



CITIZENS SUMMARY

Findings in the audit of the Naylor-Neelyville Ambulance District

Misappropriated Money, Questionable Meeting Minutes, and Conflicts of Interest

At least \$249,247 was misappropriated from the district from January 1, 2017, to June 15, 2023. The Director improperly paid himself 186 checks and 6 electronic transfers totaling \$173,287, his wife (the Billing Clerk) 65 checks totaling \$55,010, and his mother (Board Secretary) 39 checks totaling \$20,950, after the Board outsourced ambulance services. The Board did not approve any of these payments. Included in these improper payments were severance, duplicate, advance, and bonus payments. Improper payments were also made for unnecessary services such as election and COVID-19 response, when there were no elections held or COVID-19 response activities. Additionally, improper payments included payments identified as expense reimbursements that were unsupported and questionable.

The various improper payments were deposited into the personal bank accounts of the Director, Billing Clerk, and Board Secretary. A significant portion of the payments were deposited into joint accounts of the Director and the Billing Clerk or accounts of the Board Secretary, upon which the Director was an authorized signer. A review of the personal bank account records indicate each individual disbursed money from the accounts after the deposit of district checks and may have personally benefited from the improper payments.

The Director may have falsified Board meeting minutes to conceal improper payments. Significant discrepancies were identified during our review of the July 18, 2016, meeting minutes; the related payments to the Director, the Billing Clerk, and the Board Secretary; and testimony of former Board President Meyer and 2 former Board members.

The Director, Billing Clerk, and Board Secretary were close family members, which resulted in actual or apparent conflicts of interest because the Director and Board Secretary were responsible for reviewing and signing checks written to all three individuals.

Oversight, Budgets, and Financial Reporting

Board members did not provide adequate oversight of the Director or segregate duties over the various financial accounting functions of the district. The Director and the Board did not prepare budgets or file financial statements for at least the 5 years ended December 31, 2022, 2021, 2020, 2019, and 2018. Additionally, the Board did not obtain annual audits of its district as required by state law.

In the areas audited, the overall performance of this entity was **Poor**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.



Recommendations in the audit of the Naylor-Neelyville Ambulance District

Misappropriated Money,
Questionable Meeting
Minutes, and Conflicts of
Interest

The Board of Directors:

- 1.1-1.2 Work with law enforcement officials regarding criminal prosecution of the improper payments and falsified meeting minutes and take the necessary actions to obtain restitution, and ensure meeting minutes are prepared and retained for all meetings.
- 1.3 Closely examine district transactions to identify conflicts of interest.

Oversight, Budgets, and
Financial Reporting

The Board of Directors:

- 2.1 Segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.
- 2.2 Prepare annual budgets that contain all information required by state law and ensure the budgets are adequately monitored. The Board of Directors should also submit annual financial reports timely to the State Auditor's Office and obtain annual audits as required by state law.