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NEWS RELEASE

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FOR RELEASE September 3, 2009

Auditor of State David A. Vaudt today released a report on a special investigation of Iowa Association of Skills USA-VICA (Iowa Skills), a non-profit organization established to serve high school and college students who are preparing for careers in trade, technical and skilled service occupations and faculty who assist them. The report covers the period September 1, 2001 through September 30, 2008. The special investigation was requested by the Department of Education (Department) as a result of concerns over financial reporting and certain disbursements made to Diane Klenk-Chargo, the State Director, and her husband, Dan Chargo.

The Department provides funding to Iowa Skills under the Federal Perkins Grant Program. The funding is intended to provide administrative support for Iowa Skills, as well as funding for the State Conference held in the spring and other conferences held throughout the year. For the period covered by the special investigation, the Department provided $110,405.56 of funding to Iowa Skills.

In addition to State funds, Iowa Skills collects dues from students and faculty participating in the organization. Iowa Skills also receives program support and limited financial support from the National Skills Office.

Vaudt reported the special investigation identified $78,659.30 of improper and unsupported disbursements and undeposited collections. This amount includes $41,189.43 of improper disbursements, $25,860.87 of unsupported disbursements and $11,609.00 of undeposited collections.

The improper disbursements of $41,189.43 includes $29,850.00 in excess salary and rent payments to Ms. Klenk-Chargo, $5,226.18 of payments on a personal credit card, $3,870.30 for improper reimbursements to Ms. Klenk-Chargo and $1,130.76 in improper reimbursements to

Mr. Chargo. The improper reimbursements to Ms. Klenk-Chargo and her husband consisted of 6 payments which were reported to the Department as void and 2 reported as payable to a different payee.

The majority of the disbursements by Iowa Skills did not have supporting documentation. Based on discussions with Department staff, we were able to determine many of the disbursements were reasonable for Iowa Skills' operations. However, we were unable to determine if $25,860.87 of the disbursements were for Iowa Skills' operations. These disbursements include $10,586.13 of reimbursements to Mr. and Ms. Chargo, $12,711.70 of payments to other vendors and $2,563.04 of credit card purchases. Because these reimbursements could be for personal or business purposes and supporting documentation was not available to make a determination of their actual purpose, they are classified as unsupported disbursements.

The undeposited collections include $11,609.00 of checks written to Iowa Skills which were deposited to Mr. and Ms. Chargo's personal account. These checks were payments from community colleges and high schools for items such as conference registration fees and lodging reimbursements for conferences.

Because the necessary records were not available, Vaudt reported it was not possible to determine if additional improper disbursements or undeposited collections were made during the period of the investigation.

The report includes recommendations to strengthen the organization's internal controls and overall operations. Vaudt also made recommendations to the Department of Education to enhance its monitoring of Iowa Skills.

Copies of the report have been filed with the Department of Education, the Division of Criminal Investigation, the Attorney General's Office, the Polk County Attorney's Office and the Tama County Attorney's Office. 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/specials.html.

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REPORT ON SPECIAL INVESTIGATION
OF
IOWA ASSOCIATION OF SKILLS USA-VICA

FOR THE PERIOD
SEPTEMBER 1, 2001 THROUGH SEPTEMBER 30, 2008

0960-2820-BE00

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Auditor of State's Report

To the Director of the Department of Education and the
Board of Directors of Iowa Association of Skills USA-VICA:

As a result of alleged improprieties with certain disbursements and at your request, we conducted a special investigation of Iowa Association of Skills USA-VICA (Iowa Skills). We have applied certain tests and procedures to selected financial transactions of Iowa Skills for the period September 1, 2001 through September 30, 2008. Based on a review of relevant information and discussions with representatives of the Department of Education (Department) and Iowa Skills staff, we performed the following procedures:

(1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.

(2) Attempted to review minutes from Board meetings and determined minutes were not maintained.

(3) Reviewed the activity in the Iowa Skills' checking account (account) for the period September 28, 2001 through September 30, 2008 to identify any unusual activity. We also examined the bank statements and related documentation for propriety and to identify the disbursements and deposits made by Iowa Skills. The bank was unable to provide bank statements or related documentation for most of the month of September 2001.

(4) Examined documentation obtained for certain disbursements from the Iowa Skills checking account to determine if payments were properly supported, approved and were for appropriate purposes.

(5) Analyzed payroll and rent disbursements to the State Director, Diane Klenk-Chargo, to determine whether the appropriate number of payments had been made and the amount was correct.

(6) Examined all reimbursements made to Ms. Klenk-Chargo and her husband, Dan Chargo, to determine if the payments were for appropriate purposes, approved and were properly supported.

(7) Obtained and reviewed credit card statements for an account held by Mr. Chargo to identify any payments made on the account with funds from the Iowa Skills' account.

(8) Confirmed payments made to Iowa Skills by the State of Iowa to determine if they were properly deposited to the Iowa Skills' account.

(9) Confirmed payments made by member schools and the National Skills Office to Iowa Skills to determine if they were properly deposited to the Iowa Skills' account.

(10) Attempted to obtain and review reports submitted to the Department to determine if the disbursements reported were supported by appropriate documentation and agreed to the activity in the Iowa Skills' account.

(11) Obtained and reviewed Mr. and Ms. Chargo's personal bank statements to identify the source of selected deposits.

These procedures identified $78,659.30 of improper and unsupported disbursements and undeposited collections. This amount is composed of the following:

- $41,189.43 of improper disbursements. Of this amount, $29,850.00 was excess payroll and rent paid to Ms. Klenk-Chargo, $5,001.06 was improper reimbursements to Mr. and Ms. Chargo, $5,226.18 was improper payments on their personal credit cards and $1,112.19 were for credit card fees.

- $25,860.87 of unsupported disbursements. The unsupported disbursements include $10,586.13 of payments to Mr. and Ms. Chargo for reimbursements, $2,563.04 of purchases on the Iowa Skills' credit card and $12,711.70 of payments to other vendors.

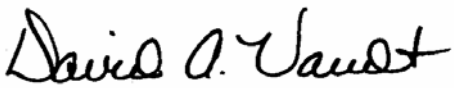
- $11,609.00 of undeposited collections. The undeposited collections consisted of checks from community colleges and school districts for items such as conference registration and lodging reimbursements which were improperly deposited to Mr. and Ms. Chargo's personal account.

We were unable to determine if additional collections were not properly deposited or if additional amounts were improperly disbursed because adequate records for receipts and certain disbursements were not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **F** of this report.

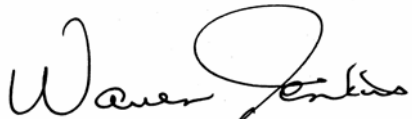
The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of Iowa Skills, other matters might have come to our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

Copies of this report have been filed with the Department of Education, the Division of Criminal Investigation, the Attorney General's Office, the Polk County Attorney's Office and the Tama County Attorney's Office.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

August 28, 2009

Iowa Association of Skills USA-VICA

Investigative Summary

Background Information

Iowa Association of Skills USA-VICA (Iowa Skills) is a non-profit organization serving high school and college students who are preparing for careers in trade, technical and skilled service occupations and the faculty who assist them. Iowa Skills is affiliated with National Skills USA-VICA (National Office) in Virginia. Local chapters of Iowa Skills are established in secondary and post-secondary schools and educational institutions which provide instruction in vocational, trade, technology, technical or health education and/or occupations.

The Board of Directors for Iowa Skills sets the policies and procedures for the organization. The Board, in cooperation with the Department of Education (Department), appoints a State Director to administer the day to day operations of Iowa Skills. In addition, the State Director coordinates and oversees all activities and programs, including the State Conference where students participate in competitions related to various trades, technical and skilled service occupations. The fiscal year for Iowa Skills is from September 1 to August 31.

The Board consists of 13 voting members and 2 non-voting ex-officio members. Voting members include both secondary and post-secondary advisors from local chapters, a member from the state officer team and representatives from various trade and industries groups. Non-voting members include the State Director and a member of the Department. According to the by-laws, the Board is responsible for:

- maintaining general direction and control over the affairs of Iowa Skills,
- developing sound policies for the management and operations of Iowa Skills and
- providing advice and direction to the Iowa Skills' State Director.

The by-laws do not provide any specifics on how often the Board should meet. According to Department staff we spoke with, the Board typically met once a year. The by-laws allow the Board to appoint an Executive Secretary who would be responsible for all funds administered by Iowa Skills. According to Department staff we spoke with, the Board never used the Executive Secretary position. Instead, the State Director was responsible for both financial and program administration.

In addition to by-laws, a constitution exists to guide Iowa Skills. According to the constitution, the administration of Iowa Skills is vested in the Department. However, it is not clear if the current by-laws have superseded the constitution or if both documents are currently valid. Prior to July 2007, Ken Maguire acted as the representative of the Department. During July 2007, Andy Wermes became the Department representative.

Iowa Skills receives funding from 3 primary sources. The primary source of funding is from membership dues paid by student and faculty members who join Iowa Skills. The state and national dues are paid to the National Office. The National Office then remits the State's share of membership dues along with several small grants to each participating state. These funds are to be used in administering the various skills programs and to support State Conferences related to careers in trade, technical and skilled services occupations. Currently, the membership dues received by Iowa Skills are $7.50 per student and $13.00 per professional member.

Iowa Skills also receives funding from the Federal Perkins Grant program administered by the Department. Iowa Skills and the Department enter into an annual contract which sets the amount to be allocated to Iowa Skills. The contract requires the funds to be used for administration and the annual State Conference.

The third source of funding is registration fees and reimbursements from participants and students attending the annual State Conference or a smaller event, such as the fall leadership conference. The funds received from registration fees are to be used to cover the costs associated with the conferences and competitions.

Winners of the State Conference are eligible to attend the National Conference held in Kansas City each year at the end of June or early July. Registration fees for the National Conference are paid directly to the National Office. The only funds received by Iowa Skills directly for the National Conference are reimbursements from the participants for room and board. The State Director usually makes the necessary hotel reservations, pays any deposits and is responsible for billing the participants for room and board charges.

In addition to providing some funding, the Department holds the charters for all of the local chapters in the State. According to Department staff we spoke with, the Department serves as the oversight entity for Iowa Skills. In addition, the Department provides oversight of the federal funding provided to Iowa Skills to ensure the funds are properly spent and accounted for. According to the by-laws, the Grimes State Office Building, the location of the Department, is designated as the principal office of Iowa Skills.

According to minutes from the Board's July 31, 2001 meeting, Diane Klenk was hired as the State Director. However, the minutes did not specify when Ms. Klenk was to assume the State Director's duties. As the State Director, Ms. Klenk was responsible for all operations of Iowa Skills, including monthly meetings, organizing and holding the annual State Conference and coordinating travel and student participation in the National Conference. For her services, Ms. Klenk was to receive a monthly salary of $300.00 and a monthly rent reimbursement of $300.00 for operating the program from her home in Tama. In addition, she was to be reimbursed for any travel and other necessary and reasonable expenses for the operation of Iowa Skills.

As the State Director, Ms. Klenk was also responsible for the financial aspects of Iowa Skills. The financial responsibilities included depositing collections, payment of expenses and reporting to the Board and the Department. All disbursements were to be supported by invoices, claims or other adequate documentation.

The checks issued from Iowa Skill's account only required 1 signature. However, the Board requested dual signatures on checks. According to Mr. Maguire, a representative of the Department, he also signed certain checks showing his review and approval of the disbursements prior to mid 2007. We were also told some checks did not include Mr. Maguire's signature because Ms. Klenk was authorized to make certain payments, such as phone bills or other items which needed to be paid immediately to avoid additional charges or if a purchase was needed for a meeting or luncheon and there was not enough time to obtain Department approval. According to Department staff, the payment procedures which became effective in September 2001 were not in writing but were communicated to Ms. Klenk when she became the State Director.

By reviewing the checks provided by the bank for the period of our investigation, we determined dual signatures were not consistently applied to the checks which were not required to be immediately remitted to the vendors. Mr. Maguire did not sign any checks after August 2007. Mr. Wermes did not sign any of the checks from the Iowa Skills account.

When we discussed the lack of dual signatures with Department representatives, we were told Department staff were also aware of this. However, they required Ms. Klenk to submit monthly reports which specified disbursements already paid because there was an immediate need and those checks yet to be issued after approval by the Department. In addition, Department staff requested copies of supporting documentation for all issued and unissued checks for the month. For some months, more than 1 report was submitted to the Department. After checks were signed by Department staff, they were typically returned to Ms. Klenk, along with any support, to be mailed.

By reviewing the checks provided by the bank, we determined Ms. Klenk's name appears as a signer on almost all checks written from the Iowa Skills account from January 2002 through March 2008 when the accounting duties for Iowa Skills were reassigned. Prior to January 2002, checks were signed by a Department representative. From January 2002 into August 2007, Department representatives either co-signed the checks or were the only signature on checks Ms. Klenk forgot to sign.

The Department did not require Ms. Klenk to submit bank reconciliations or receipt listings to the Department for review.

Occasionally, volunteers assisted the State Director with coordinating the State Conference or other meetings. According to Dan Chargo, he became involved with the Iowa Skills program as a volunteer sometime in 2002. He also stated he helped with meetings and the annual State Conference when he first volunteered. Mr. Chargo stated "as he became more involved with Iowa Skills and the program grew, he took on the title of Secondary Director and he later also became the Post Secondary Director." These positions were unpaid positions and were previously held by other volunteers. While these positions did not receive a salary, they were allowed to request reimbursement for any necessary travel and other expenses incurred while performing work for Iowa Skills.

According to Department staff we spoke with, Ms. Klenk and Mr. Chargo were married during 2003. Throughout the remainder of this report, we will refer to Ms. Klenk as Ms. Klenk-Chargo. According to Mr. Chargo, his wife ran the program side of Iowa Skills while he ran the financial side. When we spoke with Ms. Klenk-Chargo, she stated any questions regarding the Iowa Skills' financial transactions should be directed to her husband because he handled those duties.

According to Department staff we spoke with, Ms. Klenk-Chargo was always the State Director and continued as such until her resignation in 2008. As the State Director, she was responsible for the financial operations, not her husband. Department staff also stated Ms. Klenk-Chargo was the only person who was paid and they considered Mr. Chargo to be a volunteer. Department representatives agreed Mr. Chargo eventually assumed the title of Post Secondary Director. The title primarily served to provide him the credentials needed to attend national conferences and to be eligible for some of his conference expenses to be paid by the National Office.

In September 2007, Department staff were preparing to hold an Iowa Skills Board meeting and requested information on the financial status of Iowa Skills from Ms. Klenk-Chargo. She did not provide the requested information to the Department. Department representatives subsequently requested Mr. and Ms. Chargo turn over all records to the Department. After several additional unanswered requests to Ms. Klenk-Chargo, Department representatives decided to reassign the financial duties to Iowa Lakes Community College (ILCC), effective March 8, 2008.

The records were not received prior to July 22, 2008 when the Department received an e-mail from Mr. and Ms. Chargo resigning their positions as State Directors. The Department accepted their resignations, effective August 11, 2008. A copy of the e-mail is included in **Appendix 1**. It is not clear why Mr. Chargo was referred to as a "State Director" in the resignation. According to Department representatives, he volunteered his services to Iowa Skills.

As illustrated by the **Appendix**, the e-mail stated a formal signed copy of the resignation would be mailed. However, according to Department representatives, a letter was not received. The e-mail also stated they had accumulated a lot of Iowa Skills materials and would coordinate with the Department to turn over the materials to them.

According to Department staff we spoke with, the Department rented a small U-Haul and drove to Mr. and Ms. Chargo's home to obtain the records and other materials for Iowa Skills. Department staff collected several boxes, a file cabinet, tools and a table from Mr. and Ms. Chargo's residence. The records retrieved consisted of several boxes and 2 file cabinets of memos, presentations and outdated program information. Department staff located minimal financial records in the information retrieved from the home. While reviewing the information, Department staff identified

payments to a Capital One credit card. This credit card was not authorized by the Board or Department.

Because of the unauthorized credit card payments and the incomplete financial records, the Department contacted the Office of Auditor of State on October 8, 2008 to request an investigation of Iowa Skills. As a result of that request, we performed the procedures detailed in the Auditor of State's Report for the period September 1, 2001 through September 30, 2008.

Detailed Findings

These procedures identified $78,659.30 of improper and unsupported disbursements and undeposited collections. This amount is composed of the following:

- $41,189.43 of improper disbursements. Of this amount, $29,850.00 is excess payroll and rent paid to Ms. Klenk-Chargo, $5,001.06 is improper reimbursements to Mr. and Ms. Chargo, $5,226.18 is improper payments on personal credit cards and $1,112.19 is credit card fees.

