

The seal of the Missouri State Auditor is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

Nicole Galloway, CPA

Missouri State Auditor

Carroll County Ambulance District

Report No. 2022-108

November 2022

auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Carroll County Ambulance District

Misappropriated Money	From June 1, 2020, through March 31, 2021, money totaling at least \$91,794 was misappropriated from the district. Payroll overpayments totaling \$54,530 and questionable mileage reimbursements totaling \$1,945 were paid to the Director. The Director also misappropriated \$4,021 from a district employee benefit reimbursement account and used a district credit card for personal purchases totaling \$108. The Director also improperly authorized 19 payroll overpayments totaling \$29,560 to 15 district employees between November 29, 2020, and January 23, 2021, and a final payment of \$1,630 to a district employee in July 2020.
Oversight and Segregation of Duties	The Board of Directors did not provide adequate oversight of the Director or establish segregation of duties over the various financial accounting functions. The Board did not adequately monitor the district's payroll and disbursements activity.
Payroll Controls and Procedures	The Board did not enter into a written employment contract with the Director. Time records and time summaries prepared by the Director were not always accurate and sometimes lacked adequate detail, and the Board did not review the Director's time records and summaries. The Board did not review or approve payroll transactions or reports. The district did not maintain complete personnel files for all district employees. The Board did not approve employee salary change notification forms. Mileage reimbursements exceeded the amounts authorized by the Board, and mileage forms other than those approved by the Board, were used. In addition, mileage reimbursement forms did not require the employee to indicate where they traveled, in order to ensure mileage claimed was reasonable. The Director revised district holiday, sick leave benefit, and bereavement leave policies in August and September 2020, without Board approval.
Disbursements	The district does not have a formal approval and bid policy, including procedures for sole source procurements or emergency purchases. Bids, or reasons for only obtaining one bid, were not documented for several purchases of goods or services, and the Board did not authorize significant purchases of medical supplies. Board members considered some of the Director's purchases to be unnecessary. The Director made improper personal purchases using the district's credit card and the district has not adopted formal credit card policies and procedures, including who has the authority to increase monthly credit card limits and appropriate use for credit cards.
Sunshine Law	Closed meeting minutes did not include sufficient details of the topics discussed to demonstrate compliance with statutory provisions, and on at least 2 occasions, records of the votes taken were not documented. In addition, Board meeting minutes were not always signed. The Missouri Attorney General's Office filed a civil lawsuit against the district in the Circuit Court of Carroll County on April 9, 2021, for violations of 3 counts of the Sunshine Law.
Passwords	Employees share passwords to access computer systems and are not required to keep passwords confidential, which increases the risk of unauthorized access.

Electronic Communication Policy	The district has not developed a records management and retention policy in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.
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Capital Assets	The district does not maintain current, complete, and detailed records of capital assets. The district has not updated its capital asset list to include capital assets purchases since at least 2018. The district also does not tag or otherwise identify capital assets as property of the district, or perform an annual physical inventory of district property.
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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.

Carroll County Ambulance District

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NICOLE GALLOWAY, CPA

Missouri State Auditor

Board of Directors
Carroll County Ambulance District
Carrollton, Missouri

We have audited certain operations of the Carroll County Ambulance District as they relate to the district's finances in fulfillment of our duties under Chapter 29, RSMo. Due to the concerns regarding misappropriated money, the State Auditor initiated the audit with the approval of the Carroll County Ambulance District Board of Directors. In addition, the Carroll County Ambulance District engaged Westbrook & Co., P.C., Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended December 31, 2020. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit included, but was not necessarily limited to, the period June 1, 2020, through March 31, 2021. The objectives of our audit were to:

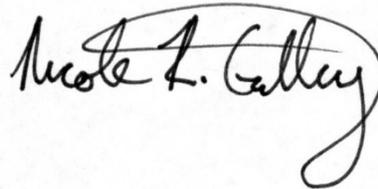
1. Evaluate the district's internal controls over significant management and financial functions.
2. Evaluate the district's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.
4. Determine the extent of money misappropriated from the district and any waste of public resources.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; and performing sample testing using haphazard and judgmental selection, as appropriate. The results of our sample testing cannot be projected to the entire populations from which the test items were selected. We obtained an understanding of internal control that is significant to the audit objectives and planned and performed procedures to assess internal control to the extent necessary to address our audit objectives. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and its audited financial report and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, (3) the need for improvement in management practices and procedures, and (4) money misappropriated from the district totaling at least \$91,794 and waste of public resources. The accompanying Management Advisory Report presents our findings arising from our audit of the Carroll County Ambulance District.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

Carroll County Ambulance District

Introduction

Background

The former Carroll County Ambulance District (CCAD) Director, Mario DeFelice, began employment June 16, 2020, and served until March 3, 2021. On July 9, 2020, the Board voted to approve a wage of \$75,000 annually for the former Director.

The former Director¹ was primarily responsible for the following district functions and records:

- Hiring and terminating of ambulance crew members and setting their work schedules.
- Approving employee salary change forms, time records, time summaries, and payroll, including overtime² and holiday pay compensated at time and one-half or two times the regular pay rate. The Business Office Manager typically entered time and expenses into the payroll system based on the amounts approved by the Director. However, prior to the Director's termination, he gained access to the payroll system, and sometimes entered time and expenses.
- Purchasing bedding totaling up to \$1,000 and medically necessary equipment and drugs totaling up to \$2,000.

In March 2021, the State Auditor's Office (SAO) Whistleblower Hotline received a call from the CCAD Board regarding concerns over CCAD financial practices. The SAO conducted an initial review of these matters in April 2021, under Section 29.221, RSMo. After review of the documentation and communications provided, the SAO determined further investigation was warranted under Section 29.221, RSMo.

On May 6, 2021, the CCAD Board (Board) sent a letter to the SAO and a copy of a resolution authorizing an audit of the district for the year ended December 31, 2020, through March 31, 2021. On May 19, 2021, the SAO agreed to conduct this audit. The SAO began the audit in February 2022.

Audit staff made repeated requests by phone and email in May, June, and July 2022, to interview the Director regarding concerns about payments made from district funds during his employment. The Director ultimately declined,

¹ The former Director is referred to as the Director throughout the remainder of this report.

² District personnel policy No. 507, Overtime, indicates "Overtime compensation is paid to all nonexempt employees in accordance with federal and state wage and hours restrictions." The Fair Labor Standard Act indicates, "Employees covered by the Act must receive overtime pay for hours worked over 40 in a workweek at a rate not less than time and one-half their regular rates of pay." United States Department of Labor, Wage and Hour Division, Overtime Pay, is available at <<https://www.dol.gov/agencies/whd/overtime>>, accessed July 29, 2022.



Carroll County Ambulance District Introduction

by email, on July 12, 2022, indicating, "Report whatever you want to and I will deal with it at a later time."

The district's fiscal year is January 1 through December 31. The scope of our audit included, but was not necessarily limited to the period June 1, 2020, through March 31, 2021, the approximate time period the Director was employed. We applied procedures to district payroll and disbursement transactions to identify the amount of misappropriated money and waste of public resources and methods used to perpetrate and conceal the theft.

Sunshine Law

The Missouri Attorney General's Office (AGO) filed a civil lawsuit against the CCAD in the Circuit Court of Carroll County on April 9, 2021, for violations of the Sunshine Law (Case Number 21CR-CC00037). The AGO cited the following 3 counts of violations:

- Violation of Section 610.020.1 for failing to comply with minimum agenda requirements, and violation of Sections 610.020.2 and 610.020.4 for failing to comply with emergency meeting notice requirements.
- Violation of Section 610.020.1 for holding meetings on at least 2 occasions without providing any notice.
- Violation of Section 610.021 for not elaborating on personnel or legal discussions cited as the reason to close a meeting.

