



**MANATEE COUNTY  
CLERK OF THE CIRCUIT COURT**

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**INTERNAL AUDIT DEPARTMENT**

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**AUDIT REPORT**

**MANATEE COUNTY  
EMS AUXILIARY  
FINANCIAL AUDIT**

**AS OF DECEMBER 31, 2011**

MANATEE COUNTY CLERK OF THE CIRCUIT COURT  
INTERNAL AUDIT DEPARTMENT

MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.  
2011 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

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, 2011, 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. Their expenditures include, but are not limited to, uniforms, continuing education, supplies, fundraising, 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, 2011.
- 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 requirements, 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, 2011. 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, 2011.

**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 and #4 that the Auxiliary did not comply with their bylaws regarding the approval of expenditures and segregation of officers' responsibilities. In addition, this report includes other policy violations found in Audit Findings #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, 2011, 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 Liaison 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. The Auxiliary's revenues for the year totaled \$14,295, which is a 36% decrease from the prior year. Due to the significant reduction in expenses (52% compared to the prior year), the Auxiliary was still able to generate a profit of approximately \$4,000 for the year. The President completed her first full year in office and the issues of maintaining a Treasurer plagued the Auxiliary for part of the year.

Many of the same issues identified in the prior year's audit continue to exist for the Organization. This is primarily the result of a president who was new to her position in May 2010 and the turnover of officers. Furthermore, the President was not aware of the prior year's audit findings until the audit report was issued on June 22, 2011, and therefore had less than six months to implement the Management Action Plans.

This Audit covered the period January 1, 2011 through December 31, 2011 and identified the following areas where the EMS Auxiliary could improve its operations:

- The Auxiliary failed to properly obtain Board approval on expenditures totaling \$5,078 in violation of its Policies and Procedures requirements. Management contends that the expenditures were properly approved but they were unable to produce complete and accurate Board Minutes. The Management Team, through the Management Action Plan will begin recording all Board Minutes to ensure a complete and comprehensive transcription exists that will contain the proper approval of all the necessary expenditures. In addition, prior expenditures that did not contain evidence of proper approval will be presented to the Board at their next regularly scheduled meeting. (See Area for Improvement #1 on page 5)
- Monies received by the Auxiliary were not always deposited within the 30 days of receipt as required by the Auxiliary's Policies and Procedures. Furthermore, a Cash Flow Tracking form, that is also required, was not always used on monies collected. The Management Team, through the Management Action Plan, will begin date-stamping all checks received and ensure that the Cash Flow Tracking sheet is used when cash is received. This documentation will assist to ensure that monies are deposited within 30 days of receipt. (See Area for Improvement #2 on page 5)

- The Auxiliary neither reconciles their bank account nor maintains a check register. This makes it difficult to identify outstanding and/or missing checks and to confirm available funds. The Management Team, through the Management Action Plan will obtain a check register and begin reconciling their bank account regularly.  
(See Area for Improvement #3 on page 6)
- From April to August 2011, the President assumed the responsibilities of the Treasurer after his resignation. This compromised the segregation of duties by allowing the same person to perform the cash and recordkeeping functions. The Management Team, through the Management Action Plan will have better segregation of duties in the absence of the Treasurer by having the President and Vice President share the Treasurer's responsibilities and will be more proactive in getting any vacant officer positions filled on a timely basis.  
(See Area for Improvement #4 on page 6)
- Documentation was not adequately maintained for some of the purchases made by the Auxiliary. In addition, evidence supporting the receipt of goods purchased could not always be confirmed. Furthermore, the collection of revenues and expenses paid on a fundraising event was not adequately kept for the T-shirt sales fundraiser to members, resulting in an inability to determine the actual revenues generated and the success of the event. The Management Team, through the Management Action Plan will begin scanning all supporting documentation, which will contain proper receipt confirmation, and storing it all in a central file maintained by the County. In addition, the Auxiliary will discontinue the T-shirt fundraiser in the future.  
(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, CFE  
Director of Internal Audit



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

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

**Subject: Expense Approval**

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; a majority of the Board of Directors is required to approve expenditures between \$250 and \$700; and any expenditure over \$700 must be approved by a general membership vote.

Expenditures incurred in 2011 were tested to ensure that these approval requirements were met. It was noted that 17 out of 66 or 25.7% of the expenditures, totaling \$5,078, lacked evidence of proper approval. 10 of the expenditures were less than \$250, 5 were greater than \$250 but less than \$700, and 2 were over \$700. This was not an improvement from the prior year's audit exception rate of 15.7%. Management believes that all of the expenditures were properly approved and that this deficiency resulted from inaccurate and incomplete Board Minutes being maintained by the Auxiliary.