- $25,860.87 of unsupported disbursements. The unsupported disbursements include $10,586.13 of reimbursements to Mr. and Ms. Chargo, $2,563.04 of purchases on the Iowa Skills credit card and $12,711.70 of payments to other vendors.

- $11,609.00 of undeposited collections. The undeposited collections consist of checks from community colleges and school districts for items such as conference registration and lodging reimbursements which were improperly deposited to Mr. and Ms. Chargo's personal account.

We were unable to determine if additional collections were not properly deposited or if additional amounts were improperly disbursed because adequate records for receipts and certain disbursements were not available.

Our findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

During our investigation, we scanned all disbursements from the Iowa Skills' account during the period September 1, 2001 through September 30, 2008. We were able to review images of all checks redeemed during the period, with the exception of 7 checks which could not be retrieved by the bank.

By reviewing copies of the checks obtained from the bank, we determined not all checks redeemed from the Iowa Skills' account with Ms. Klenk-Chargo shown as a signer appear to have been prepared and/or signed by her. We identified a number of checks for which the signature is not consistent with other checks she prepared and signed. We also identified additional checks for which information on the check, such as the payee, amount and date, does not appear to be consistent with the handwriting on other checks Ms. Klenk-Chargo prepared. The checks identified are discussed in detail in later sections of this report.

As stated previously, when we spoke with Ms. Klenk-Chargo, she stated any questions regarding the Iowa Skills' financial transactions should be directed to her husband because he handled those duties. Based on this information, it appears Mr. Chargo may have prepared and/or signed some of the checks we reviewed with Ms. Klenk-Chargo's name. When we spoke with Ms. Klenk-Chargo, she also agreed to review copies of the checks to determine if she signed them.

We subsequently met with Ms. Klenk-Chargo and asked her to review copies of certain checks issued from the Iowa Skills' account. The first set of copies included checks which appeared to have been prepared and/or signed by Ms. Klenk-Chargo. She confirmed these checks contained her signature. The second set of copies included checks for which the signatures were not

consistent with those found on the first set of checks. After briefly looking at the copies of the checks in the second set, Ms. Klenk-Chargo refused to answer whether or not she signed the checks.

When we reminded her she had agreed to review the checks in order for us to determine if she had signed them, she stated she said she'd review them if we sent her copies. She stated several times we would have to meet with both her and Mr. Chargo. When asked if Ms. Klenk-Chargo had to have her husband present to determine if the signature on the checks were hers, she responded she did need him present. When asked if her husband would be able to tell us if she had signed the checks, she nodded. Because we did not feel it was necessary to ask Mr. Chargo if the checks contained Ms. Klenk-Chargo's signature, we did not request a meeting with the 2 of them.

We also asked Ms. Klenk-Chargo if Mr. Chargo signed any of the checks issued from the Iowa Skills account. Ms. Klenk-Chargo responded she and Mr. Maguire signed the checks. When we asked again if Mr. Chargo also signed the checks, she responded with a shrug of her shoulders and stated she did not know as she rose to leave the meeting. The meeting ended abruptly after this question was posed to Ms. Klenk-Chargo.

We also determined not all checks issued from the Iowa Skills' account with Mr. Maguire's name as the signer appear to have been signed by him. We asked Mr. Maguire to review images of some of the checks identified and he confirmed the signature was not his.

Using the bank statements and images of checks, we were able to prepare a disbursement listing. We used the listing to analyze the disbursements by vendor, amount and date. Adequate supporting documentation was not available for most of Iowa Skills' disbursements. As a result, we discussed all disbursements which were unusual in nature or did not appear to be for business purposes with Department staff to determine if they were appropriate. We identified a number of disbursements which appeared to be personal in nature or unrelated to business activity.

When supporting documentation was not available to determine whether the disbursement may have been for personal purposes or for business purposes and Department staff were unable to determine the business purpose of the disbursement, the payments are identified as unsupported disbursements.

We also contacted Mr. and Ms. Chargo to obtain additional documentation and explanations for the disbursements. Only Mr. Chargo agreed to speak with us. Ms. Klenk-Chargo stated we would have to ask Mr. Chargo about the financial transactions because he had taken care of the financial aspects of Iowa Skills.

When we spoke with Mr. Chargo, he stated they had turned over all records to the Department, including bank statements, bank reconciliations, invoices and receipts. As previously mentioned, Department staff stated the information obtained from Mr. and Ms. Chargo contained very few financial records.

Table 1 summarizes the disbursements made by Iowa Skills for the period of our investigation. We have categorized the disbursements as follows:

- Supported – includes disbursements with proper documentation, such as invoices from vendors.
- Unsupported but reasonable – includes disbursements without supporting documentation, but based on discussions with Department staff and event dates, the disbursements appear to be reasonable for Iowa Skills' purposes. The disbursements were to vendors commonly used by Iowa Skills and were near the dates of meetings and/or conferences.

- Unsupported – includes disbursements without supporting documentation and we were unable to determine if the disbursements were for business purposes or were personal in nature.
- Improper – includes disbursements determined not to be for Iowa Skills' purposes.

Table 1

Description	Supported	Unsupported but reasonable	Unsupported	Improper
Salary and rent payments	$ -	49,350.00	-	29,850.00
Reimbursements to Diane Klenk-Chargo	1,844.60	2,266.16	2,708.82	3,870.30
Reimbursements to Dan Chargo	991.94	3,984.92	7,877.31	1,130.76
Personal credit cards	-	-	-	5,226.18
Iowa Skills credit card	-	10,074.80	2,563.04	1,112.19
Payments to vendors	10,296.34	260,533.54	12,711.70	-
Total	$ 13,132.88	326,209.42	25,860.87	41,189.43

The improper and unsupported disbursements are addressed in detail in the following sections of the report.

Salary and Rent Payments to Diane Klenk-Chargo – Ms. Klenk-Chargo was to be paid $300.00 per month, or $3,600.00 annually, for administering the program. In addition, she was to receive $300.00 per month as rent for the use of her home to conduct Iowa Skills business. Ms. Klenk-Chargo was considered a contract employee of Iowa Skills. Therefore, payroll taxes were not withheld from her pay. According to Department staff we spoke with, Ms. Klenk-Chargo was the only paid employee of Iowa Skills. Mr. Chargo was considered a volunteer and did not receive a salary.

As previously stated, according to minutes from the Board's July 31, 2001 meeting, Ms. Klenk-Chargo was hired as the State Director. However, the minutes did not specify when she was to assume the State Director's duties. According to Mr. Maguire and Ms. Klenk-Chargo, her first official act as State Director did not occur until the end of August 2001 when she attended the annual State Director's Conference in Atlanta, GA. However, Mr. Maguire was unable to confirm Ms. Klenk-Chargo began fulfilling the State Director's responsibilities immediately upon returning from the conference.

Because the bank was unable to provide us a copy of the bank statement or related documentation for most of the month of September 2001, we reviewed checks issued to Ms. Klenk-Chargo for salary and rent for the period September 28, 2001 through September 30, 2008. Ms. Klenk-Chargo's $300.00 salary and $300.00 rent were combined in a $600.00 monthly check. The memo portion of many of the checks show they were for salary and rent. In some cases, the memo portion was blank, but based on the amount and timing of the check, we determined it was for salary and rent. The payments to Ms. Klenk-Chargo for salary and rent totaled $79,200.00 and are listed in **Exhibit B.**

We determined Ms. Klenk-Chargo received payment for 11 months between September 28, 2001 and August 31, 2002. If Ms. Klenk-Chargo was entitled to more payments during this period, we expect she would have requested an additional payment. We also determined she received just 1 check per month for the period September 1, 2002 through February 2004. However, after February 2004, we identified a number of months during which more than 1 check was issued to Ms. Klenk-Chargo.

For the period October 1, 2001 through June 30, 2008, Ms. Klenk-Chargo should have received 81 payments for salary and rent. In addition, a payment request was submitted to ILCC in September 2008 by Mr. Chargo for a final salary and rent payment. A copy of the request is included in **Appendix 2.**

As illustrated by the **Appendix**, the $750.00 payment for salary and rent was described as "August and 1/3 September." Based on Ms. Klenk-Chargo's resignation date of August 11, 2008, it appears this description should have been "July and 1/3 August." In addition, it is not clear how the $750.00 was calculated. The amount requested was not paid by ILCC in accordance with instructions provided by the Department.

Table 2 compares the amount Ms. Klenk-Chargo should have received to the amount she actually received for salary and rent for the period October 1, 2001 through September 30, 2008.

Table 2

Salary and Rent Payments	Amount
October 1, 2001 through June 30, 2008*:	
Authorized salary	$ 24,300.00
Authorized rent	24,300.00
Total authorized payments	48,600.00
Actual payments	79,200.00
Excess payments	30,600.00
Less: Payments not made for July and August	750.00
Net excess payments	$ 29,850.00

* - A bank statement for activity prior to September 28, 2001 was not available.

As shown by the **Table**, Ms. Klenk-Chargo received $29,850.00 in excess of her authorized salary and rent. The excess payments of $29,850.00 are included in **Exhibit A** as an improper disbursement.

As illustrated by **Exhibit B**, the first payment we identified to Ms. Klenk-Chargo was for $1,200.00. It was prepared by Mr. Maguire and was dated November 4, 2001. According to the notation on the check, it was for September and October. Because the bank was unable to provide us a copy of the bank statement or related documentation for most of the month of September 2001, we are unable to determine what additional payments Ms. Klenk-Chargo may have received prior to September 28, 2001.

The next check issued to Ms. Klenk-Chargo was dated December 28, 2001. It was prepared by Ms. Klenk-Chargo but does not include a notation of the month for which the payment was made. The payment was on the check which sequentially followed the check number of the $1,200.00 payment. By reviewing bank statements, we confirmed additional checks were not issued to Ms. Klenk-Chargo during the period between the 2 checks. The second check, as well as the next 10 checks issued to Ms. Klenk-Chargo, were prepared near the end of the month. As a result, it appears she was to be paid at the end of the month for services provided as State Director.

As illustrated by **Exhibit B**, we did not identify more than 1 check for each month between November 2001 and the end of February 2004 to Ms. Klenk-Chargo for salary and rent. As a result, it appears Ms. Klenk-Chargo received the appropriate number of salary and rent payments for the first 2 years she was the State Director.

Beginning with the payment for November 2002, the checks were not consistently written at the end of the month. The November 2002 check was not written until December 15, 2002. The December, April and June checks in fiscal year 2003 were also paid late. The July and August

checks were paid early. While the checks were not written on a consistent date each month during fiscal year 2003, the total paid to Ms. Klenk-Chargo during the year was the authorized amount of $7,200.00.

During fiscal year 2004, Ms. Klenk-Chargo started to write the checks at the beginning of the month for which she was being paid or at the end of the previous month. For the first 7 months, the checks were dated early and not at the end of the month for which she was being paid. The memo portions of the checks dated February 26, 2004 and March 27, 2004 indicate both checks were for March salary and rent. Fiscal year 2004 is the first year during which extra payments were made to Ms. Klenk-Chargo. We determined Ms. Klenk-Chargo paid herself 2 additional checks totaling $1,200.00 in fiscal year 2004. Also for fiscal year 2004, monthly reports of disbursements sent to the Department were available for our review for all months except July 2004. The reports did not include the 2 additional checks.

During fiscal year 2005, 24 checks were issued to Ms. Klenk-Chargo instead of the authorized 12 checks. The 24 checks total $15,000.00, which is $7,800.00 more than the authorized amount. Ms. Klenk-Chargo was paid 4 times in February 2005 and 3 times in June 2005. She also received 4 checks in April 2005, 3 of which were dated April 14, 2005. Of the 24 checks, 11 checks did not include an explanation in the memo portion of the check, but each check was for $600.00.

During fiscal year 2006, 25 checks totaling $15,600.00 were issued to Ms. Klenk-Chargo, which is $8,400.00 more than the authorized amount. Of the 25 checks, 9 did not include an explanation in the memo portion of the check. Each check was for $600.00 except for a $1,200.00 check dated September 20, 2005.

During fiscal year 2007, 26 checks totaling $15,600.00 were issued to Ms. Klenk-Chargo, which is $8,400.00 more than the authorized amount. Of the 26 checks, 5 did not have an explanation in the memo portion of the check, but each check was written for $600.00. As illustrated by **Exhibit B**, several checks included duplicate months in the memo portion of the checks. We identified 3 checks which included the notation "May" in the memo portion of the check.

During fiscal year 2008, 14 checks were issued to Ms. Klenk-Chargo between September 1, 2007 and March 3, 2008, including 4 in November 2007. Each of the checks were for $600.00. Beginning in March 2008, Iowa Skills' checks were issued by ILCC. Between April 1, 2008 and June 30, 2008, ILCC issued 4 checks to Ms. Klenk-Chargo for salary and rent for March through June 2008. The 18 checks issued to Ms. Klenk-Chargo during fiscal year 2008 total $10,800.00, which is $4,800.00 more than the authorized amount for the period September 1, 2007 through June 30, 2008.

As previously stated, after the end of fiscal year 2008, ILCC received a payment request for salary and rent due to Ms. Klenk-Chargo for July and August 2008. However, the payment was not released by the Department.

By comparing the checks written to Ms. Klenk-Chargo to monthly reports submitted to the Department, we identified 12 checks totaling $7,200.00 which were reported as void on the monthly reports. Copies of the 12 checks provided by the bank show each check was for $600.00 and was payable to Ms. Klenk-Chargo. We also determined each check was deposited to the Chargo's personal account. Copies of the 12 checks and the related reports sent to the Department are included in **Appendix 3**. The 12 checks reported to the Department as void are also identified in **Exhibit B**. When we inquired about the checks being reported as void to the Department, Mr. Chargo stated "it must have been an oversight".

As illustrated by the **Appendix**, the reports submitted to the Department include Ms. Klenk-Chargo's name, but we are unable to determine who actually prepared and submitted the reports. As previously stated, Ms. Klenk-Chargo reported to us Mr. Chargo performed the financial responsibilities associated with Iowa Skills.

As stated previously, the Board requested dual signatures on checks. Because payroll and rent payments to Ms. Klenk-Chargo did not require immediate payment, each check should have included dual signatures. By reviewing the checks provided by the bank for the period of our investigation, we determined dual signatures were not consistently applied to the checks issued to Ms. Klenk-Chargo for salary and rent.

As shown in **Exhibit B**, of the 129 checks written to Ms. Klenk-Chargo for salary and rent, 63 included Ms. Klenk-Chargo's name as the only signer, 43 included dual signatures, 13 were signed by Mr. Maguire and 10 did not have any signature.

When we asked Ms. Klenk-Chargo how much she received for salary and rent, she stated she received $300.00 for salary and $300.00 for rent each month. When we asked if she ever received an increase in the monthly payments, she stated "we requested one from the Board but it was not approved."

When we asked Mr. Chargo about the amount paid to Ms. Klenk-Chargo, he stated she was originally authorized to receive $600.00 per month. He also stated he was told during a Board meeting "to pay themselves what they were worth," at which time they doubled the amount paid to Ms. Klenk-Chargo to $1,200.00 per month. However, Mr. Chargo was unable to tell us the date of the Board meeting and we were unable to locate any documentation showing the Board authorized a pay increase.

It is unclear why the Board would have increased the amount paid to Ms. Klenk-Chargo for rent to $600.00 per month when the amount of space used for Iowa Skills in her home did not change. In addition, Department representatives stated they were not aware of any authorized increase in the payments to Ms. Klenk-Chargo.

As stated previously, ILCC prepared the $600.00 monthly salary and rent payments to Ms. Klenk-Chargo for the months of March through June 2008. It is not clear why Ms. Klenk-Chargo would have accepted monthly payments totaling $600.00 if, as stated by Mr. Chargo, she was authorized to receive $1,200.00 per month. When we asked ILCC representatives for copies of any supporting documentation for the payments, we were provided copies of monthly payment requests submitted to ILCC by Mr. Chargo. Copies of the requests are included in **Appendix 4**. As illustrated by the **Appendix**, Mr. Chargo requested only $600.00 per month for Ms. Klenk-Chargo's salary and rent payments. Also as illustrated by the **Appendix**, Mr. Chargo identified himself as the State Director for Iowa Skills, even though that was Ms. Klenk-Chargo's title.

As illustrated by the reports in **Appendix 4**, only $600.00 of salary/rent is listed per month. For example, the report dated October 31, 2007 shows a single $600.00 payment for the months of August through October.