Sections 610.020.1 and 610.020.2, RSMo, require public entities to give at least 24 hours advance notice of the time, date, and place of each meeting, and its tentative agenda to advise the public of matters to be considered. Section 610.020.4, RSMo, requires public entities to justify and state in the minutes the cause for holding a meeting on less than 24 hour notice, or at a place or time not reasonably convenient to the public. Section 610.021, RSMo, provides that the discussion topics and actions in closed meetings are limited to only those specifically allowed by law.

On November 8, 2022, the AGO and CCAD jointly filed a proposed consent judgment to resolve the lawsuit³, including a declaration to be submitted by the CCAD that the Sunshine Law was violated, a civil monetary penalty of \$1,000, and several steps to be taken over the next year to assure future Sunshine Law compliance.

³ The status of the lawsuit is available at <https://www.courts.mo.gov/casenet/cases/header.do?inputVO.caseNumber=21CR-CC00037&inputVO.courtId=CT08>, accessed November 9, 2022.

Carroll County Ambulance District Management Advisory Report State Auditor's Findings

1. Misappropriated Money

From June 1, 2020, through March 31, 2021, money totaling at least \$91,794 was misappropriated from the district. Payroll overpayments totaling \$54,530 and questionable mileage reimbursements totaling \$1,945 were paid to the Director. The Director also misappropriated \$4,021 from a district employee benefit reimbursement account and used a district credit card for personal purchases totaling \$108. The Director also improperly authorized 19 payroll overpayments totaling \$29,560 to 15 district employees between November 29, 2020, and January 23, 2021, and a final payment of \$1,630 to a district employee in July 2020.

The following table provides a summary of the amounts misappropriated by the Director and identifies the appendix where specific details are reported.

Description	Amount
Overtime pay (Appendix A)	\$ 35,150
Retention pay (Appendix A)	15,000
Holiday pay (Appendix A)	4,380
Payroll overpayments subtotal	54,530
Questionable mileage reimbursements (Appendix A)	1,945
Subtotal (Appendix A)	56,475
Employee benefit reimbursement account	4,021
Improper purchases	108
Total	\$ 60,604

The Director improperly added hours to other district employee time records that caused overpayments totaling \$29,560 and improperly approved a final payment to a district employee for \$1,630. The following table provides a summary of those amounts and identifies the appendix where specific details are reported.

Description	Amount
Overpayments (Appendix B)	\$ 29,560
Final payment	1,630
Total	\$ 31,190

Director

The Director was overpaid, reimbursed for questionable mileage, reimbursed from an improperly authorized employee benefit account, and made improper personal purchases using the district's credit card.

Overtime pay

Between July 16, 2020, and March 10, 2021, the Director improperly claimed 642 hours of overtime that resulted in \$35,150 in improper overtime payments.

The Director did not record any overtime on his time records or time summaries during the first 2 pay periods he was employed, then recorded 48



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hours of overtime for each of the next 11 pay periods, and recorded between 24 and 80 hours for the last 5 pay periods he was employed.

We reviewed ambulance schedules and run logs, and employee time records and summaries to determine if the amount of overtime claimed by the Director was reasonable. We noted 168 hours (7 - 24 hour shifts) where the Director was either scheduled to work as the sole paramedic for an ambulance and/or performed an ambulance run as the sole paramedic.⁴ For the other 642 hours, the Director either was not scheduled to work on an ambulance or did not make an ambulance run as the only available paramedic. As the Board only agreed to compensate the Director for time when other personnel were unavailable, those hours and the related overtime pay, totaling \$35,150, is improper.

According to the former Business Office Manager, the Director's position had previously been classified by the Board as a salaried employee, exempt from overtime. Board meeting minutes also did not document the approval of any overtime paid to the Director. In addition, on July 9, 2020, the Board passed Motion No. 38-20 authorizing the Director be paid \$75,000 annually. Most of the former Board members indicated, in recorded interviews, they remembered informal discussions with the Director that he would be compensated, in addition to his annual pay, for working as a paramedic on an ambulance, when no other paramedic was available. Most current and former Board members also indicated the Director refused to sign an employment contract and they were not aware the Director was claiming excessive amounts of overtime until after his termination, because they were not provided time records or summaries for review. (See MAR finding numbers 3.1 and 3.2).

Retention pay

The Director improperly approved the issuance of a \$15,000 payment to himself on December 30, 2020. The payroll system indicated the purpose of the payment was "Retension [*sic*] Pay"; however, according to the former Business Office Manager, the Director told her \$10,000 was for retention pay and \$5,000 was for reimbursement of personal health insurance costs. The Director provided no supporting documentation for his claim or to support the reimbursement of personal health insurance costs, but told the former Business Office Manager the payment was approved by the Board. The former Business Office Manager indicated the \$15,000 payment was recorded in the payroll system as retention pay because there was no category in the system for reimbursement of personal health insurance.

⁴ Because the Director's time records and summaries only indicated the amount of overtime earned, not the specific day it was earned, we considered the days in which he was either scheduled to work as the sole paramedic for an ambulance and/or performed an ambulance run as the sole paramedic as reasonable overtime hours.



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In recorded interviews, current and former Board members indicated they were not aware of this payment until after the Director's resignation in March 2021, and they did not approve this payment. In addition, the retention payment did not comply with district personnel policy No. 380, Retention Incentive, that provides for an annual \$200 incentive increased by \$20 for each completed year of service.

Holiday pay

The Director improperly approved payments to himself, totaling \$4,380, for 72 holiday hours at time and one-half. Between November 15, 2020, and January 9, 2021, the Director claimed 96 holiday hours that were paid at time and one-half, totaling \$5,256. The Director recorded 24 holiday hours during the pay period in which Thanksgiving is recognized, 24 holiday hours during the pay period in which Christmas is recognized, and 48 hours during the pay period in which New Year's Day is recognized. However, the Director was neither scheduled for an ambulance shift nor performed any ambulance runs on any of these 3 district approved holidays (Thanksgiving, Christmas, and New Year's Day). Per policy, the Director was only entitled to 24 hours of holiday pay, 8 hours per holiday, paid at his regular rate of \$36.50 per hour, or \$876.

District personnel policy No. 305, Holidays, lists applicable holidays for which personnel will be granted 8 hours per day. The policy further indicates employees must work the last scheduled day before the holiday and the next scheduled day after the holiday to qualify for holiday pay. The policy does not indicate at what rate these holiday hours will be paid, if worked.

Prior to November 2020, no holiday pay was paid if a holiday was worked. Administrative employees received 8 hours off for each holiday that were paid at straight time, and ambulance employees received 6 hours off per pay period (12 hours per month or 144 hours per year) for holidays that were also paid at straight time.

Questionable mileage reimbursements

The Director claimed 3,500 miles of travel and was reimbursed \$1,945 for mileage between October 2020 and January 2021 that was questionable. The Board did not review or approve the 4 reimbursement requests, and documentation submitted by the Director to support these reimbursements was not adequate (See MAR finding number 3.6). Mileage reimbursement forms submitted by the Director did not indicate where he was traveling or the training events attended to ensure the reasonableness of total miles requested for reimbursement. In addition, for 3 of the 4 reimbursement requests, the Director used a form he created that differed from the Board approved form and claimed a higher IRS mileage rate than the Board approved \$0.50 per mile. The Director also improperly attempted to request a mileage reimbursement in the amount of \$560, just prior to his March 2021 termination, for a February 2021 online training. The district's Business Office Manager denied the reimbursement.



