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NEWS RELEASE

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FOR RELEASE _____ June 8, 2010 _____

Auditor of State David A. Vaudt today released a report on a special investigation of Squaw Township for the period April 19, 2001 through March 18, 2009. The special investigation was requested by the Township's Board of Trustees as a result of concerns identified with certain transactions prepared by the former Clerk, Ankqua Goodrich.

Ms. Goodrich assumed the Clerk's responsibilities early in 2001 and signed checks for the Township from April 19, 2001 through March 18, 2009. She also provided cemetery care services, including mowing and cemetery maintenance at the Township's 3 cemeteries during the same period.

Vaudt reported the special investigation identified \$28,868.01 of improper and unsupported disbursements and undeposited collections. Vaudt also reported it was not possible to determine if there were additional improper or unsupported disbursements or undeposited collections because limited records were available.

The improper disbursements total \$24,076.46 and consist of:

- \$19,339.02 of payments issued to Ms. Goodrich or her husband, Andy Goodrich,
- \$3,306.37 for the purchase of a storage shed purchased without authorization,
- \$1,166.57 of other purchases, including fuel, in excess of cemetery needs,
- \$246.50 of bank charges and overdraft fees, and
- \$18.00 of cash withdrawals.

Improper payments to Ms. Goodrich consist of extra payments for performing the Clerk's duties and providing cemetery maintenance services and excessive wages for performing the duties of Clerk. Wages paid by the Township should have been paid by Warren County in accordance with Chapter 359 of the *Code of Iowa*. The improper payments to Mr. Goodrich include a payment for cemetery services not rendered.

Vaudt also reported the Board requested Ms. Goodrich obtain estimates to purchase a shed to store cemetery maintenance equipment. However, Ms. Goodrich purchased the materials for the shed without Board approval and assembled it on her personal property. Board members

were not aware of the purchase until after the materials for the shed were delivered. At the time of this report, the shed was still located at Ms. Goodrich's residence and Board members reported disassembly of the shed may be required in order to remove the shed from its current location.

Unsupported disbursements of \$4,639.23 include payments to Mr. Goodrich for services not supported by Township records, fuel purchases and other purchases for which supporting documentation was not available.

The undeposited collections of \$152.32 consist of miscellaneous cash refunds received for merchandise returned to the vendor which were not deposited to a Township account.

The report includes recommendations to strengthen the Township's internal controls, such as improvements to segregation of duties, ensuring Board minutes are prepared in accordance with the *Code of Iowa* and developing written job descriptions for the Clerk and the cemetery maintenance provider.

Copies of the report have been filed with the Warren County Sheriff's Office, the Warren County Attorney's Office, the Attorney General's Office and the Division of Criminal Investigation. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/index.html>.

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**REPORT ON SPECIAL INVESTIGATION OF
SQUAW TOWNSHIP
FOR THE PERIOD
APRIL 19, 2001 THROUGH MARCH 18, 2009**

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Auditor of State's Report

To the Members of the Squaw Township
Board of Trustees:

As a result of concerns regarding possible improprieties for certain disbursements and at your request, we have applied certain tests and procedures to selected financial transactions of the Township for the period April 19, 2001 through March 18, 2009, or as otherwise noted. Based on our review of relevant information and discussions with Board members and the current Clerk, we performed the following procedures:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Interviewed members of the Board of Trustees regarding specific events during the employment of Ankqua Goodrich, the former Clerk, to determine the accuracy of the records maintained.
- (3) Interviewed the current Clerk regarding specific records and Township operating procedures to identify any unusual activity during Ms. Goodrich's employment.
- (4) Interviewed Ms. Goodrich to obtain information regarding specific transactions and Township operations during her employment.
- (5) Reviewed minutes of the Board meetings available for review for significant actions.
- (6) Reviewed activity in the Township's bank accounts to identify any unusual activity and examined images of redeemed checks for propriety.
- (7) Examined all payments made to Ms. Goodrich or her husband, Andy Goodrich, to determine if the amounts disbursed were appropriate, properly approved and supported by adequate documentation.
- (8) Reviewed Ms. Goodrich's compensation to determine if it was proper and paid in accordance with Board authorizations and the *Code of Iowa*.
- (9) Obtained receipts from certain vendors to determine if the purchases were appropriate for Township operations.
- (10) Calculated fuel expenses using data provided by the Township's current lawn-care provider and compared the calculated amount to actual fuel expenses to determine if the fuel costs reimbursed to Ms. Goodrich were reasonable.
- (11) Confirmed payments to the Township by Warren County to determine whether they were properly deposited to the Township's accounts.

These procedures identified \$28,868.01 of improper and unsupported disbursements and undeposited collections during the period April 19, 2001 through March 18, 2009. We were unable to determine if additional disbursements were improper or unsupported or if additional collections were not properly deposited because adequate records for all receipts and disbursements were not available. Several internal control weaknesses were also identified. Our

detailed findings and recommendations are presented in the Investigative Summary and **Exhibit A** of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of Squaw Township, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Warren County Sheriff's Office, the Warren County Attorney's Office, the Attorney General's Office and the Division of Criminal Investigation.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of Squaw Township during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 29, 2010

Squaw Township
Investigative Summary

Background Information

Squaw Township is located in Warren County and consists of the rural area south of the City of Indianola and east of the City of New Virginia. The Township Board of Trustees (Board) is comprised of 3 members elected to 4-year terms. The primary responsibilities of the Board are provision of fire and ambulance services to properties within the Township and oversight and management of the Township's 3 cemeteries: Smith Cemetery, Mt. Tabor Cemetery and Indian Valley Cemetery.

Ankqua Goodrich was hired as part-time Clerk early in 2001 and signed her first check as Clerk on April 19, 2001. Adequate records are not available to determine the exact date she was hired. Prior to 2001, Ms. Goodrich provided maintenance services for the Township's 3 cemeteries, which she continued to provide after becoming the Clerk. As the Clerk, Ms. Goodrich was responsible for:

- 1) Receipts – collections, deposit preparation and depositing the receipts,
- 2) Disbursements – making purchases, receiving certain goods and services, maintaining supporting documentation, check preparation and signing, distribution and posting to the check register and
- 3) Reporting – preparation of Board minutes, the annual budget and financial reports, including the annual Summary Statement of Receipts and Disbursements submitted to Warren County.

According to a Board member we spoke with, as the individual who was to maintain the 3 Township cemeteries, Ms. Goodrich was responsible for:

- 1) Landscaping – mowing, trimming and yard waste clean-up, as well as upkeep of the tombstones and signage,
- 2) Equipment – maintenance and storage of all equipment owned by the Township, such as mowers, trimmers and related equipment and
- 3) Adornment – decorating military plots, displaying flags on specified holidays and removing memorial flowers at the end of each season.

There was not a formal, written policy or employment agreement detailing the specific responsibilities of the Clerk or for maintaining the cemeteries. Ms. Goodrich stated she performed cemetery maintenance and mowing at the 3 cemeteries year-round. She stated she and her husband, Andy Goodrich, mowed at 2 of the cemeteries approximately every 4 days during high growth periods and also provided snow removal services at the cemeteries in the winter months.

However, the 3 Board members active at the time of Ms. Goodrich's employment refuted her statement. A Board member stated there was "no way" she mowed at the location nearest his residence at the frequency Ms. Goodrich quoted, and none of the Board members recalled observing the cemeteries with snow removed during the winter months. According to 2 Board members, the Township did not own any snow removal equipment and they were unaware of any personal equipment the Goodrich's owned which would be adequate to remove snow from the 3 cemeteries.

The Township maintained 2 primary bank accounts, 1 for Township activity and 1 for cemetery activity. In addition, there was also a savings account with minimal activity. The Township's primary revenue source is property tax collected by Warren County, remitted to the Township and deposited to the Township account. Funds deposited to the Township account are used for

payments to the fire and ambulance providers for the Township and payments to Ms. Goodrich and her husband, Mr. Goodrich, for providing Clerk services, cemetery maintenance services and non-routine cemetery services.