By reviewing copies of the checks listed in **Exhibit B**, we determined not all of the checks issued to Ms. Klenk-Chargo appear to have been prepared and signed by her. We identified 35 payments to Ms. Klenk-Chargo which include her name as a signer, but the signature is not consistent with other checks she prepared and signed. The 35 checks are identified in the **Exhibit**. As illustrated by the **Exhibit**, 31 of the 35 checks identified were improper payments.

Reimbursements to Diane Klenk-Chargo – While reviewing disbursements from the Iowa Skills' account, we identified 33 payments to Ms. Klenk-Chargo which were not for salary and rent. The 33 payments to Ms. Klenk-Chargo total $10,689.88. Of this amount, only 8 payments totaling $1,844.60 were supported by adequate documentation. For the 8 checks, the memo included a brief description, such as State Conference or mileage reimbursement. According to Department staff we spoke with, Ms. Klenk-Chargo was entitled to reimbursement for necessary and reasonable expenses, such as travel and supplies.

Because of the lack of adequate documentation for the remaining payments, we discussed each payment with Department staff to determine if the reimbursement was reasonable and proper for Iowa Skills' purposes. Department staff compiled a list of meetings they were aware of which

Ms. Klenk-Chargo may have attended. According to Department staff, agendas, meeting minutes or other evidence which showed she attended the meetings were not included with the records turned over to the Department. Based on the list of meetings provided and discussions with Department and Iowa Skills' staff, we classified the remaining 25 unsupported payments as follows:

- 8 payments totaling $2,266.16 as reasonable. Reimbursements which were unsupported but appear to be reasonable based on dates and locations of meetings or goods and services necessary for meetings or conferences.
- 10 payments totaling $2,708.82 as unsupported. These items were not supported by documentation and Department staff were unable to determine if the reimbursement was necessary and reasonable for the operations of Iowa Skills.
- 7 payments totaling $3,870.30 as improper. These are reimbursements which are not reasonable or proper for Iowa Skills' operations. Of the 7 checks identified, 6 were reported as voided checks on the monthly reports provided to the Department. Copies of the 6 checks and the related reports are included in **Appendix 5**. The improper amount includes:
    - Check numbers 1781 and 1873 which include the notation "Travel" in the memo portion and check number 1904 which includes the notation "T-shirts." Each of the 3 checks were reported to the Department as void. However, they were issued to Ms. Klenk-Chargo and redeemed.
    - Check number 1895 was reported to the Department as being paid to Iowa Central Community College for $1,200.00. However, the check was actually issued to Ms. Klenk-Chargo for $1,200.00. It was dated July 5, 2005.

      The check includes the notation "Team Works" in the memo portion. According to Department staff we spoke with, Iowa Skills occasionally received a "Team Works" grant from the National Office. This grant is provided to a school for participating in a team competition at the State Conference. Department staff we spoke with were not aware of any reason a reimbursement from this grant would be made to Ms. Klenk-Chargo.

The unsupported reimbursements to Ms. Klenk-Chargo include 4 payments which were made in even dollar amounts. The amounts range from $44.00 to $504.00, including a payment for $400.00. It is unusual for reimbursement of actual costs to occur in even dollar amounts.

Exhibit C lists the improper and unsupported reimbursements to Ms. Klenk-Chargo. Of the 17 checks included in the **Exhibit**, 3 include Ms. Klenk-Chargo's name as the signer, 13 include the dual-signatures of Ms. Klenk-Chargo and Mr. Maguire and 1 was signed only by Mr. Maguire. The **Exhibit** also shows the 6 checks reported as void.

By reviewing copies of the checks listed in **Exhibit C**, we determined not all of the reimbursement checks issued to Ms. Klenk-Chargo appear to have been prepared and signed by her. We identified 9 reimbursement payments to Ms. Klenk-Chargo which include her name as a signer, but the signature is not consistent with other checks she prepared and signed. The 9 checks are identified in the **Exhibit**. As illustrated by the **Exhibit**, 6 of the 9 checks identified were reported to the Department as void.

The $3,870.30 of improper reimbursements and $2,708.82 of unsupported reimbursements listed in **Exhibit C** are included in **Exhibit A.**

Reimbursements to Dan Chargo – In addition to the reimbursements to Ms. Klenk-Chargo, we identified 61 reimbursements to Mr. Chargo. The 61 payments to Mr. Chargo total $13,984.93 and occurred between January 18, 2002 and June 4, 2008. Of this amount, only 3 payments totaling $991.94 were supported by appropriate documentation. The 3 checks were issued to

Mr. Chargo after the accounting duties were moved to ILCC. Each of these payments were clearly supported by adequate, detailed receipts and explanations.

The memo portion of 46 of the remaining checks included a brief description, such as reimbursement, mileage, AOL and travel. Department staff stated Mr. Chargo, as a volunteer, could be reimbursed for travel and other reasonable expenses.

Because of the lack of adequate documentation, we discussed each payment with Department staff to determine if the reimbursement was reasonable and proper for Iowa Skills' purposes. Department staff compiled a list of meetings they were aware of which Mr. Chargo may have attended. According to Department staff, agendas, meeting minutes or other evidence which showed he attended the meetings were not included with the records turned over to the Department. Based on the list of meetings provided and discussions with Department and Iowa Skills' staff, we classified the remaining 58 payments as follows:

- 21 payments totaling $3,984.82 as reasonable. These include reimbursements which were unsupported but appear reasonable based on dates and locations of meetings or goods and services necessary for meetings or conferences.
- 34 payments totaling $7,877.31 as unsupported. These items were not supported by documentation and Department staff were unable to determine if the reimbursement was necessary and reasonable for the operation of Iowa Skills. Many of the reimbursements were for travel. Department staff were unable to determine the purpose of the travel and/or they were not aware of a meeting around the date of the reimbursement.
- 3 payments totaling $1,130.76 as improper. These reimbursements are not reasonable or proper for Iowa Skills' operations and include:
    - Check 1821 was reported to the Department as being paid to US Bank for $56.25. However, the check was actually issued to Mr. Chargo for $450.00. Copies of the report to the Department and the actual check are included in **Appendix 6**.
    - Check 1996 was reported to the Department as paid to Central Campus for $388.76. However, the check was actually issued to Mr. Chargo for $388.76. Copies of the report to the Department and the actual check are included in **Appendix 6**.
    - Check number 2039 for $292.00, dated January 29, 2007, was for "mileage replacement check" according to the notation in the memo portion of the check. It appears the check was issued to replace check number 2038 which was also for $292.00 and dated January 23, 2007. The check included a notation "trip to Sheldon." However, check number 2038 was deposited in Mr. Chargo's personal account. As a result, check number 2039 should not have been issued to replace it.

The unsupported reimbursements to Mr. Chargo include 14 payments which were made in even dollar amounts. The amounts range from $64.00 to $1,200.00. It is unusual for reimbursement of actual costs to occur in even dollar amounts.

Exhibit D lists the improper and unsupported reimbursements to Mr. Chargo. Of the 37 checks included in the **Exhibit**, 19 were signed by Ms. Klenk-Chargo, 3 were co-signed by her and Mr. Maguire and 15 were signed by Mr. Maguire.

By reviewing copies of the checks listed in **Exhibit D**, we determined not all of the reimbursement checks issued to Mr. Chargo appear to have been prepared and signed by Ms. Klenk-Chargo. We identified 18 reimbursement payments to Mr. Chargo which include Ms. Klenk-Chargo's name as a signer, but the signature is not consistent with other checks she prepared and signed. The 18

checks are identified in the **Exhibit**. As illustrated by the **Exhibit**, 3 payments identified as improper are among the 18 checks.

The $1,130.76 of improper reimbursements and the $7,877.31 of unsupported reimbursements listed in **Exhibit D** are included in **Exhibit A**.

Iowa Skills Credit Card – The Department authorized the use of a credit card for travel and supplies. The credit card account was established on April 26, 2001 in Iowa Skills' name at US Bank and was for use by the State Director and Department staff. The credit card originally carried a $10,000.00 limit.

For the period of our investigation, we identified 29 payments made to the US Bank credit card by Iowa Skills. The payments total $13,750.03. By reviewing the credit card statements, we determined the purchases made with the credit card included items such as travel, gas, food, airfare and supplies purchased at Lowes and Home Depot. Because supporting documentation was not available for the charges on the credit card, we reviewed the charges with Department staff to determine if the transactions were appropriate for Iowa Skills' operations or were personal in nature.

With assistance from representatives of the Department, we identified $2,563.04 of credit card purchases which do not appear necessary or reasonable for the operations of Iowa Skills. According to Department staff, although some of the vendors may be used for the Iowa Skills program, it is not possible to determine if the purchases were appropriate or personal in nature without appropriate supporting documentation.

The remaining $10,074.80 of purchases was considered reasonable by Department staff based on the dates of the charges and known activities occurring around the dates of the purchases, such as the State Conference.

Because Mr. and Ms. Chargo did not pay the minimum required payments for several months, US Bank lowered the credit limit to $500.00. As a result of not making the required minimum payments and not making the payments timely, Iowa Skills incurred finance charges and late fees. In addition, after the credit limit was lowered, it was frequently exceeded, resulting in over limit fees. Mr. and/or Ms. Chargo were responsible for ensuring timely payment of the credit card billings.

Table 3 summarizes the amounts paid by Iowa Skills for various charges and fees, as well as the total paid for reasonable purchases made with the credit card and the unsupported purchases.

Table 3

Charges and Fees		Amount
Reasonable but unsupported		$ 10,074.80
Unsupported		2,563.04
Improper:		
Returned check fee	$ 10.00	
Over limit fees	245.00	
Finance charges	344.19	
Late fees	513.00	1,112.19
Total		$ 13,750.03

By reviewing the credit card statements, we determined an additional $35.00 and $4.43 of late fees and finance charges, respectively, were paid on August 21, 2003. The payment was not made from the Iowa Skills account. A note at the bottom of a report dated August 18, 2003 and

submitted to the Department states, in part, "Also note that there is a check from me for the US Bank credit card bill. This check to US Bank is to cover the late fee of $39.43. Please make sure my payment…get mailed." The report states it was submitted by Ms. Klenk-Chargo.

The improper charges of $1,112.19 and the unsupported charges of $2,563.04 paid by Iowa Skills are included in **Exhibit A**.

Personal Credit Cards – Because many of the financial records, including bank statements and related documentation, were not returned to the Department by Mr. or Ms. Chargo, the Department requested copies of missing bank statements and checks from the bank which held the Iowa Skills' account. While reviewing these statements, we identified several electronic payments to a Capital One credit card and Household Credit Services.

According to Department staff, the only authorized credit card for Iowa Skills was a VISA card from US Bank. We identified 20 payments to Capital One and 2 payments to Household Credit Services from the Iowa Skills account. We were unable to locate supporting documentation for these electronic payments. The 22 payments total $5,226.18 and are summarized in **Table 4**.

Table 4

Credit Card	Exhibit	Number of Payments	Amount Paid
Capital One	**E**	20	$ 4,643.15
Household Credit Services	**E**	2	583.03
Total		22	$ 5,226.18

Exhibit E provides a detailed list of the electronic payments to Capital One and Household Credit Services. The payments were made between August 9, 2004 and November 23, 2007 and ranged in amount from $20.00 to $684.15.

We were able to trace the 20 payments to Capital One to a credit card held in Mr. Chargo's name. We obtained copies of the credit card statements from Capitol One for the period of our investigation. The payment information from the Capital One statements is included in **Exhibit E**. Of the 20 payments to Capitol One, 18 were shown as electronic phone payments and 2 were shown as direct debit payments.

In reviewing the Capitol One statements for the month in which payments were made and the prior month, we identified cash advances and charges for gas, food and lodging in various states. We also identified cash advances and similar charges in Iowa as well as purchases from Pamida and Wal-Mart and for flowers. According to Department staff, there would be no business reason for cash advances. In addition, travel was to be either charged on the Iowa Skills' credit card or reimbursed by check.

We identified several payments made to Mr. Chargo's credit card account from the Iowa Skills account. The payments were made after several months of no activity on the card, other than over-limit and late payment fees. In these instances, it appears the payments were made to reduce the balance below the card limit.

Information included with the Iowa Skills' bank statements shows the 2 payments made to Household Credit Services were submitted electronically and were authorized by Daniel P. Chargo. Copies of the electronic checks are included in **Appendix 7**. Household Credit Services is a clearing house for many types of credit cards, including store credit cards. Because we could not identify the credit card associated with the payment, we were unable to obtain additional information from Household Credit Services.

Because the payments to Capitol One and Household Credit Services do not appear to be for Iowa Skills' operations, the $5,226.18 is included in **Exhibit A** as improper disbursements.

Payments to Vendors – As stated previously, we reviewed payments from the Iowa Skills' account with Department and Iowa Skills staff because supporting documentation was not available for the disbursements. In addition to payments to Mr. and Ms. Chargo and payments on the credit cards, Iowa Skills made payments to vendors totaling $283,541.58. Payments to vendors included payments to hotels for participants attending the National Conference, telephone charges, payments to community colleges and payments for supplies.

Of the payments to other vendors, $10,296.34 was supported by documentation and $260,533.54 was unsupported but was determined to be reasonable for Iowa Skills' operations. For the remaining $12,711.70, we were unable to determine if the payments were for business or personal purposes. **Table 5** summarizes the payments to other vendors.

Table 5

Description	Amount
Supported disbursements	$ 10,296.34
Reasonable but unsupported	260,533.54
Unsupported	12,711.70
Total	$ 283,541.58

Because we are unable to determine if the $12,711.70 was for business purposes, this amount is included in **Exhibit A** as unsupported disbursements.

UNDEPOSITED COLLECTIONS

As previously stated, Iowa Skills primary funding sources include funding from the National Skills Office for dues, the Department and registration fees. In addition, Iowa Skills occasionally receives reimbursements from participants.

Funding from the State and National Office - We confirmed payments to Iowa Skills by the State of Iowa and the National Office to determine if they were properly deposited to the Iowa Skills' account. We determined all payments from the State and National Office were properly deposited to the Iowa Skills account.

Fees and Reimbursements from Participants – We confirmed payments sent to Iowa Skills by selected participants to determine if they were properly deposited to the Iowa Skills' account. The participants selected included school districts and community colleges. Because of the lack of records, we were unable to send confirmations to all participants.

The information received from the selected participants was compared to deposit slips obtained from the bank which held the Iowa Skills' account. We identified 11 payments totaling $11,109.00 for which we were unable to identify a deposit to the Iowa Skills account. We obtained copies of the 11 checks from the participants. The back of the check copies showed the checks were deposited to Home Federal Savings Bank, which is the bank where Mr. and Ms. Chargo hold their personal account. As a result, we requested and obtained detailed deposit information for deposits made to the personal account of Mr. and Ms. Chargo. Copies of checks deposited to their personal account are included in **Appendix 8**. As illustrated by the **Appendix**, the checks contain endorsements which include both Mr. and Ms. Chargo's names. However, the signatures do not appear consistent with the checks prepared by Ms. Klenk-Chargo.

Of the checks deposited to their personal account, 1 was from Iowa Industrial Technology Education Association (IITEA) for $500.00. According to the memo line on the check, it was the "yearly budget money." We spoke to the Treasurer of IITEA and he confirmed IITEA provides funds to Iowa Skills each year. The funds are to be used to support the Iowa Skills organization and the State Conference. This check should have been deposited to the Iowa Skills account.

Exhibit F lists the checks we identified which should have been deposited to the Iowa Skills account but were deposited to Mr. and Ms. Chargo's personal account. The checks ranged from $405.00 to $2,225.00 and they were dated from May 2006 to June 2008. The $11,609.00 of undeposited collections is included in **Exhibit A**.

If we had been able to confirm all payments from participants, additional undeposited collections may have been identified.

OTHER ADMINISTRATIVE ISSUES

Financial Records - As previously stated, we were unable to obtain adequate documentation for a significant number of financial transactions for Iowa Skills. Ms. Klenk-Chargo was responsible for maintaining documentation to support the financial activity of Iowa Skills. In addition, Ms. Klenk-Chargo was to provide a monthly list of disbursements, as well as supporting documentation, to the Department. According to Department staff, they did not always receive the monthly reports. Also according to Department representatives, they requested the reports but did not pursue the issue when the reports were not received. For those reports received, the support was usually attached, but the documentation included was not available when the Department later requested the financial records from Mr. and Ms. Chargo.

Board of Directors and Meeting Minutes – According to the by-laws, the Board was to meet on an annual basis to review policies, procedures and to plan the next year's State Conference. The by-laws do not provide any information on the frequency of meetings.

When we requested minutes of Board meetings, we were only provided with minutes of Board meetings held on July 31, 2001 and January 22, 2003

According to Department staff, the Board had not met in several years. Because the Board did not meet for several years, the Department had to reconstitute the Board in December 2008.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by Iowa Skills and the Department 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 organization'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. The former State Director was responsible for each of the following areas at the same time.