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Employee benefit
reimbursement account

The Director improperly authorized the creation of an employee benefit reimbursement account at a total cost of \$11,385, and owes the CCAD \$4,021 for reimbursements received.

Description	Amount
Administrative fees paid the account administrator	\$ 3,635
Advance funding of Director's accounts	7,750
Total CCAD funds paid	11,385
Account administrator refund of administrative fees	(3,635)
Account administrator refund of remaining Director's account	(3,200)
Withholdings from Director's payroll	(529)
Amount owed by Director	\$ 4,021

Between November 2020 and May 2021, \$3,635 of administrative fees were charged by the third party account administrator and electronically paid from the district's bank account. The Director also improperly authorized \$7,750 in electronic payments from the district bank account to advance fund his personal health reimbursement account (\$5,000) and travel expense account (\$2,750). The Director personally purchased hearing aids costing \$4,798 and was reimbursed \$4,550 by the account administrator from these accounts in February 2021 (no explanation was provided for the difference between hearing aid cost and the reimbursement amount). After the Director's termination, district staff worked with the account administrator to terminate these accounts and the vendor reimbursed the district \$6,835.

In recorded interviews, current and former Board members indicated they remember informal discussions with the Director regarding the possibility of setting up employee benefit reimbursement accounts, but they never formally authorized or approved the accounts and knew nothing of the existence of any accounts until after the Director's termination.

Improper purchases

The Director paid for \$108 in questionable shipping charges with the district's credit card on March 2, 2021, the day before his termination. The Director shipped 2 packages, one to his mother in Cape Coral, Florida, and another to the Oklahoma State Department of Health's Emergency Services Division. The former Business Office Manager indicated she did not know what was shipped in either instance, but she was able to determine the Director's Oklahoma paramedics license was expiring around this time. A review of current Oklahoma certified and licensed personnel lists the Director as licensed through June 30, 2023.⁵

⁵ Oklahoma State Department of Health Emergency Services Division, Current Oklahoma Certified and Licensed Personnel, May 3, 2022, is available at



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Final pay

The Director also improperly attempted to request a final payment, totaling \$23,068, prior to his termination. According to the former Business Office Manager and a payroll report generated from the district's payroll system, prior to the Director's resignation on March 3, 2021, he entered 620 hours (80 regular hours, 276 hours of accrued sick leave, and 240 hours of accrued vacation leave at his hourly rate of \$36.50 and 24 hours of overtime at his overtime rate of \$54.75) into the district payroll system for a gross payment of \$23,068 for the pay period March 7 through March 20, 2021. The former Business Office Manager indicated the Director was adamant he be paid right away, but she told him the funds would have to be transferred from another account before this could be paid. The Business Office Manager denied this payment because the Director had not worked these hours, and district policy did not provide for the payout of accrued sick leave or vacation to the Director.

Other staff

The Director improperly authorized \$31,190 in overpayments and final payments to other district staff.

Overpayments

The Director improperly recorded time worked on 15 employees' time records and approved 19 payments to employees in December 2020 and January 2021, totaling \$29,560 that were not authorized by the Board (see Appendix B).

Our review of the district's payroll system identified unusual increased payroll activity during the 4 bi-weekly pay periods between November 29, 2020, and January 23, 2021, with gross pay totaling approximately \$308,000 or approximately \$77,000 per pay period. During the prior 13 pay periods,⁶ total payroll averaged less than half of this amount. During these 4 pay periods, we noted increases in the amount of recorded hours worked and claimed as overtime, holiday, and/or "other" in the payroll system. For example, a former registered nurse was overpaid \$5,880, for the pay period December 27, 2020, through January 9, 2021, because additional hours were recorded on the nurse's timesheet in the Director's scripted handwriting. The former nurse's gross pay was \$15,820 for this pay period, and the former nurse's timesheet reported 4 - 24 hour shifts worked the first week (96 hours) and 5 - 24 hour shifts worked the second week (120 hours), a total of 216 hours worked. The Director recorded "D/T" (double time) for 2 - 24 hour days worked (December 27, 2020, and January 2, 2021) and "Holiday" for 2 - 24 hour days worked (December 31, 2020 and January 1, 2021) in his scripted

<<https://oklahoma.gov/health/services/licensing-inspections/emergency-systems/ems-division.html>>, accessed July 29, 2022.

⁶ Beginning November 1, 2020, the Director changed the date of the payroll to a bi-weekly pay period. Prior to November 2020, payroll was paid bi-monthly.



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handwriting on the timesheet. However, only one district recognized holiday (New Year's Day) was worked during this pay period.

Despite only working 216 hours (80 regular hours, 24 holiday hours, and 112 overtime hours), the former RN was paid for 312 hours for this pay period (80 regular hours, 48 holiday hours, 136 overtime hours, and 48 "other" hours). The overpayment of 96 hours is the result of holiday and overtime hours overstated by 24 hours each and paid at time and one-half, and 48 erroneous "other" hours reported and paid at double time as shown in the table below:

Type of Hours Claimed	Number of Hours	Pay Rate ¹	Amount of Overpayment
Holiday	24	\$52.50	\$1,260
Overtime	24	52.50	1,260
Other	48	70.00	3,360
Total	96		\$5,880

¹ Time and one-half rate was \$52.50 and double time rate was \$70.

The other 18 overpayments identified during the 4 bi-weekly pay periods reviewed were caused by similar overtime, holiday, and "other" hours erroneously reported on time summaries or in the payroll system and paid at either time and one-half or double time rates. In most instances the Director's revisions were made in a different color ink, initialed, and/or signed documenting his approval. The former Business Office Manager and current and former Board members indicated these reported and paid holiday and overtime hours were not authorized and did not agree with district policy. Current and former Board members also indicated they were not provided time summaries or payroll reports for review (See MAR Finding number 3.3) and had no idea the extent of the increases in overtime or holiday pay. In addition, the current Board President indicated double time pay for "other" hours was not authorized by the Board.

Final payment

The Director improperly executed a separation agreement in July 2020, with a former employee for payment of \$1,630 for hours scheduled, but not worked. The separation agreement suggests it was at the direction of the Board, but we found no vote made by the Board in the meeting minutes, and the separation agreement was not signed by a member of the Board. The current Board President indicated they were aware the Director reprimanded the former employee, but the separation agreement and payment were never provided to the Board for review or approval.

Overall conclusion

The lack of segregation of duties and adequate controls, and the absence of proper oversight, as discussed in the remainder of this report, resulted in overpayments, questionable mileage reimbursements, improper employee benefit reimbursements, improper purchases made by the Director, and



Carroll County Ambulance District
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overpayments to other district staff going undetected until after the Director's termination.

Recommendation

The Board of Directors work with law enforcement officials regarding criminal prosecution of the improper overpayments, questionable and improper reimbursements, and improper purchases; and take the necessary actions to obtain restitution.

Auditee's Response

The Carroll County Ambulance District will work with all law enforcement officials during the course of any investigation.

2. Oversight and Segregation of Duties

The Board did not provide adequate oversight of the Director or establish segregation of duties over the various financial accounting functions. The Board did not adequately monitor the district's payroll and disbursements activity. Weaknesses identified throughout this report are significant and demonstrate a lack of segregation of duties and proper oversight by the Board that led to the misappropriation noted in MAR finding number 1.

Proper segregation of duties helps ensure transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties is not possible, timely supervisory or independent reviews of work performed and investigation into unusual items and variances is necessary. Good management practices require extensive and detailed oversight by the Board. Board members were not aware of the importance of providing adequate oversight.

Recommendation

The Board of Directors segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.

