

CHAMBERS COUNTY AUDITOR'S OFFICE

Anahuac EMS Review

FOR YEAR 2013

Lyndsey Davis & Woodie McQueen

11/19/2014



CHAMBERS COUNTY AUDITOR

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Nature of Engagement:

The purpose of our engagement was to acquire an understanding of the operations of the Anahuac EMS and the challenges they face operating as a 501(c)(3) nonprofit organization. Our engagement consisted of analyzing Anahuac Volunteer EMS financial documents for the year 2013 and recommended procedures and recommending improvement initiatives.

Documentation:

- Collected bank statements of the Anahuac EMS general operating account, savings account, and payroll account.
- Collected 2013 financial statements from Winnie-Stowell EMS for comparison. (None available for Anahuac EMS).
- Collected 2011, 2012, and 2013 tax returns completed by Dunaway & Willis, P.C.
- Collected the Funding Agreement between Chambers County and Anahuac Volunteer Emergency Corps.
- Collected Financial Summary from 10/1/13-8/31/14 from the Anahuac EMS third party billing program.
- Collected Annual Collection Statistics from Anahuac EMS.
- Collected 2013 Quarterly Payroll reports for Anahuac EMS.
- Collected Asset Depreciation Report for 2013.
- Reviewed the International City/County Management Association; Managing Fire and Emergency Services manual.
- Reviewed Chambers County EMS Operations Sub-Committee Report.

Details of Procedures Performed:

- Reviewed billing and collection reports.
- Reconciled payroll return to bank statements.
- Interviewed management regarding disbursements that were unusual or not self-explanatory.
- Prepared income statement for 2013 on Anahuac EMS to compare to Winnie-Stowell EMS 2013. (None available from Anahuac EMS).
- Interviewed Winnie EMS representative and discussed Winnie-Stowell's collection, number of calls, etc.
- Prepared spreadsheets to breakdown all disbursements, payroll, and deposits made into the various bank accounts.



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Recommendations:

- Anahuac EMS should contract with a CPA firm to help with preparing quarterly financial statements and to assist the elected Treasurer with bookkeeping. (Winnie-Stowell best practices).
- Consult with a CPA to acquire an understanding of the financial statements and how they relate to operational performance. (Winnie-Stowell best practices).
- A full time EMS Supervisor with good management and leadership skills will improve operations. This person should be qualified in the medical emergency field and have leadership skills. (Winnie-Stowell best practices).
- Financial records need to be located on the EMS property.
- Prepare annual budgets or forecasts. Having financial statements will this effort. This also will facilitate a more efficient and effective approval process for disbursements.
- Prepare annual list of equipment needed (capital improvement plan), when needed, and approximate costs.
- Prepare and implement a board of director's succession and sustainability plan.
- Prepare and implement a board of director's annual retreat for board development and continuous improvement.
- Improve billing and collection processes and procedures.
- Increase annually the county funding required, keeping pace with inflation and cost of living adjustments for personnel.
- Adopt best practices from other successful EMS organizations.
- Continuing education for EMS Supervisor and personnel.

Conclusion:

This review did not include a full audit of records due to ongoing document collection challenges, but instead provides an overview of Anahuac EMS operations and provides recommended improvement initiatives. A full audit remains recommended.

Included with this report is an adjusted Income Statement comparing Anahuac EMS with Winnie-Stowell EMS based upon information available. Winnie-Stowell uses a CPA firm who provided their Income Statement. Our office compiled the Income Statement for Anahuac EMS as none was available.

The comparison Income Statement provides notable items that warrant attention and some that may be contributing factors to Anahuac EMS's challenges; not inconsistent with the findings depicted in the sub-committee's report.



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As suggested by the comparison Income Statement, a slight increase in the combination of county funding and billing collections, along with improved internal controls, would result in Anahuac EMS having surplus funds for improvement initiatives, inflation, and cost of living adjustments.

With a full time EMS director, and proper board oversight, Anahuac EMS could succeed as a viable 501(c)(3) organization while fulfilling their mission of providing quality dependable Emergency Medical Services to the community.

	Anahuac EMS		Winnie EMS	
	2013		2013	
Revenues				
Chambers Co. EMS Tax Rev.	\$	300,000.00	\$	300,000.00
Billing Income	\$	116,375.56	\$	178,467.84
Interest Income	\$	-	\$	48.40
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Total Revenues	\$	416,375.56	\$	478,516.24
Expense				
Bank Service Charge	\$	132.00	\$	454.81
Gifts and Goodwill	\$	156.25	\$	1,550.83
Penalty	\$	503.00	\$	-
Payroll and Burdens	\$	307,135.84	\$	321,292.91
Non Profit Billing/ Collection	\$	14,401.90	2	\$ 16,378.37
Other Professional Fees	\$	-	\$	4,500.00
Other Employee Benefits	\$	-	\$	6,520.00
Office Supplies	\$	1,532.20	\$	240.00
Supplies Expense	\$	27,463.48	3	\$ 25,161.34
Telephone Expense	\$	4,734.40	\$	3,970.93
Postage and Shipping Expense	\$	122.00	\$	124.50
Occupany Expense	\$	4,713.18	\$	9,446.26
Vehicle/ Fuel Expense	\$	5,950.77	\$	19,496.25
Maintenance Expense	\$	8,995.91	\$	16,255.52
Insurance Expense	\$	21,805.31	\$	26,170.93
Dues/Licenses	\$	50.00	\$	-
Misc.	\$	-	\$	263.00
Meeting Expense	\$	-	\$	682.67
Interest Expense	\$	1,397.20	\$	4,068.87
Depreciation Expense	\$	36,404.00	\$	53,429.02
Accounting Expense	\$	525.00	\$	3,855.00
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Total Expense	\$	436,022.44	\$	513,861.21
Net Income (Loss)	\$	<u>(19,646.88)</u>	\$	<u>(35,344.97)</u>

¹ Winnie has a full time EMS/ Business Manager.

² W-S EMS uses a Liberty area billing and collection firm. AEMS estimates about 450 calls/yr, W-S EMS 600 calls/yr. W-S EMS firm charges 8% of collections, AEMS firm charges 10% of collections.

³ AEMS Supplies Expense exceeds that of W-S EMS doing 25% less calls.