   (1) Cash - reconciliation of bank account, recording transactions and custody.

   (2) Disbursements – preparation of monthly disbursement listing to the Department, check preparation, signing, distribution and recording.

   (3) Receipts – collecting, recording and depositing.

   In addition, checks issued from the Iowa Skills' account did not consistently contain dual signatures. By reviewing copies of checks issued, we determined representatives of the Department did not consistently counter-sign the checks which did not require immediate payment.

   Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the functions listed above should be segregated between the State Director, the Department and the Board of Directors.

   In addition, the Board should implement procedures to ensure all disbursements not requiring immediate payment are reviewed and approved by an independent party and properly counter-signed.

B. Undeposited Collections – Iowa Skills receives payments from participating schools for registration for the State Conference and other sponsored events. Funds received are to be deposited into the Iowa Skills account. We identified $11,609.00 of checks received from various schools deposited in a personal account rather than Iowa Skills' account.

   Recommendation – The Board should implement procedures to ensure collections are properly deposited. Amounts received by Iowa Skills should be recorded on receipts which are subsequently reconciled to bank deposits by an independent party. The Board should periodically review the reconciliations.

C. Disbursements - During our review of disbursements during the period September 1, 2001 through September 30, 2008, we determined disbursements were not supported by invoices or other appropriate documentation. The unsupported disbursements include salary and reimbursements to the former State Director and her husband.

   In addition, disbursements were not consistently approved by an independent party prior to payment. We also identified payments made on a personal credit card.

Recommendation – The Board should implement procedures to ensure all disbursements are properly approved by an independent party (such as a representative of the Department) prior to payment, with the exception of those specifically allowed by policy. Exceptions should be granted only for routine, recurring expenses such as rent and utilities. For those disbursements paid prior to approval, a listing should be provided to the reviewer in a timely manner for review and approval.

Reimbursements for purchases made with a personal credit card should be paid to the individual requesting reimbursement, not directly to the credit card company. The reimbursement request should be presented with appropriate supporting documentation and should be approved by an independent party.

D. Form 1099 – Any entity providing payments for services to an individual which exceed $600.00 in a calendar year are required to file a Form 1099 with the Internal Revenue Service. According to Mr. Chargo, 1099's were not filed for the payments made to Ms. Klenk-Chargo prior to Iowa Skills' accounting duties being reassigned to ILCC.

According to ILCC representatives, a Form 1099 was properly filed for the payments made to Ms. Klenk-Chargo for March through June 2008 services.

Recommendation – The Board should consult with legal counsel and/or representatives of the Internal Revenue Service and the Iowa Department of Revenue to determine what action, if any, should be taken for the payments made to Ms. Klenk-Chargo which were not properly reported on a Form 1099.

E. Accounting Records – Section 504A.25 of the *Code of Iowa* requires each non-profit corporation to keep correct and complete books and records of accounts and minutes of the proceedings of its Board of Directors. Financial statements, reports or cumulative records, as well as minutes of Board meetings, were not available for Iowa Skills.

Recommendation – Detailed accounting records and financial statements, as well as minutes of Board meetings, should be maintained for all Iowa Skills' activity.

F. Employment Agreement/Contract – According to minutes from the Board's July 31, 2001 meeting, Diane Klenk was hired as the State Director. However, the minutes did not specify when Ms. Klenk-Chargo was to assume the State Director's duties. In addition, we were unable to locate an employment agreement or any other documentation which specified the terms and duties of Ms. Klenk-Chargo's employment, including the amount of her authorized salary.

Recommendation – The Board should ensure employment agreements are prepared and maintained for all employees.

G. Oversight – The Board of Directors and the Department of Education share oversight responsibility for the operations of Iowa Skills. In accordance with Iowa Skills' by-laws, the Board is responsible for, but not limited to,

- maintaining the general direction and control over the affairs of the Association and ensuring all policies are enforced,
- establishing policies for the sound management and operations of the Association,
- providing advice and direction to the State Director and
- working with the State Director to coordinate conferences and other activities of the Association.

In addition to Board oversight, the Department also is responsible for ensuring funds provided by the State are used in accordance with regulations governing the funds. According to Department staff, they were also asked by the Board to review disbursements and countersign checks prepared by the State Director.

We determined the following:

- The Board did not have regular meetings and did not maintain minutes of meetings which were held.
- An independent party did not consistently review or approve financial transactions.
- Bank reconciliations were not reviewed by an independent party.
- The Department did not follow up on reports which were not submitted by the State Director.
- The Department did not require any reports or other forms of documentation to be submitted which show expenditures were allowable for the Federal Perkins Grant Program funding provided to Iowa Skills.

Recommendation – To ensure Iowa Skills' operations are administered in a proper manner, the Board and Department should implement procedures to ensure:

- Regular meetings are held and minutes of the meetings are maintained.
- Financial transactions are reviewed by the Board in a timely manner. If the Board does not meet frequently enough to review transactions in a timely manner, this responsibility should be delegated by the Board to a party independent of the initiation and preparation of the financial transactions.
- Monthly bank statements should be delivered directly to a party independent of preparing financial transactions.
- The Board, or its designee, review monthly bank reconciliations to ensure the propriety of the account activity.

In addition, the Department should implement procedures which require Iowa Skills and other similar organizations to periodically submit appropriate documentation which shows funds were expended for allowable purposes.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Exhibits

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Summary of Findings
For the period September 1, 2001 through September 30, 2008

Description	Exhibit/ Table	Improper	Unsupported	Total
Improper and unsupported disbursements:				
Salary and rent payments	**Table 2**	$ 29,850.00	-	29,850.00
Reimbursements to Diane Klenk-Chargo	**Exhibit C**	3,870.30	2,708.82	6,579.12
Reimbursements to Dan Chargo	**Exhibit D**	1,130.76	7,877.31	9,008.07
Iowa Skills credit card	**Table 3**	1,112.19	2,563.04	3,675.23
Personal credit cards	**Exhibit E**	5,226.18	-	5,226.18
Payments to vendors	**Table 5**	-	12,711.70	12,711.70
Subtotal improper and unsupported disbursements		41,189.43	25,860.87	67,050.30
Undeposited collections	**Exhibit F**	11,609.00	-	11,609.00
Total		$ 52,798.43	25,860.87	78,659.30

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Salary and Rent Payments to Diane Klenk-Chargo
For the period September 1, 2001 through September 30, 2008

Check #	Cleared Date	Date on Check	Memo on Check	Auditor Notation
1396	11/07/01	11/04/01	Sept/Oct $600 rent, $600 contract services	(Oct./Nov.)
1397	01/07/02	12/28/01	rent and salary	(December)
1555	02/11/02	01/27/02	300 rent/300 salary	(January)
1561	04/15/02	02/25/02	300 rent 300 salary	(February)
1568	04/18/02	03/28/02	-	(March)
1576	05/29/02	04/28/02	rent & salary	(April)
1581	06/04/02	05/28/02	300 rent 300 salary	(May)
1586	06/25/02	06/23/02	rent & salary	(June)
1593	08/21/02	07/28/02	salary & rent	(July)
1599	09/11/02	08/28/02	rent & salary	(August)
Fiscal year 2002 subtotal				
1606	10/01/02	09/27/02	300 rent 300 salary	(September)
1620	11/22/02	10/28/02	Rent/salary	(October)
1633	12/31/02	12/15/02	salary & rent	(November)
1637	02/04/03	01/07/03	Dec rent & salary	(December)
1639	02/04/03	01/23/03	300 rent 300 salary	(January)
1647	03/11/03	02/23/03	300 salary 300 rent	(February)
1652	05/08/03	03/20/03	-	(March)
1656	05/28/03	05/01/03	-	(April)
1663	06/25/03	05/29/03	300 rent 300 salary	(May)
1669	08/04/03	07/08/03	June - Salary - Rent	(June)
1673	08/04/03	07/10/03	July - Salary - Rent	(July)
1684	08/20/03	08/16/03	August 300 rent/300 salary	(August)
Fiscal year 2003 subtotal				

Signer	Salary	Rent	Unexplained	Check Amount
KM	$ 600.00	600.00	-	1,200.00
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
	3,300.00	3,300.00	-	6,600.00
DK	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
	3,600.00	3,600.00	-	7,200.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Salary and Rent Payments to Diane Klenk-Chargo
For the period September 1, 2001 through September 30, 2008

Check #		Cleared Date	Date on Check	Memo on Check	Auditor Notation
1689		09/16/03	09/02/03	Sept. Salary & Rent	(September)
1698		10/21/03	10/15/03	Oct. Rent 300/Salary 300.00	(October)
1709		11/13/03	10/27/03	Nov salary/rent	(November)
1724		12/15/03	12/03/03	Dec. Rent/Salary	(December)
1732		02/11/04	01/07/04	Jan. Rent/Salary	(January)
1735		02/11/04	01/30/04	Feb. Rent/Salary	(February)
1747		03/23/04	02/26/04	300 rent/300 salary March	(March)
1758		04/22/04	03/27/04	March 300/rent 300/Salary	
1768		05/07/04	04/28/04	April 300/rent 300/salary	(April)
1780		06/16/04	05/25/04	300 rent/300 salary	(May)
1800		07/14/04	07/01/04	-	
1786		07/21/04	06/24/04	June rent/salary	(June)
1798		08/30/04	08/25/04	-	(July)
1796		09/15/04	08/31/04	Aug	(August)
Fiscal year 2004 subtotal					
1802		09/15/04	09/08/04	-	
1806		10/28/04	09/30/04	Sept. 300 rent 300 salary	(September)
1815	^, #	10/27/04	10/25/04	Salary/rent	
1811	^	11/16/04	10/31/04	Oct.	(October)
1820	#	11/08/04	11/01/04	-	(November)
1827		12/28/04	12/12/04	Dec. Rent/Salary	(December)
1831		02/03/05	01/07/05	300 rent 300 salary	(January)
1840	#	01/21/05	01/12/05	-	
1849	^, #	02/15/05	02/01/05	-	
1850	^, #	02/09/05	02/07/05	-	

Signer	Salary	Rent	Unexplained	Check Amount
KM, DK	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	-	-	600.00	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	-	-	600.00	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
	3,600.00	3,600.00	1,200.00	8,400.00
DK, KM	-	-	600.00	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	-	-	600.00	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	600.00	1,200.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	-	-	600.00	600.00
DK, KM	-	-	600.00	600.00
DK, KM	-	-	600.00	600.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Salary and Rent Payments to Diane Klenk-Chargo
For the period September 1, 2001 through September 30, 2008

Check #		Cleared Date	Date on Check	Memo on Check	Auditor Notation
1847	^, #	03/07/05	02/28/05	-	
1853		03/10/05	02/28/05	Feb. rent/salary	(February)
1858	^, #	03/22/05	03/20/05	-	
1865	^, #	04/11/05	04/06/05	-	
1875	^, #	04/15/05	04/14/05	-	
1866		04/20/05	04/14/05	March	(March)
1870		04/20/05	04/14/05	April 300/rent 300/salary	(April)
1881	^, #	05/09/05	05/04/05	-	
1878		06/14/05	06/07/05	June 300 rent 300 salary	(June)
1890	^, #	06/15/05	06/07/05	-	
1877		06/21/05	06/07/05	May 300 rent 300 salary	(May)
1896		07/19/05	07/06/05	July	(July)
1906	^, #	07/21/05	07/19/05	Aug salary	(August)
1905		08/11/05	08/08/05	sept 300 rent/300 salary	
Fiscal year 2005 subtotal					
1911		09/27/05	09/11/05	September 300/salary 300/rent	(September)
1920	#	09/22/05	09/20/05	-	
1925	^, #	10/04/05	10/03/05	-	(October)
1929		11/22/05	11/05/05	Oct	(November)
1937		12/15/05	12/10/05	300 rent, 300 xxx	
1943	#	12/14/05	12/12/05	-	
1944	#	12/20/05	12/19/05	-	
1947		01/06/06	12/30/05	Dec salary/rent	(December)
1948	#	01/10/06	01/08/06	rent/salary	(January)
1954	#	01/19/06	01/16/06	salary/rent	

Signer	Salary	Rent	Unexplained	Check Amount
DK, KM	-	-	600.00	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	-	-	600.00	600.00
DK, KM	-	-	600.00	600.00
DK, KM	-	-	600.00	600.00
KM, DK	300.00	300.00	-	600.00
KM, DK	300.00	300.00	-	600.00
DK, KM	-	-	600.00	600.00
KM, DK	300.00	300.00	-	600.00
DK, KM	-	-	600.00	600.00
KM, DK	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
DK, KM	300.00	300.00	-	600.00
None	-	-	600.00	600.00
	3,600.00	3,600.00	7,800.00	15,000.00
DK	300.00	300.00	-	600.00
DK, KM	-	-	1,200.00	1,200.00
DK, KM	-	-	600.00	600.00
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
DK, KM	-	-	600.00	600.00
DK, KM	-	-	600.00	600.00
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
DK	-	-	600.00	600.00

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Iowa Association of Skills USA-VICA

Salary and Rent Payments to Diane Klenk-Chargo
For the period September 1, 2001 through September 30, 2008

Check #		Cleared Date	Date on Check	Memo on Check	Auditor Notation
1958		02/14/06	02/07/06	Feb. rent/salary	(February)
1955		03/15/06	03/05/06	March rent/salary	(March)
1962		04/28/06	04/14/06	March	
1964	#	04/25/06	04/24/06	Salary/Rent	
1974		05/08/06	05/01/06	April	(April)
1977	#	05/05/06	05/02/06	-	
1978	#	05/10/06	05/09/06	April salary	
1980	#	05/24/06	05/22/06	-	(May)
1981	#	06/06/06	06/05/06	-	
1987	#	07/06/06	07/05/06	-	
1993		07/11/06	07/10/06	July	(July)
1991		07/19/06	07/10/06	June	(June)
2001		08/17/06	07/11/06	July salary/rent	
2005		08/17/06	08/15/06	Aug 300 rent 300 salary	(August)
2012	#	08/22/06	08/21/06	-	
Fiscal year 2006 subtotal					
2016		09/28/06	09/04/06	Sept. salary/rent	(September)
2030		09/22/06	09/21/06	-	
2029		10/12/06	10/09/06	-	
2014		10/17/06	10/12/06	Sept. 300 rent/300 salary	
2021		11/14/06	11/08/06	Oct. salary/rent	(October)
2026		12/27/06	12/15/06	Dec. rent/salary	(December)
2033		12/09/06	12/18/06	salary/rent	(November)
2036		01/04/07	01/02/07	salary	
2061		02/21/07	01/23/07	Jan rent/salary	(January)

Signer	Salary	Rent	Unexplained	Check Amount
DK	300.00	300.00	-	600.00
None	300.00	300.00	-	600.00
None	-	-	600.00	600.00
DK	-	-	600.00	600.00
None	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
DK	-	-	600.00	600.00
DK	-	-	600.00	600.00
DK	-	-	600.00	600.00
DK	-	-	600.00	600.00
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
KM	-	-	600.00	600.00
DK	300.00	300.00	-	600.00
DK	-	-	600.00	600.00
	3,600.00	3,600.00	8,400.00	15,600.00
KM	300.00	300.00	-	600.00
KM	-	-	600.00	600.00
KM	-	-	600.00	600.00
DK	300.00	300.00	-	600.00
None	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
KM	-	-	600.00	600.00
KM	-	-	600.00	600.00
None	300.00	300.00	-	600.00

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Salary and Rent Payments to Diane Klenk-Chargo
For the period September 1, 2001 through September 30, 2008

Check #		Cleared Date	Date on Check	Memo on Check	Auditor Notation
2063		03/08/07	03/04/07	Feb. rent/salary	(February)
2065		03/21/07	03/18/07	March salary/rent	(March)
2067		04/06/07	04/04/07	-	
2068		04/17/07	04/06/07	March salary/rent	
2079		05/23/07	05/07/07	April rent/salary	(April)
2086		05/09/07	05/08/07	May	(May)
2089		05/15/07	05/14/07	May	
2088		05/16/07	05/15/07	June	
2153	#	06/07/07	06/05/07	June salary/rent	(June)
2157		06/14/07	06/12/07	May salary/rent	
2160	#	06/19/07	06/15/07	June	
2163		07/03/07	06/29/07	rent and salary	
2182		07/11/07	07/10/07	July	
2184		07/18/07	07/15/07	-	
2169		08/24/07	07/25/07	rent/salary	(July)
2187	#	08/06/07	08/04/07	-	
2173		09/25/07	08/31/07	August rent/salary	(August)
Fiscal year 2007 subtotal					
2191	#	09/10/07	09/06/07	-	
2174		10/09/07	09/24/07	Sept.	(September)
2192	#	10/04/07	10/01/07	-	
2195	#	10/19/07	10/17/07	-	
2180		12/03/07	11/11/07	Oct rent/salary	(October)
2199	#	11/20/07	11/16/07	-	
2200		11/26/07	11/21/07	Dec	

Signer	Salary	Rent	Unexplained	Check Amount
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
KM	-	-	600.00	600.00
DK	-	-	600.00	600.00
DK	300.00	300.00	-	600.00
KM	300.00	300.00	-	600.00
KM	-	-	600.00	600.00
KM	300.00	300.00	-	600.00
DK	-	-	600.00	600.00
None	-	-	600.00	600.00
DK	-	-	600.00	600.00
DK	-	-	600.00	600.00
KM	300.00	300.00	-	600.00
KM	-	-	600.00	600.00
None	-	-	600.00	600.00
DK	-	-	600.00	600.00
None	300.00	300.00	-	600.00
	3,600.00	3,600.00	8,400.00	15,600.00
DK	-	-	600.00	600.00
DK	300.00	300.00	-	600.00
DK	-	-	600.00	600.00
DK	-	-	600.00	600.00
DK	300.00	300.00	-	600.00
DK	-	-	600.00	600.00
DK	-	-	600.00	600.00

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Salary and Rent Payments to Diane Klenk-Chargo
For the period September 1, 2001 through September 30, 2008

Check #		Cleared Date	Date on Check	Memo on Check	Auditor Notation
2215		12/03/07	11/29/07	Nov salary/rent	(November)
2202	#	12/31/07	12/27/07	Dec	
2216		01/10/08	12/31/08	Dec. salary/rent	(December)
2207	#	01/23/08	01/21/08	salary/rent	
2209	#	01/28/08	01/23/08	rent salary	
2219		02/12/05	01/31/08	Jan salary/rent	(January)
2224		03/06/08	03/03/08	Feb rent/salary	(February)
1004		05/06/08	04/09/08	March rent/salary	(March)
1011		06/04/08	05/23/08	April rent/salary	(April)
1019		06/25/08	06/19/08	May rent/salary	(May)
1023		07/18/08	06/30/08	June rent/salary	(June)
Fiscal year 2008 subtotal					
Total					

^ - Reported to the Department as a void check.