Auditee's Response

The Carroll County Ambulance District has segregated the accounting duties with oversight. All income that comes through the mail is received by the Director and input in a spreadsheet, the incoming mail is then forwarded to the Business Office Manager who inputs it in a separate spreadsheet. These spreadsheets are reviewed once a month by the Board to ensure no discrepancies. All outgoing payments are approved by the Board at the monthly meetings. The Business Office Manager has the only log in access to the accounting system and is the only one who can enter, change, or issue any accounting information. All accounting information is placed in Board member packets every month for their review. The Board member liaison meets with the staff at least once per month, without the Director present, to discuss any issues or concerns the employees may have. The Director only processes accounts receivable that come in via mail. All other accounts receivable is processed electronically through direct deposit.



3. Payroll Controls and Procedures

District payroll policies and procedures need improvement. From June 2020, through March 2021, district payroll and fringe benefit disbursements totaled approximately \$1.1 million. We judgmentally selected for review 4 consecutive bi-weekly pay periods from November 29, 2020, through January 23, 2021, with gross payroll totaling approximately \$308,000, and 30 employees' personnel files. As noted in MAR finding number 1, we also reviewed the Director's payroll during his entire employment.

3.1 Employment contract

The Board did not enter into a written employment contract with the Director. Between June 16, 2020, and March 10, 2021, the district paid the Director \$117,164, including \$44,348 in overtime, \$5,256 in holiday pay, and \$15,000 for retention and reimbursement of personal health insurance costs, without a written contract documenting his compensation or employment classification.

On July 9, 2020, the Board passed Motion No. 38-20 authorizing the Director be paid \$75,000 annually; however, there was no formal approval for any compensation in excess of this.

Formal written employment contracts that clearly define all employment terms are helpful in ensuring all parties are aware of their duties and responsibilities, and to prevent misunderstandings. The lack of an employment contract and proper oversight by the Board contributed to overpayments to the Director discussed in MAR finding number 1. Current and former Board members indicated the Director refused to sign an employment contract.

3.2 Time records

Time records⁷ and time summaries⁸ prepared by the Director were not always accurate and sometimes lacked adequate detail. In addition, the Board did not review the Director's time records and summaries.

For 5 of the Director's 18 pay periods between June 16, 2020, and March 6, 2021, the Director did not record his daily hours on his time record, including 144 overtime hours, to support his time summary.

In addition, for 12 of the remaining 13 pay periods, the Director routinely reported excessive and unreasonable hours on his time record that did not agree to the time reported on his time summary. The Director's payments were based on the time reported on his time summary. Between September 16, 2020, and March 6, 2021, the Director recorded 2,828 hours on his time records including 83 - 24 hour days, while recording only 1,674 hours on his time summaries. For example:

⁷ Time records recorded time worked each day or in total for the pay period.

⁸ Time summaries calculated gross pay to be entered into the payroll system.



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- For the October 16 through October 31, 2020, pay period, the Director recorded a total of 275 hours on his time record, including 7 consecutive 24 hour days. However, he only reported 152 hours on his time summary. No explanation was provided for the excessive number of hours reported on the time record or for the difference in hours reported on the time record and summary.
- For the December 27, 2020, through January 9, 2021, pay period, the Director recorded at least 12 hours for each of the 14 days in the pay period on his time record, including 10 - 24 hour days, for a total of 294 hours. However, he only reported 200 hours on his time summary. Again, no explanation was provided for the excessive amount of hours reported on the time record or for the difference in hours reported on the time record and summary.

In recorded interviews, current and former Board members indicated the Director's time records and summaries were not submitted for their review.

Without adequate time records, the district cannot ensure hours worked are properly documented. Periodic review and approval of time records and summaries by the Board would ensure the accuracy of hours worked by the Director and other employees. In addition, Fair Labor Standards Act (FLSA) regulation Section 29 CFR Section 516.2(a) requires employers to maintain accurate records of actual time worked by employees. The Director's failure to prepare accurate time records and summaries or submit them for the Board's review helped conceal the misappropriations in MAR finding number 1. Board members indicated they were unaware of the importance of reviewing the Director's time records and summaries to support his payroll.

3.3 Board review and approval process

The Board did not review or approve payroll transactions or reports. From June 2020 through March 2021, the Director did not provide payroll or direct deposit reports for the Board's review in their monthly meeting packets. The only payroll information provided to the Board was summarized in a budget to actual financial report. However, in a recorded interview the former Business Office Manager indicated the payroll and direct deposit reports were available for the Board's review had they requested the information.

By reviewing and approving monthly payroll reports and direct deposit reports, including signing or initialing the reports to indicate the approval, and periodically questioning and reviewing supporting documentation, the Board can help safeguard against possible loss or misuse of funds. Had the Board reviewed payroll reports, the staff overpayments noted in MAR finding number 1 could have been questioned. District officials indicated they were unaware of the importance of the Board's payroll review and approval processes.



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3.4 Personnel files

The district did not maintain complete personnel files for all district employees. W-4 forms were missing for 3 of the 30 employees tested (10 percent) and I-9 forms were missing for 4 employees (13 percent). In addition, some personnel files did not include application forms, copies of driver licenses, drug screening forms, and copies of professional licenses, while other employee personnel files included these records.

To ensure documentation is maintained of all personnel actions, personnel files containing, at a minimum, documentation of the board's authorization for hiring the employee, the employee's authorized pay rate, and any subsequent changes in pay rate are necessary. In addition, the IRS requires employers to ensure a W-4 form is completed by each employee to support payroll withholding and taxes. Additionally, according to the Immigration Reform and Control Act of 1986, an individual may not begin employment unless an I-9 form is completed. Employers are subject to civil or criminal penalties if they do not comply. Without adequate personnel records, there is less assurance payments to employees are properly authorized. Board members were not aware of the importance of ensuring a complete personnel file was maintained.

3.5 Salary change notification

The Board did not approve employee salary change notification forms.

Director

The Director was overpaid \$648 for regular hours worked and \$113 for overtime hours worked because the \$36.50 hourly wage rate reported on his Salary Change Notification form was incorrect. A total of 1,440 regular hours were paid at the rate of \$36.50 instead of the Board approved rate of \$36.05 (annual pay of \$75,000 based on a 2,080 hour year). In addition, a total of 168 overtime hours were paid at the rate of \$54.75 instead of \$54.08 (time and one-half the rate of \$36.05). In a recorded interview the former Business Office Manager indicated she prepared the Director's Salary Change Notification form based on his statement that the Board approved a \$36.50 rate of pay. The form was signed by the former Business Office Manager and Director, but was not provided to the Board for review.

Other employees

The Director also authorized wages for 3 paramedics and an emergency medical technician (EMT) that were higher than what was approved by the Board in a July 2020 Board meeting. No explanation was included on their salary change notification forms justifying the increased pay. In addition, most salary change forms were signed only by the Director when the forms included 3 required signatures; namely, Human Resources, Supervisor/Manager, and Other Approving Authority.

According to the current Business Office Manager, 3 of the 4 employees found to have higher wages had additional duties so the Director approved



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higher wage rates. It was not known why the rate of the fourth employee was higher than authorized by the Board.

Conclusion

Accurate and properly approved salary change notifications are necessary to ensure all parties are aware of changes to compensation and prevent misunderstandings. Current and former Board members indicated they were not provided salary change notification forms for review by the Director and were not aware of the importance of this form.

3.6 Mileage reimbursements

Mileage reimbursements exceeded the amounts authorized by the Board. In addition, mileage reimbursement forms do not require the employee to indicate where they traveled, in order to ensure mileage claimed was reasonable.