**Management Action Plan:**

- Management will begin recording and transcribing the Board Meetings to ensure all approvals are properly documented. Implementation is anticipated by November 2012.
- For the previous expenditures which required approval from the majority of the Board of Directors and general membership, management will obtain the necessary approvals by the next Board of Director's Meeting.

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

**Subject: Deposit Documentation and Timeliness**

The Auxiliary has a policy requiring deposits to be made within 30 days of receipt. Since the checks are not date-stamped when received, the physical dates on these check copies were used to verify compliance with the 30 day deposit rule. For monies received by the Auxiliary, a Cash Flow Tracking form is required to record the dates and the amounts of monies collected. Therefore, the actual event date, check dates, or the date on the Cash Flow Tracking form was used to determine compliance.

Test work found that 9 out of the 21 (42.8%) of the monies received were not deposited within the 30-day time frame. This was not an improvement from the prior year's audit 9.5% exception rate. In addition, 3 out of 16 or 18.7% of the cash deposits did not have a Cash Tracking form completed.

**Management Action Plan:**

- A greater effort will be made by Management to use the Cash Flow Tracking form when cash is received.
- Management will begin data-stamping all checks received and make every effort to ensure that checks are deposited within the required 30 days. Implementation by November 2012.

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

**Subject: Check Register and Bank Reconciliation**

The EMS Auxiliary has not been maintaining a check register to record checking account activity. As a result, monthly reconciliations of the check register and the bank statements are not performed. While the monthly bank statements are used in compiling the information contained in their monthly Treasury Report, the bank statements do not include checks issued that have not cleared the bank. The reconciliation of the bank statements to the check register is an important control to ensure that money is properly accounted for and that the Auxiliary is aware of their available balance.

During the audit, it was also noted that checks were issued by either the President or the Vice President using different checkbooks. As a result, checks issued during the year were not in sequential order. This, together with not using a check register, makes it difficult to determine outstanding and/or missing checks and to confirm available funds.

**Management Action Plan:**

- The Auxiliary will obtain a check register to record all transactions and perform monthly bank reconciliations. Management has already discontinued the use of separate checkbooks. Implementation is anticipated by November 2012.

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

**Subject: Segregation of Officer's duties**

The Treasurer resigned in April 2011. Thus, from April to August 2011, the former President performed the responsibilities of the Treasurer, maintaining all books and records while at the same time having full expenditure and cash handling authority for the organization. This compromised the segregation of duties by allowing the officer to have access to cash of the organization while being fully responsible for the financial recordkeeping. In a small organization, such as the Auxiliary, this puts the assets of the organization at risk for misappropriation without proper checks and balances; however, the audit did not find any indications of misappropriation of the assets or funds.



**Management Action Plan:**

- As of August 2011, the Treasurer has been replaced. In the future, the organization pledges to have better segregation of duties with the President and Vice President sharing any vacant position's responsibilities until it is filled, and to be more proactive in getting any vacant officer position filled on a timelier basis.

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

**Subject: Maintaining Documentation**

A review of purchases made by the Auxiliary during 2011 found that 5 out of 66 or 7.5% of the expenses did not have supporting documentation on file. While this appears to be an improvement from the previous audit's exception rate of 24%, an effort had to be made to contact vendors to provide duplicate invoices.

As a result of not maintaining original documentation, evidence supporting the receipt of these purchases could not be confirmed. Auxiliary policy requires the person who receives goods delivered to the Auxiliary to sign and date either the packing slip or invoice. Testing found that 8 of the 15 or 53.3% of the purchases that required a signature did not have an invoice or packing slip evidencing who received the goods and when the goods were received. A signature evidencing goods received is an important control to ensure that proper segregation of duties exists between the purchasing, receiving, and payment functions.

In addition, the T-shirt sale fundraising event appeared to lack supporting documentation for the revenues collected and the expenses incurred. The invoice(s) provided did not contain the quantity of T-shirts purchased, nor did the deposit detail include the number of T-shirts sold. Without complete supporting documentation on file, the actual revenue generated and the profitability of the event cannot be determined and cash may be susceptible to theft.

**Management Action Plan:**

- Management will begin scanning all supporting documentation and storing it in one central file maintained by the County. This documentation will also contain the signature evidencing the receipt of goods purchased. Implementation is anticipated within 90 days.
- The Auxiliary will discontinue the T-shirt sale fundraiser in the future.