Ms. Goodrich was authorized to receive an annual payment prior to the start of the mowing season. The payment consisted of \$1,000.00 per year for compensation for Ms. Goodrich's responsibilities as Clerk, and the remainder of the payment, beginning at \$3,000.00 per year in 2001 and increasing to \$5,000.00 per year in 2009, for performing cemetery maintenance duties.

In accordance with section 359.47 of the *Code of Iowa*, the Clerk, while engaged in official business, is to be compensated an hourly rate established by the County Board of Supervisors. The compensation is to be paid by the County rather than from the Township account.

The Township may also collect fees for the sale of cemetery plots at the 3 cemeteries. All disbursements are to be made by checks. The Township required only Ms. Goodrich's signature on checks. Bank statements and check images were sent directly to Ms. Goodrich and were not reviewed by members of the Board.

The cemetery account was established exclusively for all remaining cemetery maintenance expenses, such as fuel, equipment repair and tombstone repair. Ms. Goodrich stated the only deposits to the cemetery account were transfers from the Township account and sales of cemetery plots. Prior to hiring Ms. Goodrich as the Clerk, the Board gave her access to the cemetery account with an established annual budget for all expenses associated with cemetery maintenance.

In late summer or early fall of 2008, a Board member received a call from the Mayor of the City of New Virginia informing him Ms. Goodrich had not paid the annual fire and ambulance coverage fee of approximately \$14,000.00 for the Township. In addition, the Board member had concerns regarding a storage shed purchased by the Township and installed at Ms. Goodrich's residence without proper authorization from the Board. The shed was used for storage of equipment owned by the Township.

Ms. Goodrich resigned at a Board meeting on March 15, 2009, effective March 18, 2009. She cited health problems as the reason for her resignation. However, according to a Board member, Ms. Goodrich was upset by his questions regarding her purchase of a shed and he believed those questions were the reason for her resignation. Subsequent to her resignation, the Board members reviewed the Township records Ms. Goodrich maintained during her employment. Because of concerns regarding certain payments to Ms. Goodrich, the Board requested the Office of Auditor of State conduct an investigation of the Township's financial transactions. As a result of that request, we performed the procedures detailed in the Auditor of State's Report for the period April 19, 2001 through March 18, 2009.

Detailed Findings

These procedures identified \$28,868.01 in improper and unsupported disbursements and undeposited collections for the period April 19, 2001 through March 18, 2009. We were unable to determine if additional amounts were improperly disbursed or were unsupported or if collections were not properly deposited because adequate records for receipts and disbursements were not available.

The \$28,868.01 is composed of \$24,076.46 of improper disbursements, \$4,639.23 of unsupported disbursements and \$152.32 of undeposited collections. The improper disbursements totaling \$24,076.46 consist of:

- \$19,339.02 of payments issued to Ms. Goodrich or her husband, Andy Goodrich,
- \$3,306.37 for the purchase of a storage shed purchased without authorization,

- \$1,166.57 of other purchases, including fuel, in excess of cemetery needs,
- \$246.50 of bank charges and overdraft fees, and
- \$18.00 of cash withdrawals.

The unsupported disbursements of \$4,639.23 include payments to Mr. Goodrich for services not supported by Township records, payments to gas stations Ms. Goodrich stated were for fuel and other purchases for which supporting documentation was not available. In addition, the undeposited collections identified consisted of miscellaneous cash refunds received for merchandise returned to the vendor which were not deposited to a Township account. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

We reviewed activity recorded in the Township’s 2 checking accounts for the period April 19, 2001 through March 18, 2009 and identified several improper and unsupported disbursements.

For the period April 19, 2001 through March 18, 2009, we identified checks issued to Mr. and Ms. Goodrich and scanned redeemed checks for vendor names which may not be appropriate for Township operations or cemetery maintenance because the Township documentation did not provide sufficient detail to readily trace all payments to supporting documentation.

As stated previously, checks issued from the Township’s checking account required only Ms. Goodrich’s signature and disbursements were not presented to the Board for approval. In addition, Township records maintained by Ms. Goodrich were not kept in an orderly fashion and several records, including bank statements, were missing.

Unauthorized Salary Payments to Ms. Goodrich – As previously stated, Ms. Goodrich was paid an annual amount ranging from \$4,000.00 in 2001 to \$6,000.00 in 2009. **Table 1** summarizes the payments to Ms. Goodrich from April 19, 2001 through March 18, 2009.

Table 1

Fiscal Year	Check Number	Check Date	Per Check Memo	Amount
2001	551	04/18/01	Cemetery Care	\$ 4,000.00
2002	1008*	01/23/02	<i>not observed</i>	4,000.00
2003	1026	11/03/02	part Lawn Mowing FY03	2,000.00
2003	1011	11/07/02	for part of cemetery care	3,500.00
2003	1023	06/23/03	FY04 Mowing	5,500.00
2004	1003	06/07/04	Cemetery salary July 04	5,500.00
2005	995	03/08/05	FY06 Payment Cemetery	5,500.00
2006	1009	11/28/05	<i>none</i>	5,500.00
2007	1032	10/13/06	06-07 FY Cemetery	5,500.00
2008	1020	07/05/07	<i>none</i>	5,500.00
2009	1030	07/01/08	<i>none</i>	6,000.00
Total				<u>\$ 52,500.00</u>

* - Bank statement and check image were not available. According to the check register and annual Summary Statement of Receipts and Disbursements report prepared by Ms. Goodrich, this check was issued to Ms. Goodrich.

As illustrated by the **Table**, Ms. Goodrich issued herself 2 payments in November 2002 which totaled her annual salary amount of \$5,500.00. According to Ms. Goodrich's recorded notations of 2 telephone conversations, a Board member authorized the payments as advances in November upon Ms. Goodrich's request. When we spoke with Ms. Goodrich, she stated the advance payments were requested to assist with the expenses associated with remodeling her home. In addition to the payments in November, Ms. Goodrich issued payments to herself of \$4,000.00 in January 2002 and \$5,500.00 in June 2003, which also totaled the amounts of her annual salary.

The **Table** also illustrates Ms. Goodrich issued a \$5,500.00 check to herself on March 8, 2005 which was described as a payment for fiscal year 2006 in the memo and a \$5,500.00 check on October 13, 2006 which was described as a payment for fiscal year 2007 in the memo. However, she also issued herself a \$5,500.00 check between these 2 dates.

When we spoke with Ms. Goodrich, she stated she was paid on a fiscal year basis for cemetery maintenance services. According to Ms. Goodrich, she was paid on a fiscal year basis rather than for a mowing season because the cemetery maintenance duties she performed included mowing in the summer and snow removal in the winter.

Ms. Goodrich also stated she performed the Clerk's duties on a voluntary basis and she was not paid for those services. She also stated she could have submitted timesheets and received payments for the Clerk's duties but chose not to because of the paperwork required to submit the timesheets. The payments would have been made by Warren County. However, the minutes Ms. Goodrich recorded for the Board's meeting on March 14, 2002 document the Board approved a budgeted \$5,500.00 payment to Ms. Goodrich for fiscal year 2003. Of that amount, \$4,500.00 was for cemetery maintenance and \$1,000.00 was to compensate her for the Clerk's duties. Ms. Goodrich was subsequently paid \$5,500.00 during fiscal year 2003.

As previously stated, none of the Board members recalled observing the cemeteries with snow removed during the winter months and the Township did not own any snow removal equipment. Board members we spoke with stated they were unaware of any personal equipment Mr. or Ms. Goodrich owned which would be adequate to remove snow from the 3 cemeteries. As a result, the cemetery maintenance payments to Ms. Goodrich appear to be limited to duties performed during the mowing season.

Board members stated Ms. Goodrich was compensated on an annual basis and she was to receive her annual payment at the beginning of each mowing season. Board minutes available for our review did not specify the period covered by each payment. As illustrated by **Table 1**, the payments Ms. Goodrich issued to herself were typically for the annual amount, but the time of year during which the payments were made varied from year to year.