District personnel policy No. 381, Auto Mileage, indicates mileage will be paid at the rate of \$0.50 a mile, and the district mileage reimbursement form was available in the district office. However, as noted in MAR finding number 1, the Director began utilizing a form he prepared rather than the Board approved form and allowed staff to claim mileage at annual IRS rates of \$0.575 per mile for 2020 and \$0.56 per mile for 2021. In recorded interviews, current and former Board members indicated there was no formal approval to change the district mileage rate to IRS mileage rates.

Without adequately detailed reimbursement forms there is less assurance claimed mileage is for legitimate business purposes. Board oversight of mileage reimbursements is necessary to ensure district funds are spent efficiently and policies are followed. Current and former Board members indicated they were not aware a form other than that approved by the Board was used to request mileage reimbursements.

3.7 Personnel policies

The Director revised district holiday, sick leave benefit, and bereavement leave policies in August and September 2020, without Board approval. The former Business Office Manager indicated the Director made the unauthorized changes to the holiday policy to allow holiday pay at time and one-half. He also likely changed the sick leave policy to allow for accrued sick leave to be paid upon termination as demonstrated in his March 2021 payroll request that was denied (see MAR finding number 1).

The introductory statement of the personnel policy manual indicates policies apply to all employees and changes are subject to Board approval. As noted in MAR finding number 1, the Director paid himself and other staff in excess of what was authorized by the Board or allowed by the Board approved personnel policies.

Properly approved personnel policies are necessary to ensure equitable treatment of employees and prevent misunderstandings. Current and former



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Board members indicated they were unaware of the importance of the personnel policies or that the Director had revised policies without their approval.

Recommendations

The Board of Directors:

- 3.1 Ensure employment contracts are executed with the Director.
- 3.2 Ensure the Director's time records and summaries are reviewed for completeness and accuracy and properly approved.
- 3.3 Ensure payroll reports are prepared and the Board's review is documented.
- 3.4 Maintain complete personnel files for all district employees.
- 3.5 Ensure salary changes are approved.
- 3.6 Ensure mileage reimbursement forms are adequately detailed to indicate where the employee was traveling to and from, Board approved mileage forms are used, and mileage is reimbursed in accordance with district policy.
- 3.7 Ensure all personnel policy changes are approved.

Auditee's Response

- 3.1 *Contract has been executed with the current Director and will be for all future Directors.*
- 3.2 *All time records, including the Director's, are entered into a web-based document which inputs it into a web-based spreadsheet. All of these entries are date and time stamped as well. The Scheduling Officer, Business Office Manager, and Director review and sign off on this document prior to payroll being issued. The Director's pay stub is submitted with the board meeting packet every month for review.*
- 3.3 *Payroll reports are included in the board meeting packet for the Board's review at monthly meetings.*
- 3.4 *Personnel files are completed and verified by the Director, Business Office Manager, and Captain of Training. This ensures that all appropriate information is maintained. Employee files are kept in hard copy form in the Director's office. We will also be establishing a digital copy kept in the Business Office Manager's office.*



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- 3.5 *Salary changes are completed only after the proper documentation is signed and approved by the Business Office Manager and Director. If the employee is a new hire, then Board approval is not required for initial approval if the pay rate is within established limits. Anything outside that limit must be approved by the Board prior to administration.*
- 3.6 *New mileage reimbursement forms will be created and approved by the Board to include all necessary information. All mileage reimbursements will be paid in accordance with district policy and will be approved by the Board at the time of reimbursement.*
- 3.7 *Currently, all personnel policies that would cause any financial obligation changes to or from the district are approved by the Board prior to implementation. All personnel policies regarding day-to-day operations that will not cause any financial obligation changes to the district or foreseeable legal issues are approved by the Director. All policy changes will be accompanied by a statement from our legal consultant.*

4. Disbursements

District disbursement policies and procedures need improvement. From June 2020 through March 2021, the district employees made non-payroll disbursements totaling approximately \$577,000, including \$32,224 in purchases with a credit card. We judgmentally selected and tested 24 disbursements totaling approximately \$158,000 made during this time period. We also reviewed all credit card statements and invoices for the months January through April, 2021.

4.1 Procurement, Board review and approval, and unnecessary purchases

The district does not have a formal approval and bid policy, including procedures for sole source procurements or emergency purchases. Bids, or reasons for only obtaining one bid, were not documented for several purchases of goods or services during the period June 1, 2020, through March 31, 2021. In addition, the Board did not authorize significant purchases of medical supplies and some purchases of medical equipment were unnecessary.

Bidding

District personnel did not bid some significant purchases including medical cables and electrodes (\$11,095), narcotic storage safes (\$7,617), disinfectant sprayer (\$5,591), uniforms (\$3,191), and room dividers (\$2,096).

In addition, the Director only obtained one bid or quote for some significant purchases of goods or service including leased cardiac monitors (with a total cost of \$143,898 over the term of the lease), concrete work and other building improvements (\$31,660), fire protective clothing (\$27,332), and building filtration system and ductwork improvements (\$5,859).



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Approval and bid policies

The district does not have a formal approval or bid policy for the purchase of good or services. On July 9, 2020, the Board took steps to limit the purchases the Director could make without approval by passing motion No. 39-20 that places "a spending cap (without Board approval) for \$1,000 for bedding situation and \$2,000 for medically necessary equipment and drugs for Administrator⁹ DeFelice." However, the district does not have a formal approval or bid policy that addresses limits for the purchase of other types of good or services.

For example, the Director purchased over \$110,000 in medical supplies from 2 vendors, including 3 separate purchases totaling between \$14,000 and \$19,000, without Board approval or bids. In a recorded interview, the former Business Office Manager indicated the purchase of medical supplies was pre-authorized by the Board and at the discretion of the Director and would have been listed as such on the Treasurer's disbursement report provided to the Board for review and approval. Former Board members indicated the Board should have approved purchases of these significant amounts, and that during the height of the COVID pandemic, the district was having trouble finding medical supplies to purchase. However, some former Board members also acknowledged they did not realize how much the Director was spending on medical supplies because they were recorded as pre-authorized on the disbursement reports.

Unnecessary purchases

Board members consider some of the Director's purchases to be unnecessary. In recorded interviews most current and former Board members indicated, while Board approval was given for the lease of new cardiac monitors, the Director misrepresented the lease purchase to the Board indicating the district's prior cardiac monitors needed to be replaced because they were out-of-date (or warranty) and/or were not compatible with other entity's monitors. The current Director indicated this was not accurate. Further, 2 former Board members indicated surprise the district purchased "fire protective" clothing and another noted she found out the clothing was not needed after the Director left. The current Director indicated the purchases were unnecessary.

Conclusion

Formal bidding procedures for major purchases or services provide a framework for economic management of district resources and help ensure the district receives fair value by contracting with the lowest or best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in district business. To safeguard against possible loss or misuse of funds, the Board should approve all significant disbursements and review supporting documentation, bank information, and canceled checks. The Board has a fiduciary duty to the taxpayers to ensure district funds are only expended on necessary items and in a manner that

⁹ The title of Administrator and Director are interchangeable.



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provides the greatest benefit to the district. Current and former Board members indicated they were unaware of the importance of formal bidding procedures.

4.2 Credit cards

The Director made improper personal purchases using the district's credit card (MAR finding number 1), and the district has not adopted formal credit card policies and procedures, including who has the authority to increase monthly credit card limits and appropriate use for credit cards.

Between August and October 2020, the Director increased the monthly credit card limits from \$4,100 to \$20,000, and \$1,500 to \$5,000, without approval, which allowed greater purchasing authority. In recorded interviews, the current Board President and 2 former Board members indicated they were not aware and did not approve the increases in spending limits. In addition, prior to these spending limit increases, the Director authorized the former Business Office Manager to use her personal credit card on 2 separate occasions to make purchases totaling \$13,208 for the district and seek reimbursement, circumventing the district's monthly credit card limits.

