
INTERNAL AUDIT DEPARTMENT

AUDIT REPORT

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

AS OF DECEMBER 31, 2009



Manatee County

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

MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT

MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.
2009 FINANCIAL AUDIT

AUDIT REPORT

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MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT

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, 2009, 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, 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, 2009.
- 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, 2009. 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, 2009.

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 By-laws regarding the approval of expenditures. In addition, this report includes other policy violations found in Audit Findings #1, #2, 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, 2009, 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 County Liaisons 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 year, the Auxiliary experienced an increase in operating revenues by approximately 57% from 2008 with a small increase in expenses of approximately 5% in 2009. The Auxiliary, however, continues to be in violation of their by-laws and certain internal policies. This Audit covered the period beginning January 1, 2009 through December 31, 2009 and identified the following five areas where the EMS Auxiliary could improve its operations:


- EMS Auxiliary members did not meet for the December 2009 meeting in violation of their by-laws. In 2009, members failed to properly approve \$4,385 in expenditures, including expenditures under \$50 that received no authorization, inconsistent with their established policies. The Management Team, through the Management Action Plan, will update their By-laws to give them more flexibility in holding monthly meetings and will update their Policies and Procedures to include that approval is not required for expenditures under \$50. **(See Area for Improvement #1 on page 5.)**
- Deposits of checks received were not always copied, not enabling the verification of deposit timeliness according to the Auxiliary's policy. In addition, two cash donations could not be confirmed due to the lack on donor information. The Management Team, through the Management Action Plan, will ensure that checks are photocopied, deposits are made within 30 days, and cash donations will have the necessary donor information. **(See Area for Improvement #2 on page 5-6.)**
- The Auxiliary paid sales tax on purchases that should have been exempt as a result of their tax-exempt status. In addition, 18% of the purchases made during the year did not have adequate documentation. For those purchases, it could not be determined whether sales tax was paid. The Management Team, through the Management Action Plan, will ensure that expenditures are properly supported by adequate documentation and a better effort will be made to take advantage of their sales tax status or provide documentation on those cases where sales tax was paid. **(See Area for Improvement #3 on page 6.)**

- The EMS Auxiliary continues to violate their policy for the receiving and authorization of purchases. The policy requires a signature on the invoice or packing slip by the person receiving the goods and when it was received. No documentation exists regarding whether the items were actually received. The Management Team, through the Management Action Plan, will re-introduce the policy to the membership and will be more diligent in the enforcement of the policy.
(See Area for Improvement #4 on page 7.)
- Money earmarked for the Auxiliary members' compensation fund contained numerous clerical errors, miscalculations, and misallocation to members that rendered services at worked events. Compensation earmarked to the County's EMS was overstated by \$600. The Management Team, through the Management Action Plan, will revisit the Compensation Plan to determine they will continue, simplify, or discontinue the earmarking of Auxiliary funds. **(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:



Millie Blevins, CPA
Director of Internal Audit



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

AREA FOR IMPROVEMENT #1

Subject: Board Minutes and Expense Approval

The EMS Auxiliary By-laws require regular monthly meetings, which are recorded in the Board of Director's minutes. The Auxiliary's Policies and Procedures define specific approval requirements for expenditures depending on the amounts. The President and Vice President have the authority to approve expenditures less than \$250, the majority of the Board of Directors is required to approve expenditures between \$250 and \$700, and any expenditure over \$700 must be approved by the general membership vote.

Our review of the Board minutes found that a monthly meeting was not held in December 2009, which is in violation of the By-laws. It was also noted that expenditures incurred in 2009 did not always meet the proper approval requirements as defined in the Auxiliary By-laws. 21 out of 76 or 27.6% of the expenditures totaling \$4,384.75 were found to have not been approved or mentioned in the meeting minutes. This amount included expenses under \$50 that management did not require authorization; however, this is not stated in neither the By-laws nor Auxiliary's Expenditures and Withdrawal policy.

Management Action Plan:

- The EMS Auxiliary will update their by-laws to allow for exceptions to their monthly meeting requirement.
- The Expenditures and Withdrawal policy will be reviewed and updated to include an exception to the approval process for expenditures under \$50. Management will also re-evaluate their current procedures for obtaining Board approval on expenditures to determine whether additional controls will be needed to ensure all expenditures get the necessary approval as required by the By-laws. Implementation is anticipated by June 30, 2010.

AREA FOR IMPROVEMENT #2

Subject: Deposit Documentation and Timeliness

The Auxiliary has a policy requiring deposits to be made within 30 days of receipt. The Auxiliary procedure is to copy all checks received, and the physical dates on these checks were used to verify compliance with the 30-day rule. 10 out of the 34 (29.4%) deposits were made without the Auxiliary maintaining copies of the checks; therefore, the timeliness of the deposit could not be confirmed for those ten checks.

The Auxiliary receives donations, in the form of cash or checks, when they work at an event. Events generating in excess of \$75 were all confirmed directly with the donor. There were two cash

donations received at events totaling \$2,000 that could not be confirmed because a forwarding address was not obtained from the one donor. No other supporting documentation existed or was available to confirm this donation amount.