Because the Clerk's duties are performed throughout the year, it is reasonable the compensation for these services would be made on a fiscal year basis. However, because mowing season runs bulk of mowing in typical mowing season is on these months from approximately April through September of each year, and it crosses fiscal years, it is reasonable Ms. Goodrich's compensation for these duties would be on a seasonal basis.

Based on bank records, Ms. Goodrich first signed a check as Clerk on April 19, 2001. Assuming she began as Clerk on approximately April 1, 2001, Ms. Goodrich would have been authorized to receive the last quarter of the Clerk's compensation in fiscal year 2001, totaling \$250.00. Ms. Goodrich resigned on March 18, 2009. As a result, she should have received payment for approximately 3 quarters of fiscal year 2009, totaling \$750.00

Ms. Goodrich provided cemetery maintenance services during each mowing season from 2001 through 2008. However, because she resigned on March 18, 2009, she did not provide any cemetery maintenance for the mowing season beginning in April 2009. As a result, she was not entitled to any compensation for cemetery maintenance in 2009.

Table 2 summarizes the compensation Ms. Goodrich should have received for the period April 19, 2001 through March 18, 2009. The compensation has been calculated on a fiscal year basis for the Clerk's duties and on a mowing season basis for the duties associated with cemetery maintenance. The \$1,000.00 annual compensation amount for the Clerk's duties is based on the notation found in the minutes of the March 14, 2002 meeting.

Clerk		Cemetery Maintenance	
Fiscal Year	Amount	Mowing Season	Amount
2001	\$ 250.00	2001	\$ 3,000.00
2002	1,000.00	2002	3,000.00
2003	1,000.00	2003	4,500.00
2004	1,000.00	2004	4,500.00
2005	1,000.00	2005	4,500.00
2006	1,000.00	2006	4,500.00
2007	1,000.00	2007	4,500.00
2008	1,000.00	2008	4,500.00
2009	750.00	2009	-
Total	<u>\$8,000.00</u>		<u>\$ 33,000.00</u>

Table 3 compares the amount Ms. Goodrich was paid for the period April 19, 2001 through March 18, 2009 to the amount she should have received.

Description	Amount	
Total paid		\$ 52,500.00
Less authorized payments:		
Clerk	\$ 8,000.00	
Cemetery maintenance	33,000.00	41,000.00
Improper payments		<u>\$ 11,500.00</u>

As illustrated by **Table 3**, Ms. Goodrich received \$11,500.00 more than she should have received for this period. As previously stated, the Board authorized Ms. Goodrich to receive compensation at the beginning of the period for her services. This policy resulted in payment for services not rendered. Pre-payment of salaries and contract services is not a recommended business practice and the Township should not provide payment prior to receiving the services to be rendered. The \$11,500.00 paid to Ms. Goodrich in excess of what she should have received is included in **Exhibit A**.

Salary Payments in Excess of Code of Iowa Provisions – The annual salary authorized by the Board and paid by the Township was to compensate Ms. Goodrich for all Clerk and cemetery maintenance duties. However, as previously discussed, section 359.47 of the *Code of Iowa* requires compensation for Clerk services to be compensated at an hourly rate established by the County Board of Supervisors for the time spent conducting official business of the Township. The compensation for Clerk services should have been paid to Ms. Goodrich by Warren County at an hourly rate rather than by the Township, which paid Ms. Goodrich \$1,000.00 per year to perform

the duties of Clerk. However, the Board did not file a claim with the County for the compensation.

According to a County official, the hourly rate of compensation established by the Warren County Board of Supervisors for Township Trustees and Clerks is \$7.00 per hour. Although Ms. Goodrich did not maintain records documenting the number of hours she worked for the Township, the current Clerk estimated annual Clerk duties require approximately 15 hours each year plus time spent attending Board meetings. The Board is to meet at least twice annually. The current Clerk based her estimate of 15 hours per year on completion of the following responsibilities:

- Monthly reconciliation of bank statements to checking account,
- Monthly apportionment statement computations,
- Preparation of the annual budget, and
- Preparation of annual Summary Statement of Receipts and Disbursements report.

To be conservative, we added 10 hours to the current Clerk's estimate of the number of hours spent annually to conduct Township business as Clerk. We estimated 25 hours per year are necessary for performing the duties of the Clerk. However, due to the condition of the records we reviewed which Ms. Goodrich maintained during her years as Clerk, we do not believe she spent the time necessary to adequately complete the tasks required. Using a conservative estimate of 25 hours per year, Ms. Goodrich should have received \$175.00 per year from the County to perform her duties as Clerk.

Table 4 compares the amount Ms. Goodrich was authorized to receive from April 19, 2001 through March 18, 2009 to the amount she earned based on our estimate of 25 hours per year at an hourly rate of \$7.00 per hour. The \$7.00 per hour rate was approved by the County Board of Supervisors beginning April 1, 2003.

Table 4

Fiscal Year	Authorized	Estimated Earnings	Difference
2001 [#]	\$ 250.00	43.75	206.25
2002 [^]	1,000.00	175.00	825.00
2003	1,000.00	175.00	825.00
2004	1,000.00	175.00	825.00
2005	1,000.00	175.00	825.00
2006	1,000.00	175.00	825.00
2007	1,000.00	175.00	825.00
2008	1,000.00	175.00	825.00
2009*	750.00	131.25	618.75
Total	\$8,000.00	1,400.00	6,600.00

[^] - The hourly rate authorized by the County Board of Supervisors is not known for 2001 and 2002, but was most likely lower than subsequent years. We estimated \$7.00 per hour to be conservative.

[#] - Because Ms. Goodrich was acting as the Clerk by April 19, 2001, we allowed for 3 months of salary in fiscal year 2001.

^{*} - Because Ms. Goodrich resigned on March 18, 2009, she provided Clerk services for approximately 9 of 12 months in the fiscal year.

According to the current Clerk, the Board was unaware of the *Code* sections regarding compensation for the Board and Clerk. However, compensation is to be paid by the County and not the Township. Therefore, the authorization of an annual payment of \$1,000.00 paid by the Township is not in accordance with the *Code*. In addition, as illustrated by **Table 4**, the compensation Ms. Goodrich received exceeded the calculated amount earned by \$6,600.00.

The \$6,600.00 paid to Ms. Goodrich in excess of what she would have been entitled to in accordance with section 359.47 of the *Code of Iowa* is included in **Exhibit A**.

IRS Form 1099 – Internal Revenue Service (IRS) regulations require a form 1099 be completed for each vendor providing services which total \$600.00 or more during a calendar year. We determined Ms. Goodrich did not prepare 1099 forms for herself or Mr. Goodrich as required. Because Ms. Goodrich received payments in excess of \$600.00 each year of employment with the Township, she should have received 1099 forms each year for inclusion on her personal tax returns.

Ms. Goodrich stated she did not prepare 1099 forms because they had not been prepared prior to her employment. She also stated she included the amounts she was paid by the Township on her annual personal tax returns even though she did not receive a 1099.

The current Clerk stated the Township previously did not have its own tax identification number. As a result, Ms. Goodrich could not issue a 1099 form. After the current Clerk began in March 2009, she obtained a tax identification number for the Township and prepared 1099 forms, as required, for the current mowing contractor.

Storage Shed Purchase – According to the Board minutes prepared by Ms. Goodrich for the March 17, 2008 meeting, the Board approved the purchase of a storage shed for the Township's mowing equipment. However, according to the Board members we spoke with who were present at the meeting, the decision regarding the shed was to allow Ms. Goodrich to seek quotes from various vendors to be discussed at a later date. When we spoke with Ms. Goodrich, she maintained she came to the Board meeting with quotes already in hand and the Board approved the purchase of the shed. Because Board members did not review or approve minutes of the previous meeting during their periodic meetings, they did not know what Ms. Goodrich recorded.

