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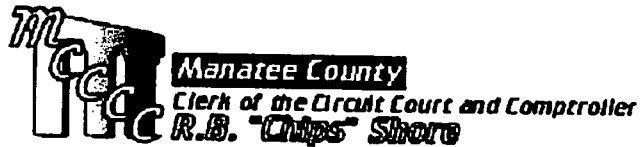
**INTERNAL AUDIT DEPARTMENT**

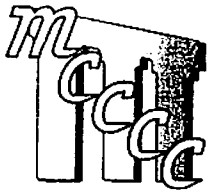
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**AUDIT REPORT**

**MANATEE COUNTY  
EMERGENCY MEDICAL SERVICES  
AUXILIARY, INC.**

**AS OF DECEMBER 31, 2007**





**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.manateclerk.com](http://www.manateclerk.com)

**MEMORANDUM**

TO: Genie Williamson, EMS Auxiliary President

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

DATE: May 8, 2008

RE: EMS Auxiliary Financial Audit

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Enclosed is the Internal Audit Report for the EMS Auxiliary Financial Audit for December 31, 2007.

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 708-6001, extension 246.

RBS/RJO/MDA/ALW

Enclosures

cc: Chief Mark Edenfield, Emergency Medical Services

MANATEE COUNTY CLERK OF THE CIRCUIT COURT  
INTERNAL AUDIT DEPARTMENT

THE MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.  
2007 FINANCIAL AUDIT

AUDIT REPORT

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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, 2007, and the related statements of revenues, expenses and changes in net assets; functional expenses; and cash flows for the year then ended. We conducted our audit in accordance with generally accepted government auditing standards issued by the Comptroller General of 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 state certified emergency medical technicians 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 their members.

The EMS Auxiliary receives contributions from individuals and donations for services performed at various events. In addition, the Auxiliary accepts donations earmarked for the Manatee Search & Rescue (MSAR) group. Their expenditures include, but are not limited to, uniforms, continuing education, donation supplies, equipment for the MSAR, 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, 2007.
- 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, EMS Auxiliary 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, 2007. Controls over cash handling and safeguarding of assets are 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, 2007.

**TEST OF COMPLIANCE:**

Internal Audit tested compliance with certain laws and regulations, obtained an understanding of internal controls and assessed control risk. Tests performed were limited to the specific areas included in the Purpose/Objective section of this report and appeared to provide sufficient evidence to support an opinion on compliance and internal controls for the areas tested. In this report, it was noted in Audit Finding #1 that the Auxiliary did not comply with their bylaws regarding the approval of expenditures. In addition, this report includes other policy violations found in Audit Findings #4 and #5.

**STATEMENT ON INTERNAL CONTROL STRUCTURE:**

In planning and performing the financial audit of the EMS Auxiliary for the twelve-month period ending December 31, 2007, 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 and the Treasurer of the EMS Auxiliary.

**MANAGEMENT SUMMARY:**

The EMS Auxiliary is comprised of all volunteers, including the Officers, who provide exceptional service to Manatee County, and their time and dedication is greatly valued. Since the prior audit report issued May 24, 2007, the Auxiliary continues to be in violation of their own by-laws regarding the approval of prior board meeting minutes and expenditures. It appears that quorums were not met when official business was conducted. In addition, the policy relating to the acceptance of goods is still not followed and a policy relating to the documentation of sales tax paid has yet to be developed. Financially, the Auxiliary experienced a decrease in operating revenues by approximately 26% from 2006. Expenses increased in 2007 by approximately 155%. This increase resulted from the Auxiliary needing to retrofit a vehicle for their use. Additionally, the Auxiliary paid for additional training related expenses for some of their members that they have not provided in the past. As a result, the Auxiliary had a loss of \$3,268, reducing their unrestricted net assets at the end of the year. This Audit covered the period beginning January 1, 2007 through December 31, 2007 and identified the following five areas where the EMS Auxiliary could improve its operations:

- The EMS Auxiliary members did not appropriately approve eight out of nine monthly Board Minutes for 2007, in violation of their By-laws' expenditure approval requirements. In addition, meetings were not held in two months and one month's minutes could not be located. Expenditures not approved in 2006 also have not been properly approved in 2007. The EMS Auxiliary members, through their Management Action Plan, will retroactively approve the minutes and those expenditures not appropriately approved.  
**(See Area for Improvement #1 on page 5.)**
- The EMS Auxiliary did not have documentation that proper cash handling procedures were being performed for the Hunsader Farms event where cash is collected. Management, through the Management Action Plan, will implement a process for documenting when cash is counted and by whom, before the cash goes to the Treasurer for deposit.  
**(See Area for Improvement #2 on page 6.)**
- The EMS Auxiliary continues to lack adequate backup documentation to support 8% of their expenditures as required by the Auxiliary's By-Laws. In addition, it was noted that some purchases were charged sales tax without any documentation of why the purchase was charged the tax. Management, through the Management Action Plan, will ensure that expenditures are properly documented in the current year, and all reasons why purchases are charged sales tax will be documented.  
**(See Area for Improvement #3 on page 6.)**