Management Action Plan:

- Management will ensure that all checks are photocopied and deposited within the 30 days.
- Management will purchase and use cash receipt book with carbon copies to record all cash received. In addition, documentation of donor information will be written on these receipts as well. This Management Action Plan will be implemented by June 2010.

AREA FOR IMPROVEMENT #3

Subject: Payment of Florida Sales Tax and Expense Documentation

The Auxiliary continues to pay sales tax on purchases that should be exempt as a result of their tax-exempt status. 20 out of 76 (26.3%) of their purchases were charged sales tax during 2009 without documentation of the reasons why. A total of \$81.54 was paid in sales tax during 2009. While an effort was made in the prior audit report to document requirements of purchases charged with sales tax, it appears to remain a problem for the organization.

In addition, 14 out of the 76 (18%) of purchases made did not have adequate or had no supporting documentation of a purchase. Missing receipts, invoices, or packing slips did not allow for Auditor to determine the type of expense and if a sales tax was paid.

Management Action Plan:

- The Auxiliary will ensure that the policy requiring documentation of the reasons any purchase is charged sales tax will be enforced. A greater effort will be made by those authorized to purchase items to present the proper tax exemption forms at the time of purchase. Implementation is anticipated by June 2010.
- Invoices and receipts will be organized in the binder for accurate recordkeeping. The President will develop procedures to ensure that documentation is obtained for all Auxiliary transactions. Implementation is anticipated by June 2010.

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, 2009, 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, 2009, 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.

2009 FINANCIAL STATEMENTS

MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
December 31, 2009

ASSETS

	2009	2008
Current Assets:		
Cash	28,116	22,196
Donation Receivables	38	-
Total current assets	28,154	22,196
Long-Term Assets:		
Equipment	1,227	1,635
TOTAL ASSETS	29,381	23,831

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	578	825
Total current liabilities	578	825
Net Assets:		
Unrestricted net assets	28,803	23,006
TOTAL LIABILITIES AND NET ASSETS	29,381	23,831

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, 2009**

Changes in unrestricted net assets:	<u>2009</u>	<u>2008</u>
Operating revenues:		
Stand by	16,401	10,198
Donations	3,567	2,460
Total operating revenues	<u>19,968</u>	<u>12,658</u>
Operating expenses:		
Program services:		
License expense	81	332
Continuing education	2,271	2,193
Uniforms	3,532	4,556
Supplies	635	120
Repair and Maintenance	-	14
Total program services	<u>6,519</u>	<u>7,215</u>
Supporting services:		
General and administrative	7,243	6,762
Depreciation	409	409
Total supporting services	<u>7,652</u>	<u>7,171</u>
Total operating expenses	<u>14,171</u>	<u>14,386</u>
Nonoperating revenues (expenses):		
Interest	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>
Increase or (decrease) in unrestricted net assets	5,797	(1,728)
Unrestricted net assets - beginning of year	23,006	24,734
Unrestricted net assets - end of year	<u>28,803</u>	<u>23,006</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, 2009

	Program Services		Support Services		Total	
	2009	2008	2009	2008	2009	2008
Supplies	\$ 635	\$ 120	\$ -		\$ 635	\$ 120
Continuing education	\$ 2,271	\$ 2,193	\$ -		\$ 2,271	\$ 2,193
Uniforms	\$ 3,532	\$ 4,556	\$ -		\$ 3,532	\$ 4,556
Licenses	\$ 81	\$ 332	\$ -		\$ 81	\$ 332
Repair and Maintenance	\$ -	\$ 14	\$ -		\$ -	\$ 14
Gifts	\$ -		\$ 4,107	\$ 3,679	\$ 4,107	\$ 3,679
Telephone	\$ -		\$ -	\$ 745	\$ -	\$ 745
Depreciation	\$ -		\$ 409	\$ 409	\$ 409	\$ 409
Office Supplies	\$ -		\$ 100	\$ 424	\$ 100	\$ 424
Fund Raising Expense	\$ -		\$ 2,172	\$ 1,423	\$ 2,172	\$ 1,423
Bank charges	\$ -		\$ -	\$ -	\$ -	\$ -
Miscellaneous			\$ 864	\$ 491	\$ 864	\$ 491
Total expenses	\$ 6,519	\$ 7,215	\$ 7,652	\$ 7,171	\$ 14,171	\$ 14,386

See accompanying notes and financial statement report

MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2009

	2009	2008
Cash flows from operating activities:		
Net increase or (decrease) in unrestricted net assets	5,797	(1,728)
Adjustments to reconcile net increase in unrestricted net assets to net cash provided by operating activities:		
Depreciation	409	409
Changes in assets and liabilities		
Increase in Donations Receivable	(39)	-
Increase in Fixed Assets	-	(2,044)
(Increase) or Decrease in Accounts Payable	(247)	728
Net cash from operating activities	123	(907)
Net increase or (decrease) in cash and cash equivalents	5,920	(2,635)
Cash and cash equivalents at beginning of year	22,196	24,831
Cash and cash equivalents at end of year	28,116	22,196

See accompanying notes and financial statement report

MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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.