On April 4, 2008, Ms. Goodrich purchased materials from Menards totaling \$3,371.30 to build a storage shed for the Township equipment on her personal property. On May 2, 2008, she exchanged a few components of the shed, which reduced the total purchase price by \$64.93, resulting in a final purchase price of \$3,306.37. The \$64.93 was returned to Ms. Goodrich in cash and is discussed later in this report.

According to the Board members we spoke with, they did not become aware of the purchase until the materials for the storage shed were delivered to Ms. Goodrich's personal residence. According to Board members we spoke with, after they discussed the unauthorized purchase and realized a cost would be incurred for returning the storage shed materials, the Board members chose not to immediately pursue the issue. A Board member stated he agreed to discuss the Board's concerns about the purchase with Ms. Goodrich but failed to do so for several months.

The Board member also stated building the storage shed at Ms. Goodrich's personal residence seemed reasonable if the storage shed could be moved. However, he stated the Board later learned the method used to construct the storage shed did not allow for moving without disassembling the shed. According to Ms. Goodrich, the shed can be moved by removing the anchoring pegs.

Board members we spoke with also expressed concern the Township may have incurred additional costs to match the storage shed to Ms. Goodrich's existing buildings. A Board member we spoke with stated she questioned Ms. Goodrich regarding the costs to match the Township

shed to Ms. Goodrich's personal buildings, and Ms. Goodrich responded it was okay because money to cover the expense was in the Township account. When we reviewed the invoices, we were unable to determine the amount of additional costs incurred as a result of selecting components for the shed which matched Ms. Goodrich's other buildings.

When we spoke with Ms. Goodrich about the purchase of the shed, she stated a particular Board member was aware of the purchase the day she made it. Ms. Goodrich confirmed the Board member questioned her decision to purchase materials which matched other buildings on Ms. Goodrich's property. According to Ms. Goodrich, the Board member's husband assisted Mr. Goodrich with assembly of the framework of the shed and the Board member was present as the shed was being framed. The Board member stated she agreed to help because she reasoned the materials and gravel were already purchased and could not be returned. However, after discussion with other Board members, she decided not to continue to assist the Goodrich's with the shed because the purchase should not have been made.

Ms. Goodrich also stated the materials sat in her driveway for several weeks before assembly began, so if the Board disagreed with the purchase, they should have approached her prior to assembly. She stated it would have cost \$60.00 to return the materials prior to assembly.

The purchase and construction of the shed were not discussed or documented in the Board minutes of subsequent meetings on file, but a Board member stated he did address the Board's concerns with Ms. Goodrich in January 2009. He stated the other Board members asked him to discuss the issue with Ms. Goodrich, and he agreed to do so. The Board members thought he would be best suited to discuss the sensitive issue with Ms. Goodrich since he had not been in attendance at the meeting when the shed was discussed. He stated Ms. Goodrich became agitated as a result of his concerns.

According to the Board minutes of the March 15, 2009 meeting, when Ms. Goodrich announced her resignation, she offered to purchase the shed from the Township for \$3,000.00. A Board member we spoke with stated the Board considered selling the shed to Ms. Goodrich but was concerned about selling the storage shed for less than the purchase price. Therefore, the Board did not accept Ms. Goodrich's offer to purchase the storage shed during the meeting. According to the Board member we spoke with, Ms. Goodrich later rescinded her offer because she found a different storage shed which better suited her needs.

A timeline outlining the events relative to the storage shed is as follows:

- March 17, 2008 – Board meeting in which Ms. Goodrich records approval of the purchase of the shed. Board members state approval was only to collect bids.
- April 4, 2008 – Ms. Goodrich purchased materials for the shed at a cost totaling \$3,371.30.
- May 2, 2008 – Ms. Goodrich exchanged components of the shed, reducing the total cost to \$3,306.37. According to a Board member, she questioned the reasonableness of this expense, indicating she was aware of the purchase on this date.
- May 12, 2008 – Estimated arrival date on the invoice for the last components for the shed. It appears Ms. Goodrich may have received the materials at her residence around this date.
- January 2009 – A Board member discussed the Board's concern with the shed purchase with Ms. Goodrich.
- March 15, 2009 – Board meeting in which Ms. Goodrich announced her resignation, effective March 18, 2009. Ms. Goodrich offered to purchase the shed for \$3,000.00.
- April 2009 – Approximate time Ms. Goodrich told a Board member she no longer wanted to purchase the shed.

The storage shed is currently located at Ms. Goodrich's personal residence. Ms. Goodrich stated she wants the shed removed from her property as she has materials for a different shed but cannot assemble it until the Township's shed is removed. She attempted to charge the Township rent in an attempt to get them to remove the shed, but the Township has been nonresponsive. Ms. Goodrich also stated she emailed a bill to the current Clerk for Mr. Goodrich's labor in assembling the shed.

Because the storage shed was purchased without authorization and is not able to be moved without disassembly, the cost of the storage shed is considered an improper disbursement. The total of \$3,306.37 is included in **Exhibit A**.

Payments to Mr. Goodrich – According to the Board members, Ms. Goodrich occasionally issued payments to her husband for non-routine maintenance services, such as removing fallen branches after storms. The Board members also stated because Ms. Goodrich had served the Township longer than they had, they relied on Ms. Goodrich to inform them of Township operations and did not question the payment of additional fees for non-routine maintenance services.

Ms. Goodrich stated Mr. Goodrich performed extra duties for the Township prior to the Board members joining the Board and the Board members active during her tenure as Clerk told her Mr. Goodrich should receive compensation for his services. Therefore, Mr. Goodrich submitted invoices to the Township a few times a year to collect fees for his services. We observed 7 statements prepared by Mr. Goodrich. Of the 7 statements, we were unable to relate 5 to any of the payments to Mr. Goodrich. Of the remaining 2 statements, we were able to match 1 statement to a payment made to Mr. Goodrich in 2000 which appears appropriate. The payment was prepared by the Clerk preceding Ms. Goodrich. The last statement was for work which was not completed, according to Board members, and is discussed in the following paragraphs.

Ms. Goodrich stated the cost of the services was just something Mr. Goodrich estimated. She said the Township saved significant costs by avoiding hiring outside service providers. According to Ms. Goodrich, she contacted a local vendor on a particular occasion to obtain an estimate for services at the cemetery and the estimate was 3 times greater than the amount Mr. Goodrich charged the Township. Ms. Goodrich maintained she always got approval from a Board member prior to issuing a check to Mr. Goodrich.

A Board member stated he recalled discussions over the years to approve services provided by Mr. Goodrich, including removing a large fallen tree, repairing headstones, repairing mowing equipment and working on a trailer. However, Board minutes were either not available or not sufficient to confirm Board approval of services performed by Mr. Goodrich. Another Board member recalled discussing approval of the services to be provided, but not consistently approving the amount to be paid for those services.

According to Ms. Goodrich, she recorded all discussions with Board members, approvals and minutes from meetings in a notebook she kept with Township records in her basement and the notebook and records were destroyed when her basement flooded. According to a Board member we spoke with, she observed the notebook in a box off the floor in the basement and did not believe the notebook would have been destroyed in the basement flood.

Table 5 lists the payments made to Mr. Goodrich from April 19, 2001 through March 18, 2009 for which we were unable to locate supporting receipts in Township records.

Table 5

Date	Check Number	Description per Check Memo	Amount
08/13/01	1005	Tree removal/fence repair	\$ 1,640.00
05/12/04	1002	Tree removal/fence repair	1,000.00
04/16/04	1011	4 beams for Indian Valley*	97.30
08/17/06	1013	Tree removal/stone repair	400.00
08/29/06	1014	Tree removal	200.00
09/08/06	1063	For grave digging	100.00
10/29/07	1025	Fence and lawnmower service	100.00
		Total	<u>\$ 3,537.30</u>

* - Description was difficult to read. Ms. Goodrich provided additional information.

As illustrated by the **Table**, Mr. Goodrich received a \$97.30 check dated April 16, 2004 for 4 beams. According to Ms. Goodrich, the beams were purchased with the intention of using them for landscaping at Indian Valley Cemetery. However, the planned landscaping was never completed and the beams were eventually used as part of the foundation for the Township shed constructed on her property. As previously stated, the materials for the shed were purchased in April 2008, 4 years after the beams were purchased.