While credit cards can provide a useful alternative purchasing method, controls and procedures would be strengthened by clearly documented policies outlining the appropriate use and oversight of credit cards. In addition, credit card transactions are inherently riskier than other purchases because these purchases can be made prior to proper approval. That risk and the potential for inappropriate purchases or other misuse increases with excessive or unneeded limits and purchasing ability. By periodically evaluating actual credit card activity and adjusting limits, and/or the number of active cards needed, the Board can strengthen controls over credit cards and reduce potential risks for these transactions. Current and former Board members indicated they were unaware of the importance of having written credit card and disbursement policies.

Recommendations

The Board of Directors:

- 4.1 Establish formal bidding policies and procedures, including documentation requirements regarding bid specifications, the bids or quotes received, and justification for bids selected. The Board should also document its approval of significant disbursements in meeting minutes and by signing or initialing the monthly list of bills, and ensure disbursements are a necessary use of public funds and provide a benefit to the district.
- 4.2 Establish complete and detailed written credit card policies and procedures. In addition, periodically evaluate the need for each credit card issued and adjust employee credit card limits as deemed appropriate.



Auditee's Response

- 4.1 *The district will work with our legal consultant to institute a formal bidding and approval policy. The approval of all bids and reason for the bids selected will be documented in the monthly board minutes plus a signature page for all board members to sign approving or denying the bid. The Board will document its approval or denial of significant disbursements in meeting minutes and by signing the monthly list of bills, and ensure disbursements are a necessary use of public funds and provide a benefit to the district.*
- 4.2 *The district will work with our legal consultant to institute a formal credit card policy. CCAD will periodically evaluate the need for each credit card issued and adjust credit card limits as deemed appropriate to ensure necessary use of public funds. Currently, the credit cards are locked in the Business Office Manager's safe. No individual has a credit card issued to them. These cards are generally used for purchases that a check is not able to be used for.*

5. Sunshine Law

Some closed meeting minutes did not include sufficient details of the topics discussed to demonstrate compliance with statutory provisions, and on at least 2 occasions, records of the votes taken were not documented. In addition, Board meeting minutes were not always signed.

In addition, as noted in the Background section, the AGO filed a civil lawsuit against the district in the Circuit Court of Carroll County on April 9, 2021, for violations of 3 counts of the Sunshine Law¹⁰. A proposed consent judgment was filed with the Circuit Court on November 8, 2022, to resolve the lawsuit.

Section 610.020.7, RSMo, requires meeting minutes be maintained as a record of business conducted and to provide an official record of Board actions and decisions, and Section 610.021, RSMo, provides that the discussion topics and actions in closed meetings are limited to only those specifically allowed by law. Sufficiently detailed meeting minutes are necessary to demonstrate compliance with statutory provisions, such as Section 610.021, RSMo, and support decisions made. Additionally, signed and approved meeting minutes provide an independent attestation that the minutes are a correct record of matters discussed and actions taken during meetings. Board members were not aware of these requirements.

¹⁰ During our review of Board meeting minutes from June 1, 2020, through March 31, 2021, we noted similar non-compliance with Section 610.020.1,2, and 4 and Section 610.021, RSMo; however, it is not included in the finding because of active litigation.



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Recommendation

The Board of Directors ensure the purpose, contents, and other necessary information is included in closed meeting minutes; closed meeting votes are documented; and meeting minutes are signed.

Auditee's Response

The district now reviews and ensures that all minutes are complete, accurate, and signed by the Board Secretary. These are kept in paper copy form in the Business Office Manager's files and a digital copy is kept on the district computer. All closed meeting minutes will be kept in entirety with votes documented and a signature page for all Board members present.

6. Passwords

Employees share passwords to access computer systems and are not required to keep passwords confidential, which increases the risk of unauthorized access. District personnel record passwords in a password book kept in the district safe. Three employees have access to the safe and password book. District staff indicated the number of passwords they use makes it difficult to retain the information without writing the passwords down and sharing them. District officials indicated they were not aware of the importance of keeping passwords confidential.

Passwords are required to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords are not kept confidential, there is less assurance access to computers and data files is limited to only those individuals who need access to perform their job responsibilities. Unique and confidential passwords that contain a minimum number of characters and are changed periodically are necessary to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

Recommendation

The Board of Directors require confidential passwords to prevent unauthorized access to district computers and data.

Auditee's Response

Each employee has their distinct password to the computer system. General staff do not have access to any administrative computer software. The Director does not have access to the accounting system. When information is needed, the Business Office Manager prints out the accounting information needed, and it is reviewed by the Director.

7. Electronic Communication Policy

The district has not developed a records management and retention policy in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.

Section 109.270, RSMo, provides that all records made or received by an official in the course of his/her public duties are public property and are not to be disposed of except as provided by law. Section 109.255, RSMo,



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provides that the Local Records Board issue directives for the destruction of records. The guidelines for managing electronic communications records can be found on the Secretary of State's website.¹¹

Development of written policies to address the use of electronic communications is necessary to ensure all documentation of official business of the district is retained as required by state law. The Board indicated it was unaware of the record retention requirements and the electronic communications guidelines.

Recommendation

The Board of Directors develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

Auditee's Response

The district will work with our legal consultant to ensure a policy is in place that is in alignment with state guidance. Currently, the Director does not discuss any business matters with any board members over the phone. These are discussed in an email to the Director's district email address.

8. Capital Assets

The district does not maintain current, complete, and detailed records of capital assets. The district has not updated its capital asset list to include capital assets purchases since at least 2018. The district also does not tag or otherwise identify capital assets as property of the district, or perform an annual physical inventory of district property.

Adequate capital asset records and procedures are necessary to provide controls over district property, to safeguard district assets that are susceptible to loss, theft, or misuse; and to provide a basis for proper financial reporting and insurance coverage. District officials indicated they were not aware of the importance of maintaining capital asset records or performing annual physical inventories.

Recommendation

The Board of Directors ensure complete and detailed capital asset records are maintained, assets are properly tagged for identification, and annual physical inventories are performed and compared to detailed records.

Auditee's Response

The district has 95 percent completed an asset list and inventory. The district will continue to maintain this list at minimum annually. The district will incorporate a number identification system for all assets then assign them a district serial number. The district will complete an internal inventory of all assets annually in November of each year. All district assets will be labeled with a unique identification number associated with the inventory list.

¹¹ Missouri Secretary of State Records Services Division, *Electronic Communications Records Guidelines for Missouri Government*, May 14, 2019, is available at <<https://www.sos.mo.gov/CMSImages/LocalRecords/CommunicationsGuidelines.pdf>>, accessed July 29, 2022.

Carroll County Ambulance District

Organization and Statistical Information

The Carroll County Ambulance District was established in June 1987 pursuant to Chapter 190, RSMo. The district covers 701 square miles, has one building, and serves approximately 8,500 district residents. The district is comprised of six sub-districts of equal population with one taxpayer from each district comprising the Board of Directors of which a Chairman, Vice Chairman, and Treasurer are appointed from the group. Board members receive no compensation. As of March 31, 2021, the Board consisted of the following members:

Board of Directors

Name and Title	Term Expires
Caren Bittiker, President (1)	April 2022
Carolyn Maberry, Member (2)	April 2022
Karen Miller, Member (3)	April 2023
Janice Miller, Member (4)	April 2021
Margaret Wheeler, Member (5)	April 2023
Dottie Standley, Member (6)	April 2021

- (1) Greg Stafford was elected in April 2022 to a 3 year term expiring April 2025.
- (2) Carolyn Maberry resigned from her position in November 2021 and was replaced by James Maberry for the remainder of the term. James Maberry was elected in April 2022 to a 3 year term expiring April 2025.
- (3) Karen Miller became Board President in May 2021.
- (4) Stacia Cowherd was elected in April 2021 to a 3 year term expiring April 2024.
- (5) Margaret Wheeler resigned from her position in January 2022 and was replaced by Phillip Henderson for the remainder of the term.
- (6) Sherry McCoy was elected in April 2021 to a 3 year term expiring April 2024.

