is being updated on an ongoing basis. Furthermore, OSAI recommends physical inventory verification,

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by someone other than the individual in charge of inventory, be completed and documented annually to verify inventory on hand.

Management Response:

Yale Emergency Medical Service Board President: Policies and procedures are being implemented to ensure inventory is being updated on an ongoing basis. Physical inventory verification will be done by a member other than the individual in charge of inventory.

Criteria: An important aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguarding assets from loss, damage, or misappropriation.

Finding 2015-8 – Inadequate Internal Controls Over Payroll

Condition: While reviewing disbursements, we noted that Responders received \$10 per run and were paid on a quarterly basis. The District also pays Workman's Compensation for each Responder. Yet, the District's policies and procedures manual states that Responders are strictly volunteers and will not receive any monetary compensation for services performed.

Cause of Condition: Policies and procedures have not been updated to reflect current payroll disbursement practices.

Effect of Condition: This condition could result in inaccurate records, incomplete information, and/or improper IRS reporting.

Recommendation: OSAI recommends that the District either have withholdings from each Responder quarterly or consider the Responders as contract labor subject to 1099 rules.

OSAI also recommends that the Policies and procedures are updated to reflect the current payroll disbursements.

Management Response:

Yale Emergency Medical Service Board President: Yale EMS will provide employees with an updated policy and procedures on their pay of \$10 per run and will consider the Responders: "Contract labor" subject to 1099 rules.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the District's objectives with regard to reliability of financial reporting and compliance with applicable laws and regulations.



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