Also as illustrated by the **Table**, on September 8, 2006, Ms. Goodrich issued a \$100.00 check to Mr. Goodrich for grave digging. The check cleared the bank on September 11, 2006. According to Board members, grave digging is not a service provided by the Township, but rather by the funeral home working with the deceased individual's family and there were no records available to document Mr. Goodrich provided such services.

Also on September 11, Ms. Goodrich deposited \$100.00 to a Township bank account. Because supporting documentation was not available, we were unable to determine the source of the deposit. However, the Township fee for the purchase of a plot is \$100.00. As a result, it appears the deposit may have been proceeds from the sale rather than related to a payment for grave digging services.

When we discussed the payment and deposit with Ms. Goodrich, she stated a family had paid Mr. Goodrich \$100.00 to open and close a burial plot for an urn. Because the payment was made to Mr. Goodrich instead of the Township, she deposited the payment to the Township's checking account and issued a check for the same amount to Mr. Goodrich so the family's payment was recorded in the Township's records. According to Ms. Goodrich, a funeral home did not provide services for opening and closing the grave site because an urn rather than a casket was buried. Because there were no records to support Ms. Goodrich's explanation, the payment is unsupported.

Total unsupported disbursements to Mr. Goodrich of \$3,537.30 are included in **Exhibit A**.

We also identified the following improper disbursements to Mr. Goodrich totaling \$1,239.02:

- Ms. Goodrich issued a check to Mr. Goodrich dated May 5, 2004 for \$174.02. According to the memo on the check, the payment was a "reimbursement." According to Ms. Goodrich, Mr. Goodrich went to town to purchase fuel for the mowers but forgot a Township check. Because he paid with his own funds, she issued a reimbursement check to him.

At the time the fuel was purchased, the average price per gallon for unleaded fuel in Iowa was \$1.84 per gallon. If Ms. Goodrich's explanation were accurate, Mr. Goodrich filled the Township's containers with approximately 95 gallons of gas. As estimated later in this report, total fuel needs for the entire mowing season were only 26.25 gallons. Because the Township's total fuel needs for fuel were significantly less than the amount of fuel which would have been purchased at that time, the payment is considered improper.

- Ms. Goodrich issued a check to Mr. Goodrich in the amount of \$1,065.00 on June 18, 2008 for storm clean-up and fence repair. However, according to Board members who observed the condition of the cemeteries upon Ms. Goodrich's resignation, Mr. Goodrich did not complete the agreed-upon tasks. He did chop up a fallen tree, but he only threw it onto the adjacent landowner's property rather than removing it as requested. In addition, no repairs were made to the fence.

The total improper disbursements to Mr. Goodrich of \$1,239.02 are included in **Exhibit A**.

Excess Fuel Purchases – According to Board members we spoke with, Ms. Goodrich was authorized to receive reimbursement for fuel purchased for mowing equipment used at the 3 Township cemeteries. Ms. Goodrich stated she mowed approximately every 4 days at 2 cemeteries during the high growth season and approximately once each month at the third cemetery. In addition, Ms. Goodrich claimed to have provided snow removal at the cemeteries in the winter. However, as previously stated, Board members disagreed Ms. Goodrich ever provided mowing services as frequently as Ms. Goodrich estimated and they disagreed Ms. Goodrich provided snow removal. The Township currently does not contract for snow removal services. Board members also stated cemetery maintenance was limited to the mowing season when Ms. Goodrich was responsible for those duties.

In order to estimate the fuel costs for mowing the 3 Township cemeteries, we requested the current Clerk contact the current mowing contractor to obtain an estimate of the fuel used for the 2009 mowing season. According to the documentation provided by the contractor, he mowed 15 times during the 2009 mowing season and used approximately 1.75 gallons of fuel each time, for a total of 26.25 gallons for the mowing season. We did not estimate any fuel costs associated with snow removal based on the discussions with Board members. We estimated the gallons of fuel purchased by Ms. Goodrich for the 2006 through 2008 mowing seasons by dividing the total fuel cost by the state fuel price averages per gallon calculated by the Department of Natural Resources.

Based on the amount of fuel purchased, it appears Ms. Goodrich purchased fuel for her personal vehicle used to transport the mowing equipment to the 3 cemeteries in addition to fuel purchased for mowing. Ms. Goodrich stated she purchased a van to transport the equipment to the cemeteries and the van was exclusively used for the cemeteries and not personal trips. A Board member we spoke with stated this was not true and Ms. Goodrich did occasionally use the van for personal purposes. The Board member also stated she observed Ms. Goodrich using Township equipment to mow at her personal residence and stated Ms. Goodrich told her she also mowed at her children's residences. Ms. Goodrich admitted to using fuel from the gas cans 1 time when low on cash, but she stated she later used her own funds to refill the cans.

According to 2 of the 3 Board members we spoke with, they were unaware the Township was paying for Ms. Goodrich's fuel to transport the mowing equipment between cemeteries and would not have approved reimbursement for Ms. Goodrich's personal vehicle fuel expenses. However, the third Board member stated the Board discussed and approved reimbursement of Ms. Goodrich's personal fuel expenses related to hauling the mowing equipment. He stated the fuel reimbursement amount was based on the honor system. Because no such discussions were documented in the Board minutes and there was no supporting documentation available for Ms. Goodrich's personal fuel expenses, we were unable to determine if the purchase of personal fuel was allowable and, if so, at what amount.

Table 6 summarizes the total cost of fuel purchased by Ms. Goodrich, the estimated cost for 26.25 gallons of fuel per year for cemetery equipment at the respective state fuel price average and the calculated excess costs for fuel purchased by Ms. Goodrich for the 2006 through 2008 mowing seasons.

Mowing Season	Average Price per Gallon	Estimated Fuel Costs	Actual Fuel Costs	Calculated Excess Fuel Costs
2006	\$ 2.36	61.95	411.85	349.90
2007	2.78	72.98	541.56	468.58
2008	3.44	90.30	405.45	315.15
Total		\$ 225.23	1,358.86	1,133.63

As illustrated by the **Table**, the calculated cost of fuel necessary for operation of cemetery equipment is \$225.23, which is \$1,133.63 less than the amount Ms. Goodrich purchased in the 3 year period.

Table 7 summarizes the estimated amount of fuel Ms. Goodrich would have needed to transport the mowing equipment with her personal vehicle. The **Table** also deducts the amount from the calculated excess fuel costs summarized in **Table 6**.

A Board member and the current Clerk stated the landowner of the property surrounding 1 of the 3 cemeteries claimed Ms. Goodrich only mowed 3 times per year. The Township's current mowing contractor stated an average of 15 trips were required during the mowing season to maintain the cemeteries. To be conservative, we based our calculation on 15 trips per mowing season. The current Clerk estimated the mileage of a roundtrip from Ms. Goodrich's residence (where the equipment was stored) to the 3 cemeteries at 16.8 miles by driving the route with her personal vehicle. According to Ms. Goodrich, her personal vehicle was a van. Conservatively assuming Ms. Goodrich's personal vehicle averaged 10 miles per gallon when pulling a trailer of equipment, Ms. Goodrich would have needed 1.68 gallons of fuel for her vehicle 15 times each mowing season. We used the average price per gallon summarized in **Table 6** to calculate the cost of fuel to transport equipment for mowing the 3 cemeteries.

As illustrated by **Table 7**, the calculated cost for Ms. Goodrich to purchase fuel to transport mowing equipment using her personal vehicle during the 2006 through 2008 mowing seasons is \$216.25. Of the \$1,133.63 shown in **Table 6**, \$216.25 may be attributed to Ms. Goodrich's personal fuel costs, leaving a balance of \$917.38 in calculated excess fuel costs.