- The check includes Diane Klenk-Chargo's name as a signer, but the signature is not consistent with other checks Ms. Klenk-Chargo prepared and signed.

Signer:

DK - Diane Klenk-Chargo

KM - Ken Maguire

ILCC - Iowa Lakes Community College

None - The check provided by the bank did not contain any signatures.

Signer	Salary	Rent	Unexplained	Check Amount
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
DK	-	-	600.00	600.00
DK	-	-	600.00	600.00
DK	-	-	600.00	600.00
DK	300.00	300.00	-	600.00
DK	300.00	300.00	-	600.00
ILCC	300.00	300.00	-	600.00
ILCC	300.00	300.00	-	600.00
ILCC	300.00	300.00	-	600.00
ILCC	300.00	300.00	-	600.00
	3,000.00	3,000.00	4,800.00	10,800.00
	$ 24,300.00	24,300.00	30,600.00	79,200.00

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Report on Special Investigation of
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Reimbursements to Diane Klenk-Chargo
For the period September 1, 2001 through September 30, 2008

Check #		Cleared Date	Date on Check	Memo on Check	Signer	Check Amount	Improper	Unsupported
1597		08/21/02	08/13/02	Reimbusement	DK	$ 504.00	-	504.00
1708		11/13/03	10/27/03	Travel	DK, KM	252.00	-	252.00
1741		02/11/04	02/08/04	-	DK, KM	268.80	-	268.80
1781	^, #	06/09/04	06/01/04	Travel	DK, KM	405.51	405.51	-
1792		08/05/04	08/02/04	-	DK, KM	473.48	-	473.48
1793		08/18/04	08/16/04	-	DK, KM	290.57	-	290.57
1848	^, #	02/25/05	02/24/05	-	DK, KM	94.29	94.29	-
1846	^, #	03/30/05	03/27/05	-	DK, KM	800.00	800.00	-
1872		04/20/05	04/14/05	State Officers Breakfast	KM, DK	46.29	-	46.29
1874	^, #	04/20/05	04/14/05	-	DK, KM	485.00	485.00	-
1873	^, #	04/25/05	04/18/05	Travel	DK, KM	295.00	295.00	-
1895	#	07/07/05	07/05/05	Team Works	DK, KM	1,200.00	1,200.00	-
1904	^, #	07/13/05	07/11/05	T-shirts	DK, KM	590.50	590.50	-
1949	#	12/01/05	11/27/05	-	DK, KM	223.18	-	223.18
1952	#	01/26/06	01/24/06	-	DK	400.00	-	400.00
1994		08/17/06	07/11/06	Radisson reimbursement	KM	44.00	-	44.00
2023		12/28/06	11/21/06	Columbus xxxx	DK	206.50	-	206.50
				Total		$ 6,579.12	3,870.30	2,708.82

^ - Reported to the Department as a void check.

- The check includes Diane Klenk-Chargo's name as a signer, but the signature is not consistent with other checks Ms. Klenk-Chargo prepared and signed.

xxxx - We are unable to read the information from the copy of the check.

Signer:
DK - Diane Klenk-Chargo
KM - Ken Maguire

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Reimbursements to Dan Chargo
For the period September 1, 2001 through September 30, 2008

Check #		Cleared Date	Date on Check	Memo on Check	Signer	Check Amount	Improper	Unsupported
1577		05/08/02	05/04/02	Pre national conf. food	DK	$ 64.67	-	64.67
1821	^, #	11/15/04	11/11/04	-	DK, KM	450.00	450.00	-
1829		12/17/04	12/12/04	AOL Account	DK, KM	100.00	-	100.00
1931		11/15/05	11/04/05	Mileage	DK	197.54	-	197.54
1936	#	11/25/05	11/21/05	Travel xxxx	DK	68.54	-	68.54
1953	#	01/18/06	12/16/05	xxxx	DK	153.45	-	153.45
1946	#	12/30/05	12/28/05	-	DK, KM	120.00	-	120.00
1976	#	04/27/06	04/25/06	-	DK	96.21	-	96.21
2000	#	06/21/06	06/20/06	-	DK	412.20	-	412.20
1982	#	06/27/06	06/24/06	-	DK	187.20	-	187.20
1986	#	06/30/06	06/28/06	-	DK	236.65	-	236.65
1996	#	07/13/06	07/11/06	-	DK	388.76	388.76	-
1999	*, #	07/21/06	07/20/06	-	DK	207.00	-	207.00
2006		08/18/06	08/15/06	State xxxx Conf.	DK	62.21	-	62.21
2031		10/25/06	09/23/06	xxxx	KM	251.60	-	251.60
2028		11/20/06	11/12/06	Mileage- SOT Nov	KM	40.80	-	40.80
2032		12/06/06	12/05/06	Mileage to Sheldon xxxx	KM	238.68	-	238.68
2040		02/08/07	01/06/07	Sheldon Hotel	KM	79.00	-	79.00
2035		01/10/07	01/08/07	Mileage 240 miles	KM	81.60	-	81.60
2037		01/12/07	01/08/07	Web software	KM	120.00	-	120.00
2038		01/25/07	01/23/07	Trip to Sheldon	KM	292.00	-	292.00
2039		01/31/07	01/29/07	Mileage replacement check	KM	292.00	292.00	-
2041		02/14/07	02/12/07	travel to Ames/Sheldon	KM	292.00	-	292.00
2064		03/15/07	03/12/07	NWICC reimbursement	KM	440.00	-	440.00
2090		05/11/07	05/07/07	Travel and Supplies	KM	321.32	-	321.32
2087		05/21/07	05/18/07	xxxx	KM	64.76	-	64.76
2152		05/30/07	05/25/07	Reimbursement for xxxx	KM	450.00	-	450.00
2156		06/14/07	06/12/07	Airline tickets	KM	400.00	-	400.00
2181	#	06/29/07	06/27/07	-	DK	243.67	-	243.67
2185		07/23/07	07/20/07	Travel	KM	243.67	-	243.67
2171	#	08/30/07	08/15/07	xxxx reimbursement	DK	428.28	-	428.28
2196	#	10/26/07	10/24/07	-	DK	361.00	-	361.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Reimbursements to Dan Chargo
For the period September 1, 2001 through September 30, 2008

Check #		Cleared Date	Date on Check	Memo on Check	Signer	Check Amount	Improper	Unsupported
2203	#	01/01/08	12/09/07	Reimbursement for xxxx	DK	1,200.00	-	1,200.00
2201	#	12/27/07	12/24/07	Reimbursement for hotel	DK	108.00	-	108.00
2205	#	01/22/08	01/15/08	Mileage	DK	64.00	-	64.00
2204	#	01/18/08	01/16/08	Mileage	DK	122.40	-	122.40
2206	#	01/28/08	01/21/08	-	DK	128.86	-	128.86
				Total		$ 9,008.07	1,130.76	7,877.31

^ - Reported to the Department as $56.25 paid to US Bank.

- The check includes Diane Klenk-Chargo's name as a signer, but the signature is not consistent with other checks Ms. Klenk-Chargo prepared and signed.

* - Reported to the Department as $388.76 paid to Central Campus.

xxxx - We are unable to read the information from the copy of the check.

Signer:
DK - Diane Klenk-Chargo
KM - Ken Maguire

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Payments on Personal Credit Card Accounts
For the period September 1, 2001 through September 30, 2008

Per Iowa Skills Bank Statements

Cleared Date	Check Number	Payee / Description	Memo	Amount
08/09/04	-	From Capital One Phone pymt9541719986	Electronic Withdrawal REF=20042224294493 N	$ 111.80
08/10/04	-	From Captial One Phone pymt9541719986	Electronic Withdrawal REF=20042230330585 N	20.00
09/22/04	-	From Capital One Phone Pymt9541719986	*Blank*	200.00
09/28/04	-	From Capital One Phone Pymt9541719986	*Blank*	200.00
09/29/04	-	From Capital One Phone Pymt9541719986	*Blank*	300.00
10/01/04	-	From Captial One Phone Pymt9541719986	Electronic Withdrawal REF=20042752977234 N	200.00
10/12/04	-	From Captial One Phone Pymt9541719986	Electronic Withdrawal REF=20042862074331 N	190.00
10/13/04	-	From Captial One Phone Pymt9541719986	Electronic Withdrawal REF=20042870226162 N	210.00
10/15/04	-	From Captial One Phone Pymt9541719986	Electronic Withdrawal REF=20042890346082 N	200.00
10/18/04	-	From Captial One Phone Pymt9541719986	Electronic Withdrawal REF=20042922454497 N	100.00
10/19/04	-	From Captial One Phone Pymt9541719986	Electronic Withdrawal REF=20042930484763 N	200.00
11/10/04	-	From Capital One Phone Pymt9541719986	Electronic Withdrawal REF=20043153388695 N	200.00
11/26/04	-	From Capital One Phone Pymt9541719986	Electronic Withdrawal REF=20043310800179 N	125.00
06/16/05	-	From CAPITAL ONE PHONE PYMT9541719986	Electronic Withdrawal REF=20051670684447 N	400.00
06/22/07	2161	Capital One	*Blank*	684.15
07/02/07	-	From Capital One Phone Pymt 9541719986	Electronic Withdrawal REF=20071831390266 N	300.00
07/05/07	-	To Captial One	9541719986 Phone Pymt 18439860047944	250.00
10/18/07	2195	Capital One	*Blank*	252.20
11/21/07	-	From Capital One Phone Pymt 9541719986	Electronic Withdrawal REF=20073250913633 N	300.00
11/23/07	-	From Capital One Phone Pymt 954179986	Electronic Withdrawal REF=20073270280899 N	200.00
		Total Capitol One		4,643.15
08/11/04	1799	Household Credit Services	PAYXXXXXXXXXXX-XXX	200.00
11/01/04	1817	Household Credit Services	PAYXXXXXXXXXXX-XXX	383.03
		Total Household Credit Services		583.03
		Total		$ 5,226.18

Per Credit Card Statements

Date Posted	Description	Amount
08/07/04	Cap 1 Electronic Phone Pmt Auth Date 07 Aug	$ 111.80
08/09/04	Cap 1 Electronic Phone Pmt Auth Date 09 Aug	20.00
09/21/04	Cap 1 Electronic Phone Pmt Auth Date 21 Sep	200.00
09/27/04	Cap 1 Electronic Phone Pmt Auth Date 27 Sep	200.00
09/28/04	Cap 1 Electronic Phone Pmt Auth Date 28 Sep	300.00
09/30/04	Cap 1 Electronic Phone Pmt Auth Date 30 Sep	200.00
10/09/04	Cap 1 Electronic Phone Pmt Auth Date 09 Oct	190.00
10/12/04	Cap 1 Electronic Phone Pmt Auth Date 12 Oct	210.00
10/14/04	Cap 1 Electronic Phone Pmt Auth Date 14 Oct	200.00
10/15/04	Cap 1 Electronic Phone Pmt Auth Date 15 Oct	100.00
10/18/04	Cap 1 Electronic Phone Pmt Auth Date 17 Oct	200.00
11/09/04	Cap 1 Electronic Phone Pmt Auth Date 09 Nov	200.00
11/24/04	Cap 1 Electronic Phone Pmt Auth Date 24 Nov	125.00
06/15/05	Cap 1 Electronic Phone Pmt Auth Date 14 Jun	400.00
6/20/2007	Direct Debit Payment	684.15
06/29/07	Cap 1 Electronic Phone Pmt Auth Date 29 Jun	300.00
07/03/07	Cap 1 Electronic Phone Pmt Auth Date 03 Jun	250.00
10/16/2007	Direct Debit Payment	252.20
11/20/07	Cap 1 Electronic Phone Pmt Auth Date 20 Nov	300.00
11/21/07	Cap 1 Electronic Phone Pmt Auth Date 21 Nov	200.00
		4,643.15
	Not available	-
	Not available	-
		-
		$ 4,643.15

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Undeposited Collections
For the period September 1, 2001 through September 30, 2008

Check Date	Payor	Amount
05/10/06	Des Moines Area Community College	$ 1,249.00
05/16/07	Des Moines Area Community College	1,320.00
02/11/08	Central Decatur Community School	405.00
04/01/08	Perry Community School District	1,840.00
04/24/08	Iowa Industrial Technology Education Association	500.00
04/25/08	Eastern Iowa Community College District	960.00
05/02/08	Lewis Central Community School District	575.00
05/09/08	College Community School District	1,350.00
05/12/08	MOC-Floyd Valley Community Schools	520.00
05/16/08	Southeastern Community College	665.00
06/25/08	Des Moines Area Community College	2,225.00
	Total	$ 11,609.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
James S. Cunningham, CPA, Senior Auditor II
Casey L. Johnson, Assistant Auditor
Gabriel M. Stafford, CPA, Assistant Auditor

Tamera S. Kusian

Tamera S. Kusian, CPA
Deputy Auditor of State

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Appendices

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copy of E-Mail with Resignation

From: iowaskillsusa@aol.com [mailto:iowaskillsusa@aol.com]
Sent: Thursday, July 31, 2008 9:12 AM
To: Wermes, Andrew [ED]
Subject: Re: Resignation

We also have notified Nationals. We will plan on disconnecting the phone and e-mail address on the 11th. We will be out of town next week but should be able to arrange to get the materials to you sometime beforthe 11th.

Be aware that it will take a pickup and large trailer to haul all the stuff. You can easily fill half a garage.

Dan

-----Original Message-----
From: Wermes, Andrew [ED] <Andrew.Wermes@iowa.gov>
To: iowaskillsusa@aol.com
Cc: Maguire, Ken [ED] <Ken.Maguire@iowa.gov>
Sent: Wed, 30 Jul 2008 2:00 pm
Subject: RE: Resignation

Dan and Diane,

Thank you again for the work you have done for our SkillsUSA Iowa Chapter for the last few years. We have accepted your resignation, effective August 11th. Between now and August 11th, we need to tie up loose ends to transition the Directorship to me here at the DE. I will discuss the Directorship transition with the Board when it is reconstituted at our meeting to be set in September.

Effective immediately, I have made arrangements with SkillsUSA National to have the Director's business transferred to me here at the DE. I am planning to attend the upcoming

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copy of E-Mail with Resignation

State Director's Training me eting in order to learn to better serve the organization.

