

MANATEE COUNTY CLERK OF THE CIRCUIT COURT  
INTERNAL AUDIT DEPARTMENT

THE MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.  
FINANCIAL AUDIT

A U D I T   R E P O R T

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MANATEE COUNTY CLERK OF THE CIRCUIT COURT  
INTERNAL AUDIT DEPARTMENT

THE MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.  
FINANCIAL AUDIT

**A U D I T   R E P O R T**

The Internal Audit Department audited the accompanying statements of assets, liabilities, and net assets of the Manatee County Emergency Medical Services (EMS) Auxiliary, Inc. as of December 31, 2002, and the related statements of revenues, expenses and changes in net assets; functional expenses; and cash flows for the years then ended. We conducted our audit in accordance with auditing standards generally accepted in the United States. The audit was also performed in accordance with the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

**BACKGROUND:**

The Manatee County EMS Auxiliary is a non-profit corporation, which supports the Emergency Medical Services Department of Manatee County. The role of the EMS Auxiliary is to promote and assist Manatee County Emergency Medical Services by voluntarily providing first responder state certified emergency medical technicians or paramedics to help crews with medical treatment and basic life support coverage for special events, large gatherings, and disaster operations. In addition, the EMS Auxiliary provides educational programs to the public concerning emergency medical treatment as well as providing educational training for auxiliary members.

The EMS Auxiliary receives contributions from individuals and donations for services performed at various events. In addition, they accept donations earmarked for the Manatee County EMS Special Activities Bicycle Emergency Response (SABER) team and Honor Guard. Their expenditures include, but are not limited to, continuing education, donation supplies, equipment for the SABER and Honor Guard teams, and general office expenditures for their day-to-day operations.

**PURPOSE/OBJECTIVES:**

The audit purpose/objectives included, but were not be limited to, the following:

Audit the financial statements for the year ended December 31, 2002.

Verify the accuracy and input timeliness of financial data and reports processed by the EMS Auxiliary.

Verify an adequate system of internal control exists to safeguard assets, maintain the integrity of reports on operations, and provide adequate evaluation of the EMS Auxiliary's objectives and responsibilities.

Verify compliance with Florida Statutes, IRS reporting requirement, by-laws, and contracts.

**SCOPE:**

The financial audit scope consisted of a review of all financial statement accounts used by the EMS Auxiliary for the twelve-month period ending December 31, 2002. Controls over cash handling and safeguarding of assets were also evaluated.

**METHODOLOGY:**

The accounts were reviewed by examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Internal control evaluations were accomplished through discussions with management and observations.

**IRREGULARITIES, ABUSE, OR ILLEGAL ACTS:**

There were no indications of irregularities, abuse, or illegal acts discovered for the year ended December 31, 2002.

**STATEMENT ON INTERNAL CONTROL STRUCTURE:**

In planning and performing the financial audit of the EMS Auxiliary for the twelve-month period ending December 31, 2002, the internal control structure was considered in order to determine the auditing procedures for the purpose of this report. Internal control weaknesses involve matters relating to deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report on data consistent with management's intentions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions. In addition, because of the inherent limitations in any internal control structure, deficiencies in the design or operation of the internal control structure may exist and not be detected. In this report, we noted some matters involving internal control weaknesses.

**MANAGEMENT TEAM AND MANAGEMENT ACTION PLAN:**

A Management Action Plan will be given for each Area for Improvement. Management Action Plans are corrective actions with implementation dates developed in cooperation with the EMS Auxiliary's Management Team and the Internal Audit Department. The Management Team included the president of the EMS Auxiliary and representative officers of the Manatee County EMS Division.

**MANAGEMENT SUMMARY:**

The EMS Auxiliary has continued to improve accountability over operations since its prior year's audit by correcting the majority of the "Areas for Improvement" contained in the audit report. Based on the audit performed, the Auxiliary has segregated incompatible duties, is better accounting and recording revenues, and is properly approving and recording expenditures.

Our tests covered the period beginning January 1, 2002 through December 31, 2002. Since the Auxiliary did not receive our prior year's Audit Report until August of 2002, several of the exceptions that we noted for the year 2002 had already taken place before the Auxiliary had an opportunity to review and implement the Management Action Plans contained in the audit report. The audit, however, identified three areas where the Auxiliary could improve its operations. Although reportable, these areas are considered relatively minor in relation to the overall operations of the Auxiliary.