Mowing Season	Average Price per Gallon	Gallons per Trip	Trips per Mowing Season	Calculated Total	Calculated Excess Fuel Costs
Total from Table 6					\$ 1,133.63
Calculated transport cost:					
2006	\$ 2.36	1.68	15	\$ 59.48	
2007	2.78	1.68	15	70.07	
2008	3.44	1.68	15	86.70	
Subtotal					216.25
Net					\$ 917.38

In addition to the costs identified in **Tables 6** and **7**, we identified a \$199.37 money order purchased by Ms. Goodrich on January 18, 2009. The money order was used to satisfy an outstanding obligation to Casey's General Store. Based on a review of the Township's bank statements, Ms. Goodrich issued a check to Casey's on October 6, 2008 which was returned for insufficient funds. Because Ms. Goodrich did not perform any maintenance services at the cemeteries after the mowing season and since fuel needed for official business during the 2008 mowing season was already purchased, as previously described, the \$199.37 is considered improper.

Total improper disbursements of \$1,116.75, including \$917.38 of excess fuel costs and \$199.37 of improper fuel purchases, and total unsupported disbursements of \$216.25 are included in **Exhibit A**.

Cash Withdrawal – We identified 1 cash withdrawal of \$18.00 on September 12, 2007 from the Township's cemetery bank account. The withdrawal was supported by a counter withdrawal slip from the bank signed by Ms. Goodrich. **Appendix 1** includes a copy of the counter withdrawal slip from the bank statement. Supporting documentation was not maintained for the subsequent use of the cash.

Ms. Goodrich stated the withdrawal was for cash to take the Township equipment to the car wash. Based on a review of the Township's bank accounts, all Township disbursements are made by check. In addition, the current Clerk stated she has never used cash to conduct Township business and does not know why it would be necessary. As a result, the \$18.00 is considered improper and is included in **Exhibit A**.

Bank Charges and Fees – Based on the bank statements available for review, the Township incurred 7 bank and/or vendor overdraft charges and 3 bank charges for copies of statements and research fees totaling \$246.50. Overdraft charges and bank fees totaling \$190.00 were assessed against the Township's cemetery account. Had the improper disbursements previously identified not been made, it is unlikely the overdraft charges would have been incurred. Because 27 of 84 bank statements for the period of review were not available for review, additional charges and fees may have been assessed against the Township.

According to a representative of the Township's bank, the statement copy and research fees are applied if a customer requests additional copies of bank statements which have already been provided, requests duplicate copies of bank statements which were received but misplaced or requests research of past bank statements. Statement copies and research fees of \$50.50 and \$6.00 were assessed against the Township's savings account and checking account, respectively.

Table 8 summarizes the bank charges and fees incurred by date. The total charges and fees of \$246.50 are included in **Exhibit A**.

Account	Date	Description	Total
Cemetery	08/27/03	Overdraft charge	\$ 29.00
Cemetery	03/07/06	Overdraft charge	25.00
Cemetery	06/21/06	Overdraft charge	25.00
Savings	09/26/06	Statement copies and research fees	17.50
Savings	09/03/08	Statement copies and research fees	33.00
Township	09/16/08	Statement copies and research fees	6.00
Cemetery	10/01/08	Bank return check charge	27.00
Cemetery	10/08/08	Vendor return check charge	30.00
Cemetery	10/20/08	Bank return check charge	27.00
Cemetery	10/27/08	Bank return check charge	27.00
Total			<u>\$ 246.50</u>

Other Purchases – We scanned all vendor disbursements using the Township’s bank statements, including copies of the redeemed checks, to determine if purchases appeared reasonable. There was limited supporting documentation available in the Township files. As a result, we requested documentation from the vendors, if possible, or inquired of the Board members and current Clerk. In addition, if the vendor appeared to be related to cemetery maintenance, we did not request supporting documentation from the vendor.

As a result of this review, we identified 10 checks issued to Wal-Mart between January 1, 2006 and March 18, 2009. Because supporting documentation was not available, we requested copies of the receipts from the Wal-Mart store where the purchases were made. We obtained receipts for 9 of the 10 Wal-Mart payments identified. The receipt we did not receive from Wal-Mart is discussed later in this section. Most purchases appeared to be related to cemetery maintenance. However, we identified 2 purchases which appear to be improper, as follows:

- On October 31, 2007, a ratchet was purchased for \$13.82, which was presumably used for maintenance and repair of the mowing equipment. However, the ratchet was not returned to the Township upon Ms. Goodrich’s resignation.
- On December 18, 2007, Ms. Goodrich purchased a battery for \$36.00. According to Ms. Goodrich, Mr. Goodrich serviced the Township equipment during the winter months. Although a battery may be appropriate for Township equipment, Board members we spoke with stated Ms. Goodrich’s duties were performed from approximately April through September each year. The purchase of a battery in December for equipment not to be used until April does not appear reasonable.

The \$49.82 total of the 2 improper purchases is included in **Exhibit A**.

We also identified a number of unsupported disbursements. **Table 9** summarizes the disbursements by vendor. Each disbursement is discussed in the paragraphs following the **Table**. The total unsupported disbursements of \$703.56 is included on **Exhibit A**.

Table 9

Date	Check Number	Vendor	Check Memo	Amount
09/28/04	1005	Mary’s Hallmark	Paper Work	\$ 10.60
09/02/05	1031^	Mary’s Hallmark	<i>none</i>	100.00
04/15/05	1031*	Dave and Joanie Smith	Reimbursement	486.00
06/16/06	1039	Wal-Mart	<i>none</i>	106.96
06/09/07	1093	<i>Illegible</i>	<i>none</i>	182.12
Total				<u>\$ 885.68</u>

^ - From Cemetery account.

* - From Township account.

- We identified 2 checks totaling \$110.60 issued to Mary’s Hallmark, a local gift shop in Indianola. Check number 1005 was dated September 28, 2004 and totaled \$10.60. The memo portion of the check stated “Paper Work.” Check number 1031 was dated September 2, 2005 and totaled \$100.00. The memo portion of the check did not include a notation. We were unable to locate supporting documentation for the purchases.

We asked Board members and the current Clerk if they were aware of a legitimate business purpose for purchases from the gift shop. They stated they were aware of no legitimate purpose for the purchases.

According to Ms. Goodrich, she purchased legal forms from the vendor and had 100 deeds printed at a cost of \$1.00 each in 2005. We confirmed Mary’s Hallmark does sell such documents. However, according to Ms. Goodrich, the deeds purchased were not the correct forms and were subsequently discarded. Because it is reasonable Ms. Goodrich

would purchase legal forms for the Township from the vendor, the \$110.60 is included in **Exhibit A** as an unsupported disbursement rather than an improper disbursement.

- As illustrated by the **Table**, on April 15, 2005, Ms. Goodrich issued a \$486.00 check to Dave and Joanie Smith for “reimbursement”. However, no supporting documentation was maintained for the payment. We inquired of Board members and the current Clerk if they were aware of a legitimate business purpose for the disbursement. They stated they were aware of no reason private individuals would be reimbursed by the Township. We also asked if the payment could be related to sales of burial plots, but the current Clerk stated no records for burial plot sales had been maintained by Ms. Goodrich.

According to Ms. Goodrich, the payment was to return funds to a landowner in the Township who had won a land dispute. We were unable to confirm with County officials if Mr. and/or Mrs. Smith had won a land dispute. However, we were able to confirm the Township received a payment from the County which would have been large enough to include the payment made to the Smiths. Because support the payment was associated with a land dispute was unavailable, the \$486.00 is included in **Exhibit A** as an unsupported disbursement.

- On June 16, 2006, Ms. Goodrich issued a check in the amount of \$106.96 to Wal-Mart. As previously stated, Wal-Mart was unable to provide a receipt for the purchase and support for the purchase was not in Township records. Because support for the purchase was unavailable, the \$106.96 is included in Exhibit A as an unsupported disbursement.
- On June 9, 2007, Ms Goodrich issued a check in the amount of \$182.12 to an illegible recipient. **Appendix 2** includes a carbon copy of the unsupported check. According to Board members, the check was issued for cash by Ms. Goodrich. However, based on a review of the check carbon provided by the Township’s bank, we were unable to determine the recipient of the check.