Director

Mario DeFelice served as the Director¹² from June 2020 to March 2021. The Board established the annual compensation of the Director at \$75,000. Mario DeFelice was replaced by Interim Director, Daryl Noll, in March 2021, who served until May 2021, when the position was filled permanently by the current Director, Joseph Campbell. The current Director's compensation was established by written contract by the Board of Directors.

Financial Activity

A summary of the district's financial activity obtained from the district's audited financial statement report for the year ended December 31, 2020, follows:

¹² The Director position is also called the Chief of EMS or Administrator.



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Organization and Statistical Information

**CARROLL COUNTY AMBULANCE DISTRICT
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	BUDGET		ACTUAL	FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		VARIANCE
RECEIPTS:				
Property taxes	\$ 514,221	\$ 514,221	\$ 661,015	\$ 146,794
Charges for services	460,000	460,000	548,124	88,124
Grant income	-	-	23,608	23,608
Interest income	10,000	10,000	22,041	12,041
Other income	100	100	489	389
Capital lease proceeds	-	-	108,000	108,000
Total receipts	984,321	984,321	1,363,277	378,956
DISBURSEMENTS:				
Salaries	640,000	786,187	784,347	1,840
Employee benefits	234,195	234,195	186,021	48,174
Professional fees	50,000	50,000	62,737	(12,737)
Payroll taxes	50,500	50,500	59,213	(8,713)
Tax collection expense	85,500	85,500	31,015	54,485
Ambulance supplies	60,000	130,000	139,077	(9,077)
Insurance	70,000	86,445	68,643	17,802
Fuel and oil	25,000	25,000	12,112	12,888
Repairs	14,850	34,747	16,273	18,474
Utilities	15,000	15,000	13,236	1,764
General and administrative	12,000	12,000	12,763	(763)
Office expense	8,584	8,584	5,883	2,701
Miscellaneous	7,000	12,415	5,148	7,267
Training	10,250	10,250	9,302	948
Uniforms	7,000	22,000	1,130	20,870
Travel	5,000	5,000	4,067	933
Capital outlay	287,342	287,342	409,190	(121,848)
Total disbursements	1,582,221	1,855,165	1,820,157	35,008
Receipts over (under) disbursements	(597,900)	(870,844)	(456,880)	413,964
Beginning cash balance	1,210,805	1,210,805	1,210,805	-
Ending cash balance	\$ 612,905	\$ 339,961	\$ 753,925	\$ 413,964

Carroll County Ambulance District

Supporting Documentation of Misappropriated Money

The following appendixes provide supporting documentation for the misappropriated money discussed in MAR finding number 1 and are summarized in the following table:

Appendix	Type of Supporting Documentation
A	Overpayments and Unsupported Mileage Reimbursements to Director
B	Overpayments to Other Staff

Appendix A
 Carroll County Ambulance District
 Overpayments and Unsupported Mileage Reimbursements to Director
 June 16, 2020, through March 10, 2021

Payment Date	Direct Deposit		Purpose, if Indicated (2)	Hours Claimed (3)	Gross Pay	Overpayments					Total Overpayments and Unsupported Mileage	
	Number	Pay Period (1)				Supported Payments (4)	Overtime Pay (5)	Holiday Pay (6)	Retention Pay	Total Overpayments	Unsupported Mileage	Unsupported Mileage
07/15/2020	DD1247	07/01/2020-07/15/2020	Unknown	80	\$ 2,920.00	2,920.00	0.00	0.00	0.00	0.00	0.00	0.00
07/31/2020	DD1258	07/16/2020-07/31/2020	Unknown	128	5,548.00	4,234.00	1,314.00	0.00	0.00	1,314.00	0.00	1,314.00
07/31/2020	DD1266	06/16/2020-06/30/2020 (7)	Unknown	80	2,920.00	2,920.00	0.00	0.00	0.00	0.00	0.00	0.00
08/14/2020	DD1272	08/01/2020-08/15/2020 (8)	Unknown	128	5,548.00	2,920.00	2,628.00	0.00	0.00	2,628.00	0.00	2,628.00
08/31/2020	DD1283	08/16/2020-08/31/2020	Unknown	128	5,548.00	4,234.00	1,314.00	0.00	0.00	1,314.00	0.00	1,314.00
09/15/2020	DD1296	09/01/2020-09/15/2020	Unknown	128	5,548.00	4,234.00	1,314.00	0.00	0.00	1,314.00	0.00	1,314.00
09/30/2020	DD1310	09/16/2020-09/30/2020	Unknown	128	5,548.00	2,920.00	2,628.00	0.00	0.00	2,628.00	0.00	2,628.00
10/15/2020	DD1328	10/01/2020-10/15/2020	Unknown	128	5,548.00	5,548.00	0.00	0.00	0.00	0.00	0.00	0.00
10/30/2020	DD1352	10/16/2020-10/31/2020 (8)	Administration, Class, Truck	128	5,548.00	4,234.00	1,314.00	0.00	0.00	1,314.00	350.00	1,664.00
11/18/2020	DD1372	11/01/2020-11/14/2020	Administration, Training, Truck	128	5,548.00	2,920.00	2,628.00	0.00	0.00	2,628.00	632.50	3,260.50
12/02/2020	DD1394	11/15/2020-11/28/2020	Administration, Class, Truck, Holiday	152	6,862.00	3,212.00	2,628.00	1,022.00	0.00	3,650.00	402.50	4,052.50
12/16/2020	DD1416	11/29/2020-12/12/2020	Administration, Truck	128	5,548.00	2,920.00	2,628.00	0.00	0.00	2,628.00	0.00	2,628.00
12/30/2020	DD1446	12/13/2020-12/26/2020	Administration, Truck, Holiday	152	6,862.00	3,212.00	2,628.00	1,022.00	0.00	3,650.00	0.00	3,650.00
12/30/2020	DD1463	(9)	(9)		15,000.00	0.00	0.00	0.00	15,000.00	15,000.00	0.00	15,000.00
Total 2020					84,496.00	46,428.00	21,024.00	2,044.00	15,000.00	38,068.00	1,385.00	39,453.00
01/13/2021	DD1471	12/27/2020-01/09/2021	Administration, Truck	200	9,490.00	3,212.00	3,942.00	2,336.00	0.00	6,278.00	560.00	6,838.00
01/27/2021	DD1489	01/10/2021-01/23/2021	Unknown, Truck	160	7,300.00	4,234.00	3,066.00	0.00	0.00	3,066.00	0.00	3,066.00
02/08/2021	DD1509	01/24/2021-02/06/2021	Administration, Truck	152	6,862.00 (10)	2,920.00	3,942.00	0.00	0.00	3,942.00	0.00	3,942.00
02/24/2021	DD1528	02/07/2021-02/20/2021	Unknown, Truck	114	4,781.50 (10)	2,920.00	1,861.50	0.00	0.00	1,861.50	0.00	1,861.50
03/10/2021	DD1551	02/21/2021-03/06/2021 (11)	Administration, Unknown, Truck	104	4,234.00 (10)	2,920.00	1,314.00	0.00	0.00	1,314.00	0.00	1,314.00
Total 2021					32,667.50	16,206.00	14,125.50	2,336.00	0.00	16,461.50	560.00	17,021.50
Total Payments \$					117,163.50	62,634.00	35,149.50	4,380.00	15,000.00	54,529.50	1,945.00	56,474.50