- The Auxiliary did not have a quorum present during one of its twelve 2002 meetings, resulting in one large expenditure being approved without a quorum present. The Management Team, through its Management Action Plan, is in the process of implementing procedures to ensure a quorum is present prior to any business decisions taken. In addition, the Board of Directors will also ratify, confirm, and approve those decisions made at meetings where a quorum was not present.

**(See Area for Improvement #1 on page 6.)**

- The Auxiliary, a tax-exempt organization, paid sales tax in 13 of 66 or 19.7% of the expenditures reviewed, totaling \$68.47. The Management Team through its Management Action Plan is in the process of updating their policies and procedures manual to remind the Auxiliary personnel to present vendors with the tax-exempt certificate or obtain documentation on those purchases where the vendor does not accept the sales tax exemption form.

**(See Area for Improvement #2 on page 6.)**

- The EMS Auxiliary's Policies and Procedures Manual does not include procedures for documenting receipt of purchased goods. The Management Team through its Management Action Plan is in the process of updating their policies and procedures manual to include a requirement for a signature and a date on receiving documents when goods are received.

**(See Area for Improvement #3 on page 7.)**

We would like to thank the Auxiliary's personnel for the cooperation and courtesy afforded to our auditors throughout the audit. We believe through the implementation of the Management Action Plans included in this report that controls will be strengthened and accountability improved.

**AUDIT REPORT AUTHORIZATION:**

This audit report has been reviewed and authorized by:

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Richard J. Orienti, CIA, CFE  
Director of Internal Audit

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R. B. "Chips" Shore  
Clerk of the Circuit Court and Comptroller

**AREA FOR IMPROVEMENT #1 .....**

**Subject: Information Contained in the Board of Directors' Minutes**

According to the EMS Auxiliary's by-laws, the Board of Directors is required to hold monthly business meetings. A quorum is required for voting on business decisions and approving purchases over \$200. Of the 12 Board of Directors' minutes reviewed for 2002, only one (or 8.3%) had a purchase for \$334 approved without having a quorum of members present.

**Management Action Plan:**

- Management has improved its review of determining whether a quorum is achieved at each Board Meeting prior to voting on business decisions. The Board of Directors will ratify, confirm, and approve the items passed in the meeting that lacked a quorum (July 2002 minutes) at their next regularly scheduled meeting that will be held on August 12, 2003.

**AREA FOR IMPROVEMENT #2 .....**

**Subject: Reimbursement of Sales Tax**

The EMS Auxiliary is a not-for-profit organization that is exempt from paying state sales tax. Expenditure testing revealed that 13 of 66 or 19.7% of the expenditures were charged sales tax totaling \$68.47. While some vendors do not accept sales tax-exempt certificates for certain purchases, reminding Auxiliary members to present documentation of their tax-exemption status will reduce sales tax paid.

**Management Action Plan:**

- Management is in the process of updating their policies and procedures manual to ensure that the Auxiliary's sales tax exemption form is presented for all purchases. On those purchases where the vendor does not accept the sales tax exemption form, documentation will be obtained on the receipt/invoice. Updating of the procedures is anticipated by December 2003.

**AREA FOR IMPROVEMENT #3 .....**

**Subject: Receipt of Goods Purchased**

The EMS Auxiliary's Policies and Procedures Manual does not include procedures for documenting receipt of purchased goods. While the majority of the purchases are delivered to the Auxiliary's office, it was noted that one purchase was delivered to the address of an auxiliary member. By having all purchases received in one centralized location and having someone sign when an item is received, the Auxiliary can follow-up on items that are not received.

**Management Action Plan:**

- Management is in the process of updating their policies and procedures manual to include a requirement of a signature and a date on all goods received. In addition, goods will be required to be delivered to the EMS Auxiliary's Office. In those cases where it would be beneficial for an item to be delivered to a member's home, authorization will be requested at a Board meeting at the time the expenditure is approved and that information will be recorded in the Board minutes. Updating of the procedures is anticipated by December 2003.

Manatee County EMS Auxiliary  
Financial Audit  
August 13, 2003  
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**REPORT ON THE FINANCIAL STATEMENTS:**

We have audited the accompanying statements of assets, liabilities, and net assets of the Manatee County Emergency Medical Services Auxiliary, Inc. (the "EMS Auxiliary") as of December 31, 2002, and the related statements of revenues, expenses and changes in net assets, functional expenses, and cash flows for the period then ended. These financial statements are the responsibility of the EMS Auxiliary's management.

We conducted our audit in accordance with the auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial presentation.

Except as noted in the Areas of Improvement, the financial statements referred to above present fairly, in all material respects, the financial position of the EMS Auxiliary as of December 31, 2002, and the changes in net assets and its cash flows for the period then ended in conformity with accounting principals generally accepted in the United States.