I am counting on you two to pull together the financial documentation that has been previously requested – which must include bank statements and supportive documents from FY 2007 to current. Please also let us know dates so we can arrange to pick up the organization's materials and other belongings. We appreciate your commitment to seeing that we achieve a smooth transition to provide the support and services that our schools and colleges need.

Thank you again for your service and dedication.

Andy

Andrew N. Wermes, Education Consultant
Skilled and Technical Sciences
Iowa Department of Education
Division of Community College & Workforce Preparation
Grimes Building
400 E. 14th Street
Des Moines, IA 50319-0146
Phone (515) 281-8353
Fax (515) 281-6544

From: iowaskillsusa@aol.com [mailto:iowaskillsusa@aol.com]
Sent: Tuesday, July 22, 2008 9:03 AM
To: Wermes, Andrew (ED); Klenk, Diane (DHS)
Subject: Resignation

Andy Wermes,

Please consider this e-mail our official notice that we will be resigning our positions as State Directors for Iowa SkillsUSA. We have enjoyed our affiliation with Iowa SkillsUSA and will miss it immensely. However, over the past couple of years the work load has increased exponentially while the commitment from our employers has waned. We just are not able to meet the demands of the positions given the current workload.

We will do everything in our power to make the transition as smooth as possible. We are available through August 31, 2008 if Iowa Skills would like to have us. We have collected a lot of Iowa Skills materials and will coordinate with you to see that it fines the correct home.

We would especially like to note that we have enjoyed working with both you and Ken Maguire. We have learned a lot from you both. Thank you for all you have done for Iowa SkillsUSA.

Sincerely,

=0 A
Dan Chargo & Diane Klenk-Chargo

P.S. A formal signed copy will be mailed.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copy of Payment Request Dated September 2, 2008

Dans Request.

September 2, 2008

To: Robert L'Heureux
Iowa Lakes Community College

From: Dan Chargo
State Director

Please Deposit the following check under Administrative Revenue 40 00 09 54000:

$135.00 From SkillsUSA

Total Deposit $135.00

The following Bills need to be paid:

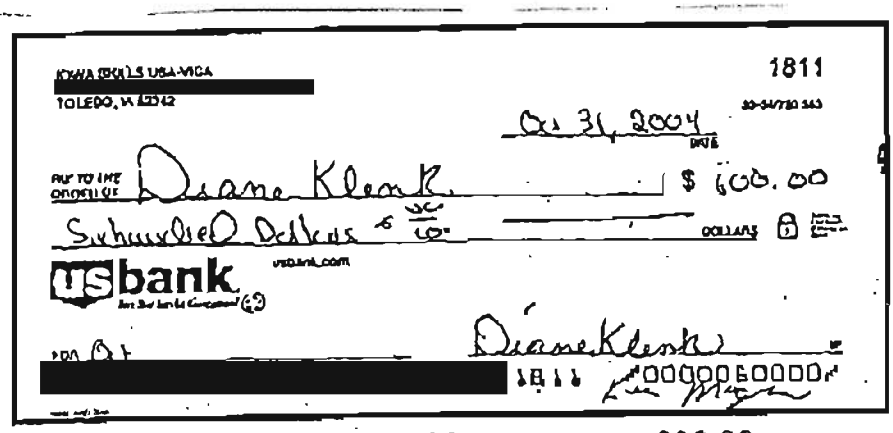
Andy's notes

Diane Klenk	$750.00	August and 1/3 September Rent/ salary	Administrative 40 00 09 54000	Do not Pay
Dan Chargo	$183.30	Travel to Kansas City	Administrative 40 00 09 5400	Pay to Dan
Iowa Telecom	$114.36	Phone	Administrative 40 00 09 5400	Pay to Iowa telecom
America's Best	$807.50	National Conf T-Shirts	National Conference 40 00 09 54006	PAID

Please note that I have billed for the outstanding conference fees. They checks should be coming to you. Thank you for your assistance. If you have any questions please feel free to contact me at 641-751-7530.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports


IOWA SKILLS USA-VICA
[redacted]
TOLEDO, IA 52342

1811

Oct 31, 2004
DATE

PAY TO THE ORDER OF Diane Klenk $ 600.00

Six hundred Dollars & 00/100 DOLLARS

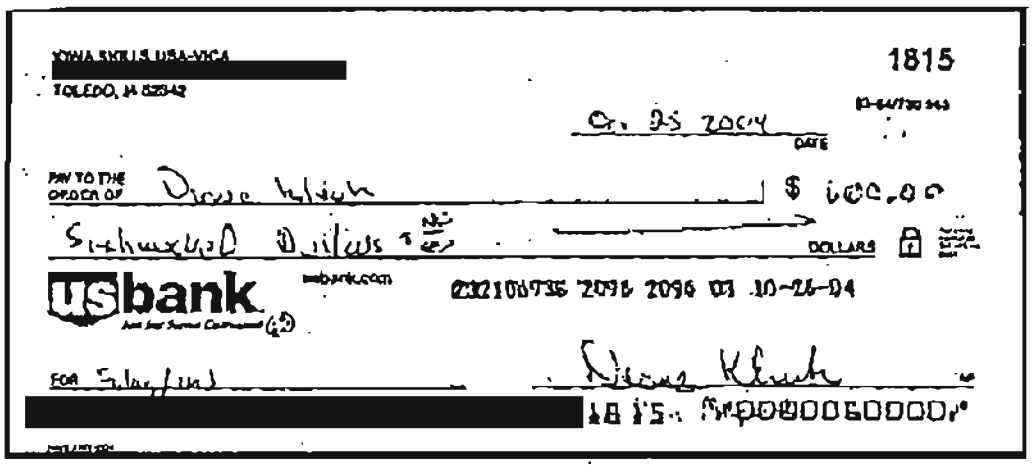
usbank.com

usbank

FOR Oct Diane Klenk

[redacted] 1811 ⑈000000600000⑈

1811 Nov. 16 600.00


IOWA SKILLS USA-VICA
[redacted]
TOLEDO, IA 52342

1815

Oct. 25 2004
DATE

PAY TO THE ORDER OF Diane Klenk $ 600.00

Six hundred Dollars & 00/100 DOLLARS

usbank.com

usbank

⑆102100736⑆ 2096 2096 03 10-26-04

FOR Salary fund Diane Klenk

[redacted] 1815 ⑈0000060000⑈

1815 Oct. 27 600.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports

October 31, 2004

To: Ken Maguire

From: Diane Klenk-Chargo
State Director

Re: Check to be written

The following checks need to be signed and mailed.

1811	Diane Klenk	$600.00	October
1816	Iowa Telecom	$44.74	
1817	SkillsUSA	$24.90	
1818	Diane Klenk	$271.50	
1819	Dan Chargo	$145.32	

The following check has been written and support is attached:

1801	Godfathers Pizza	$110.00	
1802	Diane Klenk	$600.00	August
1803	Iowa Telecom	$45.09	
1804	Fort Dodge HS	$190.41	
1805	SkillsUSA	$400.00	
1806	Diane Klenk	$600.00	September
1807	Jefferson Scranton HS	$1,200.00	
1808	Jefferson Scranton HS	$180.00	
1809	Wal-Mart	$17.58	
1810	Rhett Lauback	$2,000.00	
1812	Des Moines Area Y-Camp	$642.00	
1813	New World Inn	$1,510.00	
1814	NCC SkillsUSA	$640.00	

Note that several of the above checks were signed by you but a copy of the documentation was not sent to you. All of the above are expenses for the 2004-5 year except check 1802 which was charged to the 2003-2004 Fiscal Year. Also note that checks 1811 and 1815 were void.

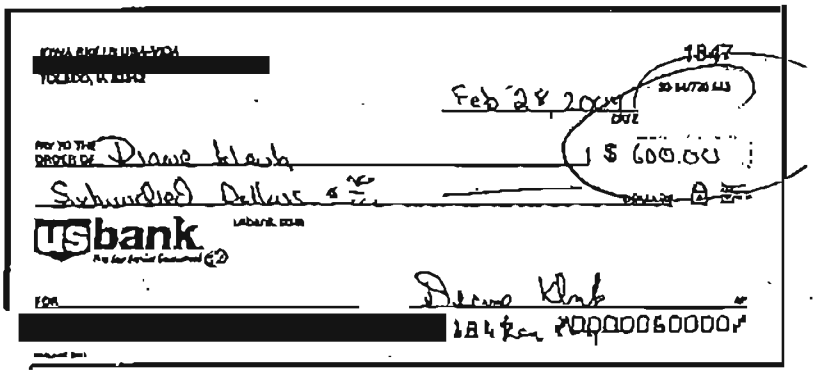
Also note that $5.35 was paid electronically to US Bank in September and October for A credit card charge for Bizland.

Finally note that the receipts for checks 1803 (Iowa Telecom) and 1805 (SkillsUSA Insurance) have been misplaced. I have called and requested new bills and will forward them to you when I receive them.

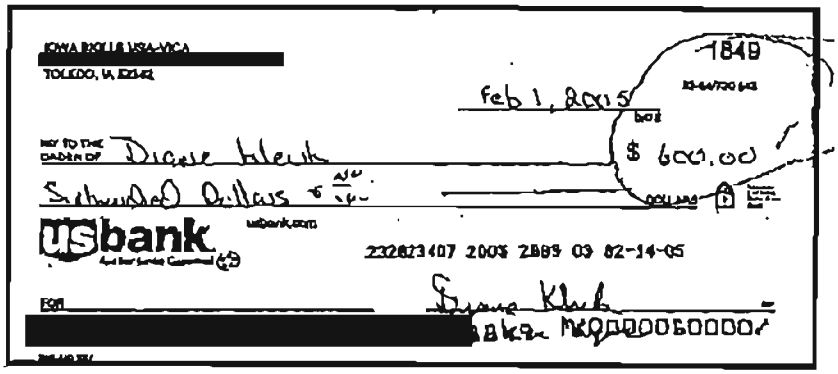
If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

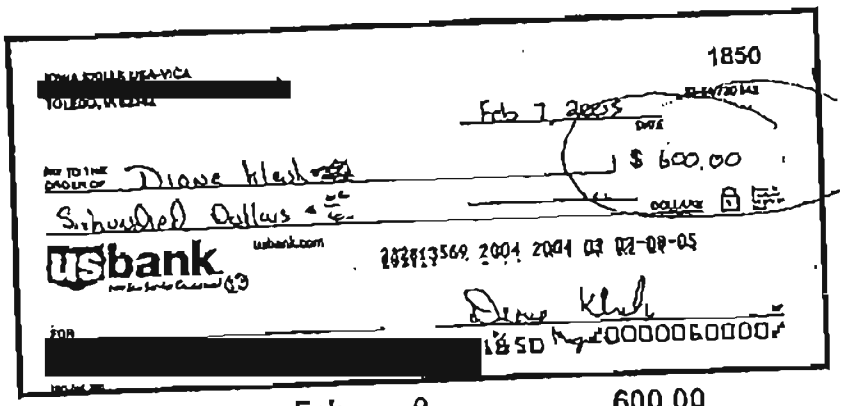
Copies of Salary Checks Reported as Void and Related Reports



1847 Mar. 7 600.00



1849 Feb. 15 600.00



1850 Feb. 9 600.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports

February 28, 2005

To: Ken Maguire

From: Diane Klenk-Chargo
State Director

Re: Check to be written

The following checks need to be signed and mailed.

1852	SkillsUSA	$172.43
1853	Diane Klenk	$600.00
1854	Diane Klenk	$94.29
1855	Iowa Telecom	$98.92

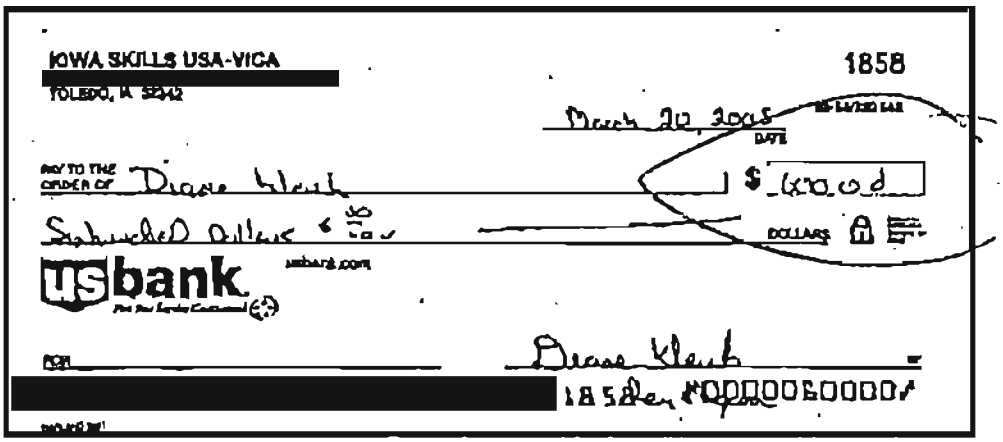
The following check has been written and support is attached:

1841	Walmart	$30.26	
1842	Godfathers Pizza	$118.00	
1843	HyVee	$832.30	
	US Bank	75.85	Electronic Payment
1844	Country Inn & Suites	$76.16	
1851	Asian King	$38.44	

Checks 1845 through 1850 were voided to move to new checks. If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports


IOWA SKILLS USA-VICA
[redacted]
TOLEDO, IA 52342

1858

March 22, 2005
DATE

PAY TO THE ORDER OF Diane Klerk $ 600.00

Six hundred Dollars & 00/100 DOLLARS

usbank.com

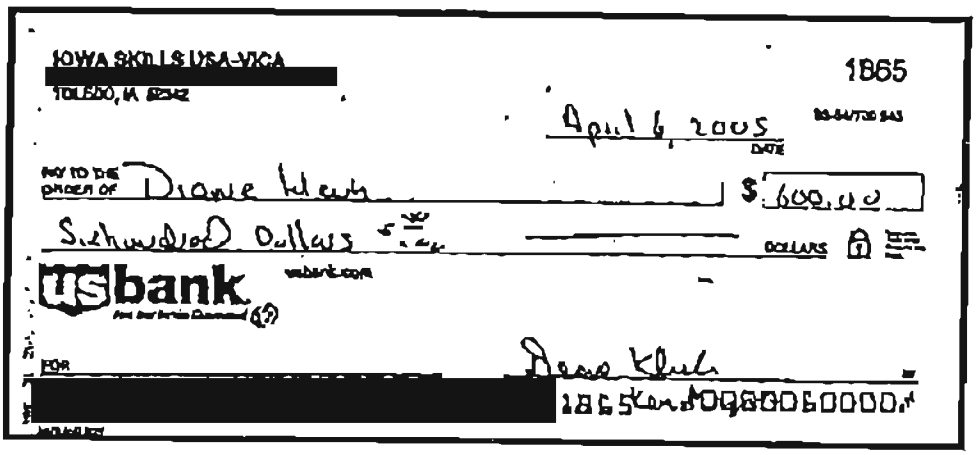
usbank

FOR

Diane Klerk

[redacted] 1858 ⑈ ⑆000000600000⑈

1858 Mar. 22 600.00


IOWA SKILLS USA-VICA
[redacted]
TOLEDO, IA 52342

1865

April 6, 2005
DATE

PAY TO THE ORDER OF Diane Klerk $ 600.00

Six hundred Dollars & 00/100 DOLLARS

usbank.com

usbank

FOR

Diane Klerk

[redacted] 1865 ⑈ ⑆000000600000⑈

1865 Apr. 11 600.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports

April 14, 2005

To: Ken Maguire

From: Diane Klenk-Chargo
State Director

Re: Check to be written

The following checks need to be signed and mailed.