**MANAGEMENT SUMMARY: Continued**

- Deposits were not always made in a timely manner and all receipts were not photocopied. In addition, expenditures were not always paid in a timely manner. The Auxiliary, through the Management Action Plan, will ensure that receipts are photocopied, deposits are made within 30 days, and that invoices are paid by their due dates.  
**(See Area for Improvement #4 on page 7.)**
- The EMS Auxiliary continues to violate their policy for the receiving and authorization of purchases. An invoice or packing slip with the signature of the person receiving the goods and the date was not documented for the purchases shipped to the Auxiliary. No documentation exists regarding whether the items were actually received. Management, through the Management Action Plan, will begin using a form that they had developed for this documentation.  
**(See Area for Improvement #5 on page 7.)**

We would like to thank the EMS 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 audit report that accountability can be further improved.

**AUDIT REPORT AUTHORIZATION:**

This audit report has been reviewed and authorized by:



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



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

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

**Subject: Board of Director's Minutes**

The EMS Auxiliary By-laws require the Board of Directors to hold monthly business meetings, which are recorded in the Board of Director's Minutes. The By-laws also require the Board of Directors to authorize expenditures over \$50.00 and less than \$200.00, and require a majority vote of the members present to approve expenditures over \$200.00. Our review of the Board minutes showed that the expenditures did not meet the proper approval requirements under the EMS Auxiliary By-laws. 14 out of 28 expenditures were not mentioned in the board minutes. While the remaining 14 expenditures were mentioned in the board minutes, the minutes were not properly approved because a quorum was not present. As a result, none of the expenditures incurred that required approval, totaling approximately \$13,200, were properly approved.

In addition, at each of the monthly meetings, the prior month's Board of Director's Minutes are required to be approved by their members. Our review showed that the Board minutes for January, February, March, May, June, August, September and November 2007 were not appropriately approved due to a lack of a quorum. Minutes and expenditures needing approval from 2006 were also approved at a meeting in 2007 that lacked a quorum. The Minutes included January, February, March, June, August, November and December of 2006. The Auxiliary's by-laws were also amended in August 2006 and October 2006 and not properly approved through the required  $\frac{3}{4}$  majority vote of the active members present.

Furthermore, Board meetings were not held for 3 months in 2007. These months included April, July and October. A meeting was held in February, but the meeting minutes could not be produced by the Auxiliary management.

**Management Action Plan:**

- The EMS Auxiliary will retroactively approve the minutes, those expenditures not appropriately approved, and will vote on the amended by-laws as required by July 2008. In addition, the EMS Auxiliary will hold a Board of Directors meeting every month and ensure a quorum is met at every meeting.



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

**Subject: Segregation and Documentation of Cash Handling Procedures**

Formal cash handling procedures for the collection of cash at Hunsader Farms have not been established, therefore, evidence does not exist supporting that two people counted the cash received at the end of each day. Cash collected is required to be taken to the Auxiliary's office where it is stored in a lockbox until the Treasurer picks up the cash to make the deposit. Due to the lack of supporting documentation, it could not be determined whether cash received by the Auxiliary members working the event agreed to the amount deposited by the Treasurer.

**Management Action Plan:**

- Management will implement a formal procedure requiring that two people count the cash and that they document and sign off the amount collected before the funds go to the Treasurer for deposit. The Treasurer will verify the amounts of cash given to her for deposit and maintain the documentation confirming both amounts agree. This procedure will be implemented by October 2008.

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

**Subject: Expense Documentation and Sales Tax**

The EMS Auxiliary By-laws require all expenditures to have adequate documentation to support the expenditures incurred. Our review of expenditures found that 4 out of 50 (8%) of the expenditures did not have proper documentation, representing a total of \$2,162 or 16% of the total expenditures incurred. This is an improvement from the prior audit that found 20.5% of the expenditure transactions did not contain supporting documentation.

The Auxiliary also had 6 out of 50 (12%) purchases that were charged sales tax during 2007 with no documentation of the reasons why. A total of \$21.84 was paid in sales tax during 2007. While mentioned in the prior audit report, a policy still has not been implemented detailing documentation requirements of purchases charged with sales tax.

**Management Action Plan:**

- Management will ensure that all expense documentation is given to the Treasurer and retained. In addition, a policy will be implemented requiring documentation of the reasons any purchase is charged sales tax. This Management Action Plan will be implemented by October 2008.

**AREA FOR IMPROVEMENT #4 .....**

**Subject: Deposits Not Timely, No Check Copies, and Late Payments to Vendors**

The Auxiliary has a policy requiring deposits to be made within 30 days of receipt. For 6 out of 19 (31.6%) checks received during the audit period, deposits were not made within that time period. In addition, 2 checks were not photocopied, and whether the deposit was made timely could not be determined. Expenses were not always paid timely either. For 4 out of 50 (8%) of the expenses examined, the payments were not made by the due dates. Payments ranged from 13 days to 1 month late.