## **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, 2011, 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. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the EMS Auxiliary as of December 31, 2011, and the changes in net assets and its cash flows for the period then ended, in conformity with generally accepted accounting principles.

Date: August 17, 2012

**2011 FINANCIAL STATEMENTS**

**MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS**  
December 31, 2011

**ASSETS**

	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Current Assets:</b>		
Cash	30,101	28,819
Donation Receivables	<u>3,360</u>	<u>753</u>
Total current assets	33,461	29,572
<b>Long-Term Assets:</b>		
Equipment	<u>409</u>	<u>818</u>
<b>TOTAL ASSETS</b>	<u><u>33,870</u></u>	<u><u>30,390</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>		
Accounts payable	<u>148</u>	<u>729</u>
Total current liabilities	148	729
<b>Net Assets:</b>		
Unrestricted net assets	<u>33,722</u>	<u>29,661</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>33,870</u></u>	<u><u>30,390</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, 2011

Changes in unrestricted net assets:	<u>2011</u>	<u>2010</u>
Operating revenues:		
Stand by	13,409	19,272
Donations	886	2,854
Total operating revenues	<u>14,295</u>	<u>22,126</u>
Operating expenses:		
Program services:		
License expense	71	710
Continuing education	2,205	2,084
Uniforms	2,135	1,604
Operating Supplies	107	117
Repair and Maintenance	-	108
MSAR	-	6,239
Total program services	<u>4,518</u>	<u>10,862</u>
Supporting services:		
General and administrative	5,307	9,997
Depreciation	409	409
Total supporting services	<u>5,716</u>	<u>10,406</u>
Total operating expenses	<u>10,234</u>	<u>21,268</u>
Nonoperating revenues (expenses):		
Interest	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>
Increase or (Decrease) in unrestricted net assets	4,061	858
Unrestricted net assets - beginning of year	<u>29,661</u>	<u>28,803</u>
Unrestricted net assets - end of year	<u><b>33,722</b></u>	<u><b>29,661</b></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, 2011

	<b>Program Services</b>		<b>Support Services</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Operating Supplies	\$ 107	\$ 117	\$ -	\$ -	\$ 107	\$ 117
Continuing education	\$ 2,205	\$ 2,084	\$ -	\$ -	\$ 2,205	\$ 2,084
Uniforms	\$ 2,135	\$ 1,604	\$ -	\$ -	\$ 2,135	\$ 1,604
Licenses	\$ 71	\$ 710	\$ -	\$ -	\$ 71	\$ 710
Repair and Maintenance	\$ -	\$ 108	\$ -	\$ -	\$ -	\$ 108
MSAR (return of funds)	\$ -	\$ -	\$ -	\$ 3,958	\$ -	\$ 3,958
MCEMS donations	\$ -	\$ 6,239	\$ -	\$ -	\$ -	\$ 6,239
Gifts	\$ -	\$ -	\$ 2,119	\$ 2,544	\$ 2,119	\$ 2,544
Depreciation	\$ -	\$ -	\$ 409	\$ 409	\$ 409	\$ 409
Office Supplies	\$ -	\$ -	\$ 210	\$ 208	\$ 210	\$ 208
Fund Raising Expense	\$ -	\$ -	\$ 2,387	\$ 2,681	\$ 2,387	\$ 2,681
Food & Refreshments	\$ -	\$ -	\$ 185	\$ 505	\$ 185	\$ 505
Miscellaneous	\$ -	\$ -	\$ 406	\$ 101	\$ 406	\$ 101
<b>Total expenses</b>	<b><u>\$ 4,518</u></b>	<b><u>\$ 10,862</u></b>	<b><u>\$ 5,716</u></b>	<b><u>\$ 10,406</u></b>	<b><u>\$ 10,234</u></b>	<b><u>\$ 21,268</u></b>

See accompanying notes and financial statement report

**MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC.**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2011

	<b>2011</b>	<b>2010</b>
Cash flows from operating activities:		
Net Increase or (Decrease) in unrestricted net assets	4,061	858
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	(2,607)	(715)
Increase in Fixed assets	0	0
Decrease in Accounts Payable	(581)	151
Net cash used by operating activities	(2,779)	(155)
Net Increase or (Decrease) in cash and cash equivalents	1,282	703
Cash and cash equivalents at beginning of year	28,819	28,116
Cash and cash equivalents at end of year	30,101	28,819

See accompanying notes and financial statement report

MANATEE COUNTY EMERGENCY MEDICAL SERVICES AUXILIARY, INC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

**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.