1866	Diane Klenk	$600.00	March
1867	Iowa Telecom	$42.82	
1868	Midwest Trophy	$335.59	
1869	US Bank	$41.84	
1870	Diane Klenk	$600.00	April
1871	Diane Klenk	$154.56	Travel
1872	Diane Klenk	$46.29	Pd State Officers Breakfast

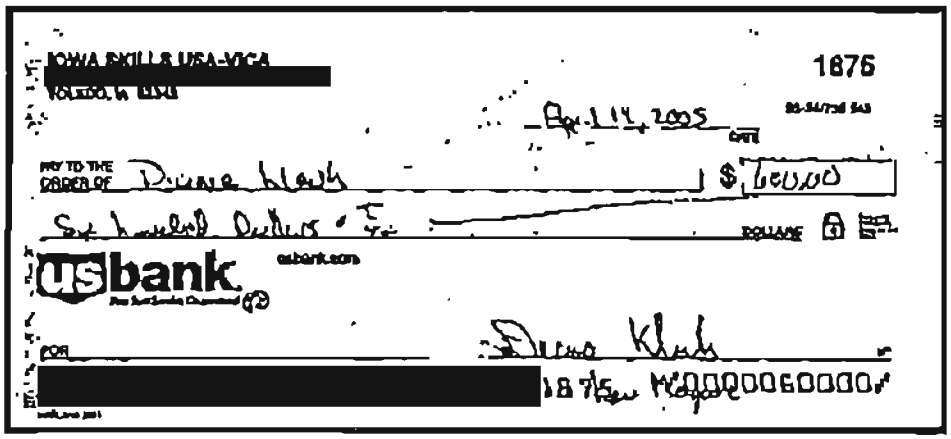
The following check has been written and support is attached:

1856	Godfathers Pizza	$95.00	Sat mtg
1857	Cody Moore	$80.61	
1859	Shot Tower	$129.91	
1860	Walmart	$68.33	
1861	Asian King	$180.00	
1862	Walmart	$60.07	
1863	NICC SkillsUSA	$54.00	
1864	Mike Woodson	$50.00	US Rep/Exp
	Holiday Inn	$470.98	Electronic Payment

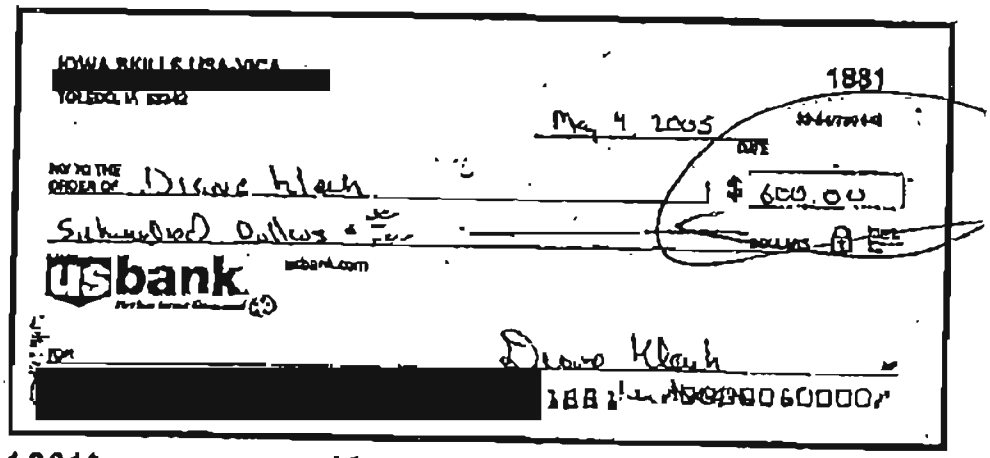
Checks 1858 and1865 were voided. If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports



1875 Apr. 15 600.00



1881* May 9 600.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports

June 7, 2005

To: Ken Maguire

From: Diane Klenk-Chargo
State Director

Re: Check to be written

The following checks need to be signed and mailed.

1877	Diane Klenk	$600.00	May
1878	Diane Klenk	$600.00	June
1879	SkillsUSA	$310.00	
1880	Iowa Telecom	$103.21	
1882	Iowa Lakes CC	$72.00	
1883	Des Moines Public Schools	$335.26	
1884	Chip Harris	$85.00	
1885	NOCTI	$63.00	
1886	Merit USA	$690.00	
1887	Radisson Hotel	$5,000.00	

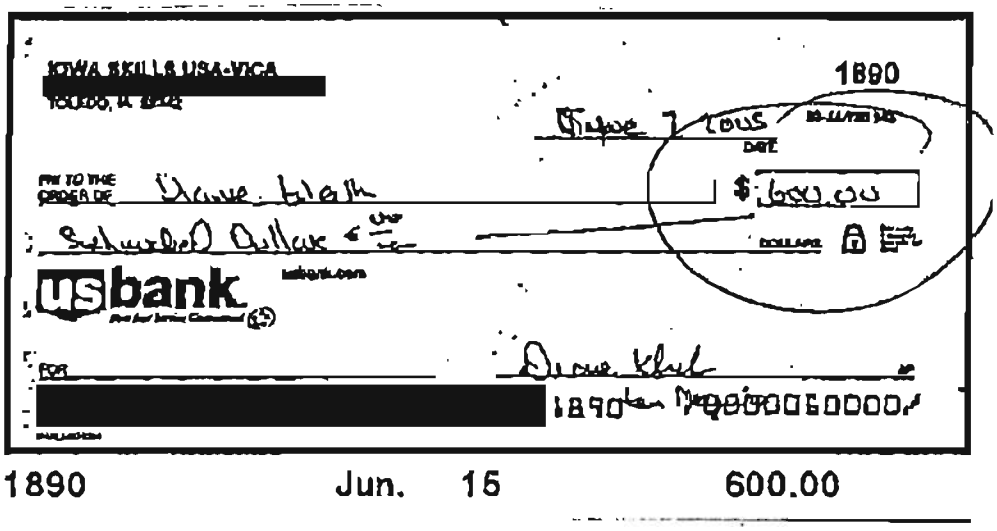
The following check has been written and support is attached:

1876	Toledo Post Office	$68.20

Checks 1873 – 1875 were damaged by Coffee. Check 1881 was voided. If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports



1890 Jun. 15 600.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports

July 6, 2005

To: Ken Maguire

From: Diane Klenk-Chargo
State Director

Re: Check to be written

The following checks need to be signed and mailed.

1896	Diane Klenk	$600.00	July
1897	Diane Klenk	$314.48	
1898	NICC	$259.00	
1899	America's Best Apparel	$38.94	
1900	Jeff Calkin	$133.98	
1901	Iowa Telecom	$47.65	
1902	Midwest Trophy	$1,125.24	
1903	Jefferson Scranton HS	$1,200.00	

The following check has been written and support is attached:

1888	SkillsUSA	$11,610.00
1889	Midwest Trophy	$91.00
1891	Iowa Central CC	$250.00
1892	Prairie HS	$250.00
1893	Jefferson Scranton HS	$200.00
1894	Radisson KC	$23,250.21
1895	Iowa Central CC	$1,200.00

Check 1890 was voided. If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports

IOWA SKILLS USA-VICA
[redacted]

1906

July 19, 2005
DATE

PAY TO THE ORDER OF Diane Hirsh $ 600.00

Six hundred Dollars & Zero

usbank

FOR Avg Salary

Diane Hirsh

[redacted] 1906 ⑆000006 0000⑈

1906* Jul. 21 600.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports

September 14, 2005

To: Ken Maguire

From: Diane Klenk-Chargo
State Director

Re: Check to be written

The following checks need to be signed and mailed.

1912	John Chargo	$18.84	
1913	Sign Creations	$57.78	
1916	Diane Klenk	$210.45	Kansas City Cell Phone Bill
1918	Iowa Telecom	$143.79	
1919	Vernon	$497.92	

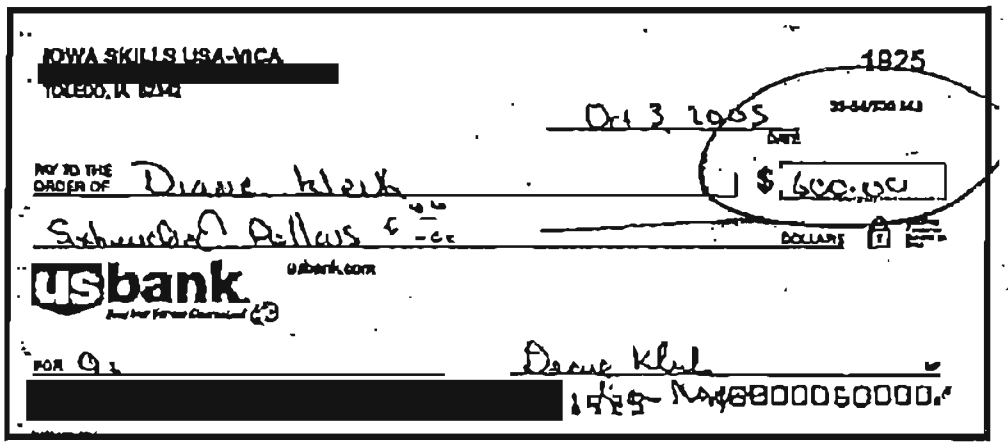
The following check has been written and support is attached:

1905	Diane Klenk	$600.00	August
1907	Diane Klenk (Airline Tickets)	$566.60	
1908	Pamida	$42.71	
1909	Focus Training	$1,075.00	
1910	US Post Office	$57.21	
1911	Diane Klenk	$600.00	September
1914	Diane Klenk	$159.60	August Travel
1915	Dan Chargo	$85.58	Computer Materials
1~~0~~917	America's Best	$607.48	

Check 1904 and 1906 was voided. If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports


IOWA SKILLS USA-VICA
[redacted]
TOLEDO, IA 52342

1925

Oct 3 2005
DATE

PAY TO THE ORDER OF Diane Klerk $ 600.00

Six hundred Dollars & -00 DOLLARS

USbank
usbank.com

FOR Q1 Diane Klerk

[redacted] 1925 [redacted]

1925* Oct. 4 600.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Salary Checks Reported as Void and Related Reports

November 6, 2005

To: Ken Maguire

From: Dan Chargo
State Director

Re: Check to be written

The following checks need to be signed and mailed.

1921	Y-Camp	$917.00
1922	Focus Training	$1,425.00
1926	Mid America	$350.00
1927	New World Inn	$660.00
1928	Mid America (Housing)	$1,120.00
1929	Diane Klenk	$600.00
1930	Diane Klenk	$223.18
1931	Dan Chargo	$197.54

The following check has been written and support is attached:

1932	IACTE (Secondary)	$113.08
1933	IACTE (Post Secondary)	$113.08

Check 1923 through 1925 were voided. If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Monthly Payment Requests

May 15, 2008

To: Robert L'Heureux
Iowa Lakes Community College

From: Dan Chargo
State Director

Please Deposit the following checks under State Conference Revenue 40 00 09 54005:

$10.00 From Chris Smith

Please Deposit the following checks under National Conference Revenue 40 00 09 54006:

$4,805.00 From Des Moines Public Schools
$1,588.00 From Southeast Polk High School
$4,459.00 From Perry High School
$1,128.00 From Iowa Central Community College
$1,418.00 From Jefferson-Scranton Community School District
$810.00 From Iowa central Community College
$975.00 From Eastern Iowa Community College
$1,139.00 From MOC-Floyd Valley Community Schools
$1,040.00 From DMACC

Total Deposit $17,372.00

The following Bills need to be paid:

CR# 1019

Diane Klenk [redacted] Toledo, IA 52342	$600.00	May Salary and Rent	Administrative 40 00 09 54000
Iowa Telecom	$53.75	Phone Bill	Administrative 40 00 09 54000

Thank you for your assistance. If you have any questions please feel free to contact me at 641-751-7530.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Monthly Payment Requests

June 24, 2008

To: Robert L'Heureux
Iowa Lakes Community College

From: Dan Chargo
State Director

Please Deposit the following check under Administrative Revenue 40 00 09 54000:

$2,100.00 From SkillsUSA (this if a $500.00 grant from The Air National Guard and a $1,600 Teamworks Grant.)

Total Deposit $2,100.00

The following Bills need to be paid:

CK # 1023

Diane Klenk [redacted] Toledo, IA 52342	$600.00	June Salary and Rent	Administrative 40 00 09 54000

Thank you for your assistance. If you have any questions please feel free to contact me at 641-751-7530.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Reimbursement Checks Reported as Void and Related Reports

IOWA SKILLS USA-VICA
[redacted]
TOLEDO, IA 52342

1781

33-54/730 543

June 1, 2004
DATE

PAY TO THE ORDER OF Diane Kleith $ 405.51

Four hundred five dollars & 51/100 DOLLARS

usbank.com 241852303 2347 2349 03 06-06-04

USbank

FOR Travel

[redacted] 1781 "0000004055.51"

[redacted]

ENT-2206 TRD-2174 PR-01

HOME FEDERAL SAVINGS [redacted]

03-06-06-04

BR [redacted]

PHONE # [redacted]

[redacted]

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Reimbursement Checks Reported as Void and Related Reports

June 27, 2004

To: Ken Maguire

From: Diane Klenk-Chargo
State Director

Re: Check to be written

The following checks need to be signed and maile

1782	Midwest Trophy	$308.57	
1783	Tama Florist	$42.20	- BOB CARMAN
1785	Iowa Telecom	$53.62	PHONE
1786	Diane Klenk	$600.00	JUNE
1788	Graphic Edge	$815.43	T-SHIRTS
1790	Diane Klenk	$791.98	NATIONAL HOTEL & TRAVEL

The following check has been written and support is attached:

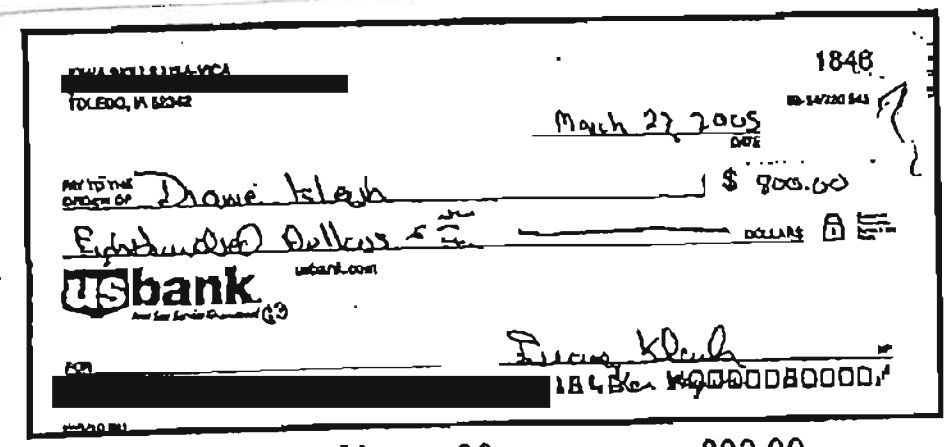
1784	SkillsUSA	$10.260.00	NATIONAL REG.
1787	SkillsUSA	$267.50	STATE DIRECTORS CONF.
1789	Doubletree Hotel	$1,181.40	MEM AT NATIONALS

Also note that check 1781 was void.

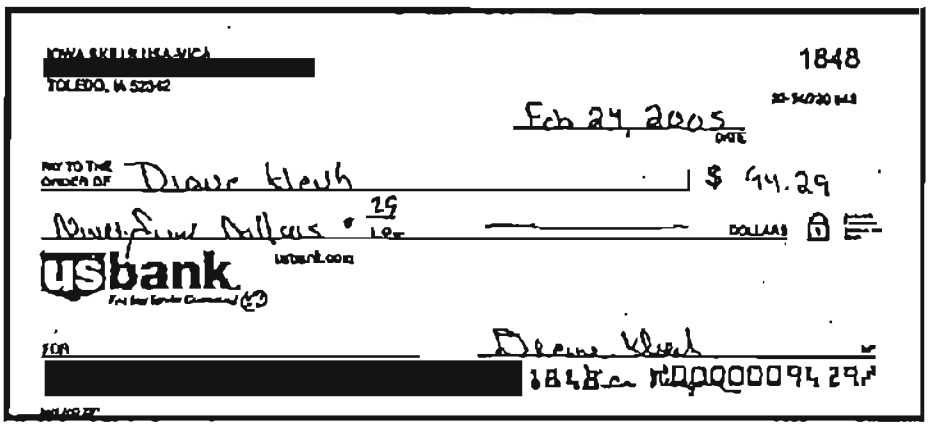
If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Reimbursement Checks Reported as Void and Related Reports



1846 Mar. 30 800.00



1848* Feb. 25 94.29

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Reimbursement Checks Reported as Void and Related Reports

February 28, 2005

To: Ken Maguire

From: Diane Klenk-Chargo
State Director

Re: Check to be written

The following checks need to be signed and mailed.

1852	SkillsUSA	$172.43
1853	Diane Klenk	$600.00
1854	Diane Klenk	$94.29
1855	Iowa Telecom	$98.92

The following check has been written and support is attached:

1841	Walmart	$30.26	
1842	Godfathers Pizza	$118.00	
1843	HyVee	$832.30	
	US Bank	75.85	Electronic Payment
1844	Country Inn & Suites	$76.16	
1851	Asian King	$38.44	

Checks 1845 through 1850 were voided to move to new checks. If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Reimbursement Checks Reported as Void and Related Reports

IOWA SKILLS USA-VICA [redacted]
TOLEDO, IA [redacted]

1873

April 15, 2005
DATE

PAY TO THE ORDER OF Diane Klerk $ 295.00

Two hundred ninety five Dollars

DOLLARS

usbank

FOR Travel

Diane Klerk

[redacted] 1873 ⑈ 000029500⑈

1873 Apr. 25 295.00

IOWA SKILLS USA-VICA [redacted]
TOLEDO, IA [redacted]

1874

April 17, 2005
DATE

PAY TO THE ORDER OF Diane Klerk $ 485.00

Four hundred eighty five Dollars

DOLLARS

usbank

FOR

Diane Klerk

[redacted] 1874 ⑈ 000048500⑈

1874 Apr. 20 485.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Reimbursement Checks Reported as Void and Related Reports

June 7, 2005

To: Ken Maguire

From: Diane Klenk-Chargo
State Director

Re: Check to be written

The following checks need to be signed and mailed.