According to Ms. Goodrich, the disbursement was to Caseys for the purchase of fuel. She stated she signed blank checks for Mr. Goodrich when he went to town to purchase fuel. He typically had the clerk at the vendor complete the rest of the check for the purchase. She also stated Mr. Goodrich stockpiled fuel when gas dropped to a relatively low price. As previously stated, we identified a number of purchases of fuel which appeared to exceed the amount of fuel needed to maintain the cemeteries. If check number 1093 was also issued to purchase fuel, the \$182.12 purchase is in addition to the excess fuel costs previously identified.

Because supporting documentation was not maintained, the \$182.12 is considered an unsupported disbursement and is included in **Exhibit A**.

UNDEPOSITED COLLECTIONS

Township Collections – As Clerk, Ms. Goodrich was responsible for the proper deposit of all Township collections. The primary revenue source for the Township was property tax collected by Warren County and remitted to the Township. We confirmed payments from January 1, 2006 through March 18, 2009 to the Township by Warren County to determine if they were properly deposited to the Township’s account. We determined all payments from the County were properly deposited to the Township’s account.

The Township also collects funds for the sale of cemetery plots. However, because detailed receipts were not prepared and a centralized listing was not kept which summarized the sales of cemetery plots, we were unable to determine if all collections were properly deposited. A Board member and the current Clerk stated they are planning to publish a Public Notice in a local

newspaper to attempt to locate people who have purchased plots which Ms. Goodrich did not record in the Township's records.

During our review of the Township's bank records, we identified 3 deposits in increments of \$100.00, the cost of a plot in the Township cemeteries, as follows:

- June 8, 2005 – \$600.00 deposited to the cemetery account.
- September 11, 2006 - \$100.00 deposited to the cemetery account.
- January 25, 2008 - \$200.00 deposited to the cemetery account.

We were unable to determine the source or the purpose of the 3 deposits. However, Ms. Goodrich stated the only deposits which were not transfers from the Township's checking account made to the cemetery account were for sales of cemetery plots. It is possible the deposits are related to the sale of cemetery plots; however, there was no supporting documentation related to the deposits in the Township's records.

As previously stated, the deposit on September 11, 2006 was made the same day a check Ms. Goodrich issued to Mr. Goodrich for grave digging cleared the bank. However, the deposit was not related to the sale of a plot. According to Ms. Goodrich, the payment was from the family of a deceased individual and was a payment for opening and closing a plot to bury an urn.

Because we are unable to determine what amount, if any, of Township collections were not properly deposited, an amount is not included in **Exhibit A**.

Merchandise Returns – During our review of receipts for purchases Ms. Goodrich made on behalf of the Township, we identified 2 instances in which Ms. Goodrich returned merchandise to a retailer and received cash in exchange for the returned merchandise. However, based on bank records, the cash was not subsequently deposited to the Township's account.

- As previously stated, Ms. Goodrich purchased the materials for a storage shed on April 4, 2008 for a total purchase price of \$3,371.30. On May 2, 2008, Ms. Goodrich exchanged a component of the shed for a less expensive alternative, which resulted in a cash refund of \$64.93.
- On May 5, 2008, Ms. Goodrich purchased \$87.39 of U.S. flags from Wal-Mart. However, on May 9, 2008, Ms. Goodrich returned the flags to Wal-Mart and received a cash refund.

According to Ms. Goodrich, she did not remember getting a cash refund when she exchanged the shed components. However, she stated any cash she received went into a jar for the Township to be used to clean the Township equipment at the car wash.

The 2 returns identified were made within 7 days of each other and total \$152.32. This appears to be an unusually large amount of cash to have on hand for washing equipment. During our review of Township disbursements, we only identified 1 other cash withdrawal during our testing, which was made in September 2007 and totaled only \$18.00.

The total merchandise returns of \$152.32 are included in **Exhibit A** as undeposited collections.

OTHER ADMINISTRATIVE ISSUES

Annual Budget – For fiscal years 2001 through 2008, the Board authorized total compensation of \$40,250.00, which included \$7,250.00 for duties performed as Clerk. The average amount paid to Ms. Goodrich for fiscal years 2001 through 2008 for cemetery maintenance services was \$4,125.00. Ms. Goodrich also received reimbursement for all equipment, fuel and miscellaneous equipment maintenance. In addition, Mr. and Ms. Goodrich received additional compensation for non-routine cemetery maintenance services.

Table 10 summarizes the total authorized disbursements to Ms. Goodrich for cemetery maintenance services and other cemetery expenses as reported on the annual Statement of Receipts and Disbursements as reported to Warren County for fiscal years 2001 through 2008.

Table 10

Fiscal Year[^]	Authorized annual salary	Non-routine services	Cemetery maintenance	Total
2001	\$ 3,000.00	1,145.00	638.22	4,783.22
2002	3,000.00	1,640.00	4,876.31	9,516.31
2003	4,500.00	835.00	1,585.59	6,920.59
2004	4,500.00	1,000.00	2,301.69	7,801.69
2005	4,500.00	-	510.60	5,010.60
2006	4,500.00	-	1,305.07	5,805.07
2007	4,500.00	600.00	7,764.14	12,864.14
2008	4,500.00	1,165.00	891.29	6,556.29
Total	\$ 33,000.00	6,385.00	19,872.91	59,257.91

[^] - We did not include fiscal year 2009 in this summary because Ms. Goodrich was not responsible for conducting cemetery maintenance for the full fiscal year.

As illustrated by the **Table**, cemetery maintenance expenses in the 8-year period totaled \$19,872.91, an average of \$2,484.11 per year. Purchases included equipment, fuel and maintenance supplies for use in the 3 cemeteries. In addition, the Goodrich's received \$6,385.00 for non-routine services in the 8-year period, averaging \$798.13 per year. Non-routine services, as discussed previously in this report, included services such as tree removal and fence repair. By adding the average authorized annual salary for cemetery services during the 8-year period of \$4,125.00 to the average cemetery maintenance costs of \$2,484.11 and the average cost of non-routine services of \$798.13, we determined the Township paid an average of \$7,407.24 per year to maintain the 3 cemeteries. This amount does not include the extra payment Ms. Goodrich paid herself in fiscal year 2003.

Subsequent to Ms. Goodrich's resignation, the Board sold the Township equipment and chose to hire a contractor for mowing the 3 Township cemeteries. The current contract for the 2009 mowing season, inclusive of fuel and equipment maintenance costs, is \$2,520.00, almost \$4,900.00 per year less than the average annual cost over the past 8 years. The current mowing contract does not include costs for such services as tree and brush trimming and sign maintenance. However, the contract also provides for additional services, such as placing flags prior to holidays, picking up small debris and general light upkeep.

It appears the Township incurred excessive costs to maintain the 3 Township cemeteries during the time Ms. Goodrich provided the service as the services not provided through the current mowing contract should not cost \$4,900.00 per year, the difference between the annual average cost per year for maintaining the cemeteries and the amount currently paid for mowing services.

Board Minutes – Based on our review, Board meeting minutes maintained by Ms. Goodrich were not sufficient. From 2001 through March 2009, there were only 5 meeting write-ups and notes from 2 phone conversations in the Township's records. The Township's Board of Trustees is required to meet a minimum of 2 times per year. Therefore, the Township should have held at least 16 meetings in the 8-year period. According to Ms. Goodrich, the other meeting minutes were destroyed when her basement flooded.

In addition to the lack of complete records, the minutes were comprised of handwritten notes, often without the names of the Board members in attendance or the details of signification actions approved by the Board during the meetings. **Appendix 3** includes an example of the Board meeting minutes maintained by Ms. Goodrich. In addition, the Board did not review and approve the minutes maintained and the minutes were not signed. The lack of Board approval of prior meeting minutes resulted in an inaccurate account of the results of the March 17, 2008 Board meeting. During that meeting, Ms. Goodrich recorded Board approval of the purchase of a storage shed, as discussed previously in this report, when Board members stated they approved solicitation of quotes only.