**Management Action Plan:**

- Management now has a centralized location for all deliveries of invoices and receipts which management believes will improve the Treasurer's ability to obtain documentation more timely for processing. Management will ensure that all receipts are photocopied, deposited within 30 days, and that expenditures are paid by the due dates. This Management Action Plan will be implemented immediately.

**AREA FOR IMPROVEMENT #5 .....**

**Subject: Receiving of Shipped Goods**

The Auxiliary approved a policy in 2005 requiring a person that receives goods shipped to the Auxiliary to sign the packing slip or invoice and date it, however, the policy does not appear to be being followed. For all three purchases during 2007 that required a signature, none of the three (100%) had an invoice or packing slip containing the signature of who received the goods, when the goods were received, and where the goods went. No documentation exists to determine whether the goods were actually received and who the items were given to.

**Management Action Plan:**

- The Auxiliary has developed a form that will be used to track when items are received, by whom they were received, and who the items were distributed to. A signature and date will be required by each person receiving goods. Use and enforcement of the policy will begin within 30 days.

## **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, 2007, 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation.

The financial statements referred to above present fairly, in all material respects, the financial position of the EMS Auxiliary as of December 31, 2007, and the changes in net assets and its cash flows for the period then ended, in conformity with accounting principles generally accepted in the United States.

**2007 FINANCIAL STATEMENTS**

MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
December 31, 2007

ASSETS

Current Assets:	<u>2007</u>
Cash	
Donation Receivables	24,831
	<u>0</u>
Total current assets	24,831
Long-Term Assets:	
Equipment	0
TOTAL ASSETS	<u><u>24,831</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	<u>97</u>
Total current liabilities	97
Net Assets:	
Unrestricted net assets	<u>24,734</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>24,831</u></u>

See accompanying notes and financial statement report

MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
For the Year Ended December 31, 2007

Changes in unrestricted net assets:

Operating revenues:		
Stand by		8,743
Donations		<u>2,050</u>
Total operating revenues		<u>10,793</u>
Operating expenses:		
Program services:		
License expense		71
Continuing education		2,883
Uniforms		1,734
Supplies		8,217
Repair and Maintenance		<u>300</u>
Total program services		<u>13,205</u>
Supporting services:		
General and administrative		906
Depreciation		<u>-</u>
Total supporting services		<u>906</u>
Total operating expenses		<u>14,111</u>
Nonoperating revenues (expenses):		
Interest		<u>50</u>
Total nonoperating revenues (expenses)		<u>50</u>
Increase in unrestricted net assets		(3,268)
Unrestricted net assets - beginning of year		<u>28,002</u>
Unrestricted net assets - end of year		<u><u>24,734</u></u>

See accompanying notes and financial statement report

MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 For the Year Ended December 31, 2007

	Program Services	Support Services	Total
Supplies	\$ 8,217	\$ -	\$ 8,217
Continuing education	\$ 2,883	\$ -	\$ 2,883
Uniforms	\$ 1,734	\$ -	\$ 1,734
Licenses	\$ 71	\$ -	\$ 71
Repair and Maintenance	\$ 300	\$ -	\$ 300
Gifts	\$ -	\$ 46	\$ 46
Telephone	\$ -	\$ 568	\$ 568
Depreciation	\$ -	\$ -	\$ -
Office Supplies	\$ -	\$ 64	\$ 64
Fund Raising Expense	\$ -	\$ -	\$ -
Bank charges	\$ -	\$ 97	\$ 97
Miscellaneous	\$ -	\$ 131	\$ 131
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 13,205</u>	<u>\$ 906</u>	<u>\$ 14,111</u>

See accompanying notes and financial statement report

MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2007

	<b>2007</b>
Cash flows from operating activities:	
Net increase in unrestricted net assets	(3,268)
Adjustments to reconcile net increase in unrestricted net assets to net cash provided by operating activities:	
Depreciation	0
Changes in assets and liabilities	
Decrease in Donation Receivables	3,680
Decrease in Accounts Payable	(230)
	182
Net cash provided by operating activities	182
Net increase in cash and cash equivalents	182
Cash and cash equivalents at beginning of year	24,649
Cash and cash equivalents at end of year	24,831

See accompanying notes and financial statement report



MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

Statement of Purpose – The Manatee County Emergency Medical Services Auxiliary, Inc. (the EMS 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 EMS 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 EMS Auxiliary receives the majority of its operating revenue from program services provided such as standbys and from civilian donations.

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

Income Taxes – The EMS Auxiliary is exempt from federal income taxes under a provision of the 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 EMS Auxiliary accepts donations and makes purchases specifically earmarked for the Manatee Search and Rescue Team (MSAR).