1877	Diane Klenk	$600.00	May
1878	Diane Klenk	$600.00	June
1879	SkillsUSA	$310.00	
1880	Iowa Telecom	$103.21	
1882	Iowa Lakes CC	$72.00	
1883	Des Moines Public Schools	$335.26	
1884	Chip Harris	$85.00	
1885	NOCTI	$63.00	
1886	Merit USA	$690.00	
1887	Radisson Hotel	$5,000.00	

The following check has been written and support is attached:

1876	Toledo Post Office	$68.20

Checks 1873 – 1875 were damaged by Coffee. Check 1881 was voided. If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Reimbursement Checks Reported as Void and Related Reports

IOWA SKILLS USA-VICA
[redacted]

1804

July 11, 2005
DATE

PAY TO THE ORDER OF Diane Hlavik $ 590.50

Five hundred Ninety Dollars & 50/100 DOLLARS

usbank

FOR T-Shirts

Diane Hlavik

[redacted] 1904 ⑆000000590 50⑈

1904* Jul. 13 590.50

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Reimbursement Checks Reported as Void and Related Reports

September 14, 2005

To: Ken Maguire

From: Diane Klenk-Chargo
State Director

Re: Check to be written

The following checks need to be signed and mailed.

1912	John Chargo	$18.84	
1913	Sign Creations	$57.78	
1916	Diane Klenk	$210.45	Kansas City Cell Phone Bill
1918	Iowa Telecom	$143.79	
1919	Vernon	$497.92	

The following check has been written and support is attached:

1905	Diane Klenk	$600.00	August
1907	Diane Klenk (Airline Tickets)	$566.60	
1908	Pamida	$42.71	
1909	Focus Training	$1,075.00	
1910	US Post Office	$57.21	
1911	Diane Klenk	$600.00	September
1914	Diane Klenk	$159.60	August Travel
1915	Dan Chargo	$85.58	Computer Materials
1~~6~~9 17	America's Best	$607.48	

Check 1904 and 1906 was voided. If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks to Dan Chargo

IOWA SKILLS USA-VICA
[redacted]
TOLEDO, IA 52342

1821

Nov 11, 2004
DATE

PAY TO THE ORDER OF Dan Chargo $ 450.00
Four hundred fifty Dollars
DOLLARS

usbank.com

usbank

FOR

[redacted]

1821 Nov. 15 450.00

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks to Dan Chargo

December 12, 2004

To: Ken Maguire

From: Diane Klenk-Chargo
State Director

Re: Check to be written

The following checks need to be signed and mailed.

1821	US Bank Credit Card	$56.25
1822	God Fathers Pizza	$100.00
1823	US Post Office	$37.00
1824	K-Mart	$24.77
1825	God Fathers Pizza	$135.00

The following check has been written and support is attached:

1826	Iowa Telecom	$54.78
1827	Diane Klenk	$600.00
1828	Diane Klenk	$87.36
1829	Dan Chargo	$100.00

If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks to Dan Chargo

IOWA SKILLS USA-VICA
[redacted]
TOLEDO, IA 52342

1996

July 11, 2006
DATE

PAY TO THE ORDER OF Dan Charge | $ 388.76

Three hundred eighty eight Dollars 76/100 DOLLARS

usbank
usbank.com

FOR Dues Club

[redacted] 1996 ⑈0000038876⑈

1996* Jul. 13 388.76

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks to Dan Chargo

July 24, 2006

To: Ken Maguire

From: Dan Chargo
State Director

Re: Checks

The following checks need to be signed and mailed.

1988	Iowa Telecom	$50.41
1989	America's Best Apparel	$912.00
1990	Pratt Audio Visual	$120.00
1994	Diane Klenk	$44.00
1995	Diane Klenk	$121.44
1998	TSA	$33.31

The following check has been written and support is attached:

1991	Diane Klenk (June)	$600.00
1992	IACTE	$265.28
1993	Diane Klenk (July)	$600.00
1996	Central Campus	$388.76
1997	Home Builders Ass.	$1,347.90

If you have any questions please feel free to contact me.

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks Paid to Household Credit Services

254 [redacted] 080904
⑆ 03008420 ⑈ 208/09/2004

DANIEL P. CHARGO
[redacted]
TOLEDO, IA 523420382

Check #: 1799

Pay to the order of HOUSEHOLD CREDIT SERVICES — Amount $200.00 Dollars

Two Hundred and 00/100

U S BANK NA
BETTENDORF, IA

Memo [redacted] 03008420 - 254

by HOUSEHOLD CREDIT SERVICES
as authorized signatory for
DANIEL P. CHARGO

[redacted] 1799 ⑈00000 20000⑈

1799 Aug. 11 200.00

DANIEL P. CHARGO
IOWA SKILLS USA
[redacted]
TOLEDO, IA 523420382

Date: 10/28/2004
Check #: 1817

Pay to the order of HOUSEHOLD CREDIT SERVICES — Amount $383.03 Dollars

Three Hundred Eighty Three and 03/100

U S BANK NA
DUBUQUE, IA

Memo: PA[redacted] 03008672 - 089

by HOUSEHOLD CREDIT SERVICES
as authorized signatory for
DANIEL P. CHARGO, IOWA SKILLS USA

[redacted] 1817 ⑈00000 38303⑈

1817 Nov. 1 383.03

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks Deposited to Dan and Diane Chargo's
Personal Bank Account

THIS DOCUMENT IS PRINTED IN TWO COLORS. DO NOT ACCEPT UNLESS BLUE AND BURGUNDY ARE PRESENT

DMACC
DES MOINES AREA COMMUNITY COLLEGE

Accounts Payable
2006 S. Ankeny Blvd.
Ankeny, IA 50023
(515) 964-6335

BANKERS TRUST COMPANY
DES MOINES, IOWA
33-647730

00362473

Check Date
05/10/06

Check Amount
$*****1,249.00

This Check Void After 60 Days

PAY**One Thousand Two Hundred Forty Nine & 00/100 Dollars**********

TO THE ORDER OF
Iowa Skills USA
C/O Diane Klenk-Chargo
[redacted]
Toledo IA 52342

AUTHORIZED SIGNATURE REQUIRED

⑈00362473 [redacted] ⑆000042490⑆

Transit - 05/12/2006

Customer recieved -$20 back in cash

291270050

D0099249450 [redacted]
D3 05122006 Home Federal Savings Bank
D0099249450-Marshalltown, Iowa
3R-9

DO NOT WRITE, STAMP OR EXCEEDS BELOW THIS LINE

Transit - 05/12/2006

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks Deposited to Dan and Diane Chargo's
Personal Bank Account

[redacted] THIS DOCUMENT IS PRINTED IN TWO COLORS. DO NOT ACCEPT UNLESS BLUE AND BURGUNDY ARE PRESENT. [redacted]

DMACC
DES MOINES AREA COMMUNITY COLLEGE

Accounts Payable
2006 S. Ankeny Blvd.
Ankeny, IA 50023
(515) 964-6335

BANKERS TRUST COMPANY
DES MOINES, IOWA
33-641730

00399791

Check Date
05/16/07

Check Amount
$*****1,320.00

This Check Void After 90 Days

PAY**One Thousand Three Hundred Twenty & 00/100 Dollars**********

TO THE Iowa Skills USA
ORDER C/O Diane Klenk-Chargo
OF [redacted] Toledo IA 52342-2210

AUTHORIZED SIGNATURE REQUIRED

⑈00399791 [redacted] ⑆000013 2000⑈

Transit - 05/21/2007

Customer received $120.00 back in cash

P0072701650 [redacted]
P9 05212007 Home Federal Savings Bank
0000000001111111 Marshalltown, Iowa

MAY 21 '07

1325 09076

ENDORSE HERE

Transit - 05/21/2007

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks Deposited to Dan and Diane Chargo's
Personal Bank Account

Central Decatur Community School
Activity Fund
1201 NE Poplar
Leon, IA 50144-1248

Great Western Bank
Leon, IA 50144-0171
72-2084/739

006194
CHECK NO.

DATE: 02/11/2008
AMOUNT: $405.00

PAY * FOUR HUNDRED FIVE AND 00/100 DOLLARS *

TO THE ORDER OF
IOWA SKILLS USA
Attn: DIANE KLENK-CHARGO
[redacted]
TOLEDO IA 52342

⑈006194⑈ [redacted]

Transit - 02/19/2008

ENDORSE HERE
X

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE

P0031845160 02192008 [redacted] HOME FEDERAL BANK

Transit - 02/19/2008

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks Deposited to Dan and Diane Chargo's
Personal Bank Account

36680

PERRY COMMUNITY SCHOOL DISTRICT
1219 WARFORD
PERRY, IA 50220-1621

RACCOON VALLEY BANK
PERRY, IA 50220

04/01/2008
DATE

72-2088/739

PAY THIS AMOUNT $1,840.00
(5-1.1)

PAY ONE THOUSAND EIGHT HUNDRED FORTY AND 00/100 DOLLARS

VOID AFTER 90 DAYS

TO THE ORDER OF
IOWA SKILLSUSA
Attn: DIANE KLENK-CHARGO
[redacted]
TOLEDO IA 52342

David Meyer
Nancy Lee

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

⑈036680⑈ [redacted]

Transit - 04/09/2008

Check makes up full deposit amount

Diane Klenk-Chargo

F0031775185 04092008 [redacted] HOME FEDERAL BANK

Transit - 04/09/2008

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks Deposited to Dan and Diane Chargo's
Personal Bank Account

IOWA INDUSTRIAL TECHNOLOGY
EDUCATION ASSOCIATION
C/O JOHN J. KOTZ
14 SUNSET CIRCLE
ADEL, IA 50003

72-2249/739
10014878

1106

Date 4-24-08

Pay to the order of Iowa SkillsUSA $ 500 00/100

Five hundred and 00/100 Dollars

WALKER STATE BANK

yearly budget money

[redacted] 1106

Transit - 04/28/2008

Check makes up full deposit amount

P0031826865 04282008 [redacted] HOME FEDERAL BANK

Iowa Skills USA

Transit - 04/28/2008

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks Deposited to Dan and Diane Chargo's
Personal Bank Account

THIS CHECK CONTAINS A TRUE WATERMARK - DO NOT ACCEPT WITHOUT HOLDING TO A LIGHT TO VERIFY WATERMARK

GENERAL-AUXILIARY-SCHOLARSHIP-LOAN FUND

527258

SCHOOL WARRANT TO THE TREASURER

Eastern Iowa Community College District
306 WEST RIVER DRIVE, DAVENPORT, IOWA 52801-1221

WELLS FARGO BANK, N.A.
QUAD CITIES

DATE 04/25/2008

VOID AFTER 60 DAYS

AMOUNT $***$960.00***

PAY ***NINE HUNDRED SIXTY AND 00/100 DOLLARS***
TO THE ORDER OF

Iowa Skills USA
[redacted]
Toledo IA 52342

BY ORDER OF THE BOARD

Robert H. Gallagher — PRESIDENT

Honey H. Bedell — SECRETARY

⑈527258⑈ [redacted]

Transit - 05/06/2008

Check makes up full deposit amount

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVE FOR FINANCIAL INSTITUTION USE

P0031841815 05062008 [redacted] HOME FEDERAL BANK

FEDERAL RESERVE BOARD OF GOVERNORS

Transit - 05/06/2008

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks Deposited to Dan and Diane Chargo's
Personal Bank Account

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
1600 E. S. Omaha Bridge Road
Council Bluffs, Iowa 51503-7893

044482

00044482

DATE

72-2242/739

Liberty Bank
Council Bluffs, IA

05/02/2008

PAY THIS AMOUNT

$*********575.00

PAY **FIVE HUNDRED SEVENTY FIVE DOLLARS AND 00 CENTS**

TO THE ORDER OF SkillsUSA Iowa
Diane Klenk-Chargo

Toledo, IA 52342

PAY FROM THE GENERAL FUND
VOID 3 MONTHS AFTER CHECK DATE

⑈044482⑈ [redacted]⑈

Transit - 05/27/2008

Check makes up full deposit amount

ENDORSEMENTS
X

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE

F0031634770 05272008 [redacted] HOME FEDERAL BANK

Transit - 05/27/2008

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks Deposited to Dan and Diane Chargo's
Personal Bank Account

College Community School District
401 76th Avenue SW
Cedar Rapids, IA 52404-7034

Prairie

Fairfax State Savings Bank
Fairfax, IA
72-1319/739

Check Number 090126 G

VOID IF NOT CASHED WITHIN 90 DAYS

Date
05/09/08

Amount
******1,350.00

PAY One thousand three hundred fifty and no/100

TO THE ORDER OF IOWA SKILLS USA
[redacted]
TOLEDO IA 52342

Board Secretary

Board President

⑈090126⑈ [redacted]

Transit - 05/13/2008

Check makes up full deposit amount

FEDERAL RESERVE BOARD OF GOVERNORS REG. CC

The security features listed below are illustrated and described in industry guidelines.

Security Features:

⑆P0031862480⑆05132008 [redacted] HOME FEDERAL BANK

Transit - 05/13/2008

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks Deposited to Dan and Diane Chargo's
Personal Bank Account

MOC-FLOYD VALLEY
COMMUNITY SCHOOLS
P.O. BOX 257
ORANGE CITY, IA 51041

IOWA STATE BANK
ORANGE CITY, IOWA 51041
72-2243/739

72454

DATE
05/12/2008

AMOUNT
$520.00

PAY
* FIVE HUNDRED TWENTY AND 00/100 DOLLARS *

TO THE ORDER OF
IOWA SKILLS USA
C/O DIANE KLENK-CHARGO
[redacted]
TOLEDO IA 52342

⑈072454⑈ [redacted]

Transit - 06/10/2008

Check makes up full deposit amount

For Deposit Only

P0031737530 06102008 [redacted] HOME FEDERAL BANK

Transit - 06/10/2008

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks Deposited to Dan and Diane Chargo's
Personal Bank Account

CENERAL FUND
TO THE TREASURER

Southeastern COMMUNITY COLLEGE
1500 W. Agency Road
P.O. Box 180
West Burlington, Iowa 52655-0180

FARMERS AND MERCHANTS BANK AND TRUST
BURLINGTON, IA

CHECK NO.
250053

PAY ***SIX HUNDRED SIXTY FIVE AND 00/100 DOLLARS***

AMOUNT
$665.00

TO THE ORDER OF:

DATE 05/16/2008

Iowa Skills USA
[redacted]
Toledo IA 52342

⑈250053⑈ [redacted]

Transit - 06/16/2008

Check makes up full deposit amount

ENDORSE HERE
X Diane Chargo
Skills USA

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE ONLY

⑆083175261⑆ 06192009 [redacted] HOME FEDERAL BANK

Transit - 06/16/2008

Report on Special Investigation of
Iowa Association of Skills USA-VICA

Copies of Checks Deposited to Dan and Diane Chargo's
Personal Bank Account

DMACC
DES MOINES AREA COMMUNITY COLLEGE

Accounts Payable
2006 S. Ankeny Blvd.
Ankeny, IA 50023
(515) 964-6335

BANKERS TRUST COMPANY
DES MOINES, IOWA
33-64/730

00426088

Check Date
06/25/08

Check Amount
$*****2,225.00

PAY**Two Thousand Two Hundred Twenty Five & 00/100 Dollars**********

TO THE ORDER OF
Iowa Skills USA
C/O Diane Klenk-Chargo
[redacted]
Toledo IA 52342-2210

AUTHORIZED SIGNATURE REQUIRED

⑈00426088 [redacted]

Transit - 08/05/2008

Check makes up full deposit amount

DO NOT WRITE, STAMP OR ENDORSE BELOW THIS LINE

HOLD AT ANGLE TO VIEW SECURITY FEATURE

DO NOT ACCEPT IF SECURITY FEATURE IS MISSING

ENDORSE HERE

P0051873175 08052008 [redacted] HOME FEDERAL BANK

Transit - 08/05/2008