According to documentation Ms. Goodrich kept with the Board minutes, Ms. Goodrich also called a Board member in November 2002 to obtain approval for pre-payment of her annual salary for Clerk and cemetery maintenance services rather than discussing the request with the entire Board. According to a Board member, after Ms. Goodrich resigned, the Board implemented a new policy prohibiting the approval of actions taken by the Clerk via a phone call with 1 Board member.

According to a Board member we spoke with, the Township has since implemented procedures to ensure all meeting minutes are formally written and all 3 Board members' signatures are included on the approved minutes.

RECOMMENDED CONTROL PROCEDURES

As part of our investigation, we reviewed the procedures used by the Township to perform bank reconciliations and process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the Township's internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. In the absence of other employees, the Board should take a more active roll to ensure transactions are handled appropriately. The former Clerk had control over each of the following areas:
- (1) Receipts – collecting, posting, deposit preparation and depositing.
 - (2) Disbursements – check preparation, signing, posting and distribution.
 - (3) Payroll – check preparation, signing, posting and distribution.
 - (4) Reporting – preparation of the annual Summary Statement of Receipts and Disbursements, preparation of the annual budget and preparation of Board minutes.

The former Clerk maintained incomplete accounting records for the duration of her tenure from early in fiscal year 2001 through her resignation in March 2009. No supporting documentation was maintained for the sale of cemetery plots or the subsequent deposit of payments received. In addition, the check register was incomplete and no supporting documentation, such as invoices or receipts, was maintained for disbursements. There were also no bank reconciliations performed.

Recommendation – We realize segregation of duties among employees is not possible with only 1 employee. Therefore, the functions listed above should be segregated between the Clerk and the Board of Trustees. For example, the Board of Trustees should review financial records, such as bank statements, perform reconciliations and examine supporting documentation for accounting records on a periodic basis.

For instance, bank statements could be mailed directly to a Board member for review on a monthly basis and review of supporting documentation for disbursements could be assigned to another Board member to be performed on a periodic basis. Board members should develop a system to confirm they have completed their oversight duties, such as by signing and dating documentation reviewed to verify oversight duties were conducted.

- B. Payroll – The former Clerk did not maintain timesheets to record the hours she worked as Clerk. In addition, the Clerk’s compensation as approved by the Board was not in compliance with the hourly rate established by the Warren County Board of Supervisors in accordance with section 359.47 of the *Code of Iowa*.

The Township has since corrected the compensation method and the current Clerk is paid by the County at the rate established by the Warren County Board of Supervisors.

Recommendation – The Board should approve timesheets prior to submission to the County for reimbursement of Clerk services and should no longer permit payments for Clerk services from the Township’s account. According to 1 of the Board members, the Board has since implemented a requirement stating no Board member or Clerk may be paid without prior approval by all Board members.

- C. Board Minutes – Chapter 21 of the *Code of Iowa* requires minutes be kept of all meetings of governmental bodies. Although the minutes maintained for the Township were incomplete, we reviewed the minutes maintained and determined:

- (1) The minutes were not signed by the Clerk or a Board member to authenticate the record.
- (2) Not all significant actions taken by the Board were documented.
- (3) Not all disbursements were presented to the Board for its approval.
- (4) The minutes did not consistently document the time and place of the meeting or the results of each vote taken.
- (5) The minutes were incomplete, so we were unable to verify whether the required 2 meetings per year had occurred and if 1 of the meetings included discussion of the annual budget, as required.

In addition, we identified 2 instances in which Ms. Goodrich obtained approval for disbursements via a telephone call with 1 Board member.

As previously stated, the Board has since implemented procedures to ensure the meeting minutes are formally written and signed by each of the 3 Board members. The Board also no longer allows approval of action items via phone conversations between the Clerk and 1 Board member.

Recommendation – The Township should continue to ensure either the Clerk or a Board member sign all meeting minutes. In addition, the Township should ensure all significant actions are properly documented and all Township obligations are presented to the Board for its approval for payment.

- D. Service Agreements – The Township did not have a formal, written job description established to define the Clerk’s responsibilities. In addition, the duties of Ms. Goodrich as the cemetery maintenance provider were also not defined in a service agreement or contract.

Recommendation – The Board should establish a formal job description defining the responsibilities of the Clerk and ensure all future contract services are defined in a pre-established service agreement.

- E. Cemetery Plots – There was no record of plot sales during the time Ms. Goodrich served as Clerk. Although we identified deposits which may have been cemetery plot sales, documentation confirming the source of the deposits was not available. Board members stated Ms. Goodrich informed them she had made grave plot sales. Due to the lack of documentation of plot sales, we determined the Township may not have received revenues as a result of cemetery plot sales.

Board members and the current Clerk stated they plan to publish a Public Notice in a local newspaper to try to identify people who have purchased cemetery plots which are not recorded in the Township’s records.

Recommendation – The Township should proceed with procedures to identify sales of cemetery plots made when Ms. Goodrich was the Clerk and update cemetery records to accurately record ownership of cemetery plots at each of the 3 cemeteries in the Township. In addition, the Township should develop cemetery logs to maintain ownership records of all cemetery plots. The Township should develop consistent procedures for recording cemetery plot sales in the future.

Exhibits

**Report on Special Investigation of
Squaw Township**

Report on Special Investigation of
Squaw Township

Summary of Findings
For the period April 19, 2001 through March 18, 2009

Description	Table/Page	Amount		
		Improper	Unsupported	Total
Improper and unsupported disbursements:				
Unauthorized salary payments to Ms. Goodrich	Table 3	\$ 11,500.00	-	11,500.00
Salary payments in excess of <i>Code of Iowa</i> provisions	Table 4	6,600.00	-	6,600.00
Storage shed purchase	Page 13	3,306.37	-	3,306.37
Payments to Mr. Goodrich	Pages 14-15 and Table 5	1,239.02	3,537.30	4,776.32
Excess fuel purchases	Page 17	1,116.75	216.25	1,333.00
Cash withdrawal	Page 17	18.00	-	18.00
Bank charges and fees	Table 8	246.50	-	246.50
Other purchases	Page 18 and Table 9	49.82	885.68	935.50
Total improper and unsupported disbursements		24,076.46	4,639.23	28,715.69
Undeposited collections:				
Merchandise returns	Page 20	152.32	-	152.32
Total		\$ 24,228.78	4,639.23	28,868.01

Report on Special Investigation of
Squaw Township

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Jennifer Campbell, CPA, Senior Auditor II
Tina R. Stuart, Senior Auditor



Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices

Report on Special Investigation of
Squaw Township

Copy of Cash Withdrawal Slip Signed by Ms. Goodrich

PEOPLES SAVINGS BANK

Date 10/12/57 Initials JG
Customer Name Wamen County
Tran Description
Customer Signature *Wamen & Goodrich*

DDA DEBIT TRANSACTIONS

105 Debit Adjustment
107 Telephone Transfer W/D
115 Withdrawal
147 Auto Closing Withdrawal

ACCOUNT NUMBER TRAN CODE AMOUNT

* * 115 \$ 18.00

⑆5000⑈⑆200⑆

10/12 Debit \$ 18.00

Report on Special Investigation of
Squaw Township

Copy of Unsupported Check

SQUAW TOWNSHIP CEMETARY FUND 72-2268
730
142132 1093

KTZ 182.12 12
DATE 6-9-07

FAY TO THE ORDER OF One Eighty two 00/100 \$182.12

DOLLARS

Peoples Savings Bank

MEMO _____

073922681

Christina L. Gardner

06/11 Check #1093 \$ 182.12

Report on Special Investigation of
Squaw Township

Copy of Example of Board Meeting Minutes Maintained by Ms. Goodrich

2-19-03.
Township Meeting
Proposed Budget was accepted
And finished talk about Fire &
Amb Service. Fire & Amb.