2002 FINANCIAL STATEMENTS



**Manatee County**

**Clerk of the Circuit Court and Comptroller**

**R.B. "Chips" Shore**

P.O. Box 25400 • Bradenton, Florida 34206 • (941) 749-1800 • FAX (941) 741-4082 • [www.manateeclerk.com](http://www.manateeclerk.com)

## MEMORANDUM

TO: City Desk Editor, Bradenton Herald  
City Desk Editor, Manatee AM  
Islander Bystander  
Sid Thomas, Editor  
WHNZ, Newsroom  
Longboat Key Observer (Attn: Shay Sullivan)

FROM: R. B. "Chips" Shore, Clerk of the Circuit Court, County Comptroller and Auditor

DATE: August 13, 2003

RE: Announcement of the Release of an Internal Audit Report

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My office is releasing today the Internal Audit Report for the EMS Auxiliary which was performed as of December 31, 2002. Copies may be obtained by contacting the Internal Audit Department at (941) 741-4017. Copies of the report can either be mailed or picked up at the County Courthouse room 158.



**Manatee County**

**Clerk of the Circuit Court and Comptroller**

**R.B. "Chips" Shore**

P.O. Box 25400 • Bradenton, Florida 34206 • (941) 749-1800 • FAX (941) 741-4082 • [www.manateeclerk.com](http://www.manateeclerk.com)

**MEMORANDUM**

TO: Mark Skukowski, EMS Auxiliary President

FROM: R. B. "Chips" Shore, Clerk of the Circuit Court, County Comptroller and Auditor

DATE: August 13, 2003

RE: EMS Auxiliary Financial Audit

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Enclosed is the Internal Audit Report for the EMS Auxiliary Financial Audit for December 31, 2002.

I wish to thank you and your staff for their courteous and professional cooperation with our Internal Auditors throughout the audit. If you have any further questions regarding this report, please feel free to contact Richard Orienti at 749-1800, extension 4170.

RBS/RJO

Enclosures

cc: Chief Mark Edenfield, Emergency Medical Services

MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2002

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Statement of Purpose – The Manatee County Emergency Medical Services Auxiliary, Inc. (the Auxiliary) was formed as a nonprofit corporation for the purpose of providing supplemental emergency services, in addition to those provided by taxpayer funded emergency medical services operating in Manatee County, and to provide educational programs to the public concerning emergency medical treatment.

Basis of Accounting – The Auxiliary's policy is to prepare its financial statements in accordance with generally accepted accounting principles in the United States. Consequently, revenues are recognized when earned, and expenses and purchases of assets are recognized when the obligation is incurred.

Equipment – Equipment is stated at cost, less accumulated depreciation. Depreciation is provided for in an amount sufficient to relate the cost of using up the future economic benefits or service potential of the long-lived assets over their estimated useful lives, principally on a straight-line basis. The equipment is depreciated over its estimated useful life of five years.

Revenues – The Auxiliary receives the majority of its revenue from program services.

Donated Services – The Auxiliary receives donated services from a variety of unpaid volunteers who are assisting the entity in providing supplemental emergency services and educational training to the citizens of Manatee County, Florida.

Income Taxes – The Auxiliary is exempt from federal income taxes under provision of Internal Revenue Code Section 501 (c) (3). Accordingly, no provision for income taxes is made in the financial statements.

**NOTE B – TRANSACTIONS WITH AFFILIATED PARTIES**

The Auxiliary accepts donations and makes purchases specifically earmarked for the Manatee County EMS Special Activities Bicycle Emergency Response (SABER) and Honor Guard teams. The Auxiliary does not have any authority over the teams, as all revenue generating and purchase decisions are made outside of the Auxiliary.

**NOTE C – EQUIPMENT DONATION**

As of December 31, 2002, there were 13 bicycles included in the Auxiliary's equipment. The Auxiliary donated these bicycles to the Manatee County EMS on May 6, 2003. This transaction reduced the Auxiliary's equipment balance to \$1,417 as of May 6, 2003.

**NOTE D - ACCOUNTING CHANGES**

The Auxiliary changed from the cash basis of accounting to the accrual basis of accounting for financial statement presentation beginning January 1, 2002. The change was made so that the Auxiliary would be in accordance with generally accepted accounting principles in the United States. Due to the nature of the organization, there would be no significant changes to the increase in net assets in the prior year. However, the change does increase the expenses in the current year by \$59, thereby reducing the increase in net assets by \$59.