(1) According to the former Business Office Manager, the former Director changed the pay period from bi-monthly to bi-weekly in November 2020 to make it easier to review when comparing employee schedules to time records.
 (2) Purpose as shown on time records. For some days, the purpose was indicated and for other days no purpose was indicated, and was unknown.
 (3) Hours worked as shown on time summaries.
 (4) Supported payments include regular hours paid at \$36.50 per hour; overtime hours paid at \$54.75 per hour when the former Director was either scheduled to work as the sole paramedic for an ambulance and/or performed an ambulance run as the sole paramedic; and 8 hours each for Thanksgiving, Christmas, and New Year's Day paid at \$36.50 per hour.
 (5) Overpayments of overtime pay occurred when the Director claimed time but either was not scheduled to work on an ambulance or did not make an ambulance run as the only available paramedic as authorized by the Board. Overpayments are calculated by multiplying unsupported overtime hours claimed by the Director's time and one-half hourly rate of \$54.75.
 (6) The Director was neither scheduled to work on an ambulance or made an ambulance run on any of these holidays. Therefore, he was only allowed 8 hours of holiday pay at his hourly rate of \$36.50 in accordance with district policy. Overpayments include additional holiday hours claimed in excess of the 8 hours allowed and paid at the Director's time and one-half hourly rate of \$54.75. In addition, for the 8 holiday hours allowed by policy, the difference between the time and one-half hourly rate paid and the allowed hourly rate (\$54.75 - \$36.50 = \$18.25) multiplied by the 8 hours is included as an overpayment.
 (7) According to the former Business Office Manager, the former Director did not turn in his time record for this pay period until July 31, 2020, delaying the processing of the direct deposit.
 (8) According to the former Business Office Manager, when the pay period was bi-monthly, payroll was processed on the 15th and the final day of the month, unless this day fell on a weekend or holiday. In these instances payroll was processed before the end of the pay period and adjustments would be made on the next payroll for any differences in actual employee time worked.
 (9) "Retension [sic] Pay" was noted on the check stub.
 (10) Deductions were made for reimbursement of medical plan expenses from these checks.
 (11) The last day of work noted on the former Director's time record was March 3, 2021.

Appendix B
 Carroll County Ambulance District
 Overpayments to Other Staff
 December 13, 2020, through January 13, 2021

Employee (1)	Payment Date	Check or Direct Deposit Number	Pay Period	Hours Reported (2)	Gross Pay	Supported Payments	Overpayments					Total Overpayments
							Regular Pay (3)	Overtime Pay (4)	Holiday Pay (5)	Other Pay (6)		
1	12/30/2020	23309	12/13/2020-12/26/2020	192.00	\$ 5,360.00	3,920.00	0.00	720.00	720.00	0.00	0.00	1,440.00
2	12/30/2020	DD1445	12/13/2020-12/26/2020	144.00	2,784.32	2,214.80	0.00	0.00	569.52	0.00	0.00	569.52
3	12/30/2020	DD1448	12/13/2020-12/26/2020	108.50	1,841.25	1,338.75	195.00	67.50	180.00	60.00	(7)	502.50
4	12/30/2020	DD1451	12/13/2020-12/26/2020	268.00	12,915.00	8,190.00	70.00	2,415.00	1,260.00	980.00	0.00	4,725.00
5	12/30/2020	DD1452	12/13/2020-12/26/2020	144.00	2,464.00	1,568.00	224.00	168.00	504.00	0.00	0.00	896.00
6	12/30/2020	DD1453	12/13/2020-12/26/2020	144.00	2,464.00	1,568.00	224.00	168.00	504.00	0.00	0.00	896.00
7	12/30/2020	DD1456	12/13/2020-12/26/2020	276.00	7,480.00	6,040.00	0.00	720.00	720.00	0.00	0.00	1,440.00
8	12/30/2020	DD1458	12/13/2020-12/26/2020	144.00	2,576.00	1,568.00	0.00	504.00	504.00	0.00	0.00	1,008.00
9	12/30/2020	DD1465	12/13/2020-12/26/2020	242.25	5,845.98	5,727.28	118.70	0.00	0.00	0.00	0.00	118.70
10	01/13/2021	DD1466	12/27/2020-01/09/2021	240.00	5,120.00	3,968.00	0.00	576.00	576.00	0.00	0.00	1,152.00
11	01/13/2021	DD1467	12/27/2020-01/09/2021	96.00	4,200.00	2,660.00	0.00	(140.00)	(8)	0.00	1,680.00	1,540.00
12	01/13/2021	DD1468	12/27/2020-01/09/2021	156.00	7,910.00	3,710.00	0.00	1,260.00	1,260.00	1,680.00	0.00	4,200.00
13	01/13/2021	DD1469	12/27/2020-01/09/2021	120.00	3,040.00	2,080.00	0.00	0.00	0.00	960.00	0.00	960.00
3	01/13/2021	DD1472	12/27/2020-01/09/2021	104.00	1,620.00	1,440.00	120.00	0.00	60.00	(9)	0.00	180.00
14	01/13/2021	DD1473	12/27/2020-01/09/2021	240.00	5,120.00	3,968.00	0.00	576.00	576.00	0.00	0.00	1,152.00
4	01/13/2021	DD1475	12/27/2020-01/09/2021	312.00	15,820.00	9,940.00	0.00	1,260.00	1,260.00	3,360.00	0.00	5,880.00
6	01/13/2021	DD1476	12/27/2020-01/09/2021	216.00	3,976.00	2,968.00	0.00	504.00	504.00	0.00	0.00	1,008.00
7	01/13/2021	DD1479	12/27/2020-01/09/2021	288.00	7,840.00	6,400.00	0.00	720.00	720.00	0.00	0.00	1,440.00
15	01/13/2021	DD1482	12/27/2020-01/09/2021	97.00	1,812.00	1,360.00	248.00	204.00	0.00	0.00	0.00	452.00
Total					\$ 100,188.55	70,628.83	1,199.70	9,722.50	9,917.52	8,720.00	0.00	29,559.72

- (1) To keep employee names and positions confidential we have given each employee a unique number. Numbers may be repeated because overpayments were noted for the same employee in multiple bi-weekly pay periods. Other Staff positions include Administration, Emergency Medical Technician, Registered Nurse, and/or Paramedic.
- (2) Hours worked as shown on time summaries.
- (3) Overpayments of regular pay reflect regular hours improperly reported and paid at the employee's hourly rate.
- (4) Overpayments for overtime pay reflect unsupported overtime hours reported and paid at the employee's time and one-half rate of pay.
- (5) Overpayments of holiday pay reflect unsupported holiday hours reported and improperly paid at the employee's time and one-half pay rate.
- (6) The overpayments of other pay include improper double time hours reported and improperly paid at the employee's double time pay rate.
- (7) The employee used a personal day (8 hours) and was improperly paid at their time and one-half hourly rate of \$22.50 instead of their hourly rate of \$15. The difference, \$7.50, multiplied by the 8 hours, is shown as an overpayment.
- (8) The employee was not paid at their time and one-half rate for 8 hours of overtime earned, instead they were improperly paid at their hourly rate of pay.
- (9) The employee worked the 8 hour holiday, but the holiday hours were over reported as 16 hours and improperly paid at the employee's hourly pay rate (16 x \$15.00 = \$240); however, the employee should have been paid for 8 holiday hours at the employee's time and one-half hourly rate (8 x \$22.50 = \$180), and the difference is shown as an overpayment.