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STATE OF IOWA

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NEWS RELEASE

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FOR RELEASE November 9, 2017

Auditor of State Mary Mosiman today released a reaudit report on Chickasaw County (County) for the period July 1, 2015 through June 30, 2016. The reaudit also covered items applicable to the period July 1, 2016 through June 30, 2017. The reaudit was performed at the request of a County Official pursuant to Section 11.6(4)(a)(2) of the *Code of Iowa*.

The reaudit was requested due to concerns regarding County employees' paid leave and the hiring of the Veterans Affairs Director.

Mosiman recommended the County determine and document the public purpose served by certain expenditures before authorizing further such payments. Also, all claims should be properly supported by an invoice or other supporting documentation and receipts should be deposited intact. In addition, the County should ensure only persons officially approved and hired perform duties for and be paid by the County or be provided access to County records. The County responded favorably to the recommendations included in the reaudit report.

A copy of the reaudit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's website at <https://auditor.iowa.gov/reports/1610-0019-T00Z>.

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CHICKASAW COUNTY
AUDITOR OF STATE'S REPORT ON REAUDIT
FOR THE PERIOD
JULY 1, 2015 THROUGH JUNE 30, 2016

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Chickasaw County

Officials – Fiscal Year 2016

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rick Holthaus	Board of Supervisor	Jan 2017
John Anderson	Board of Supervisor	Jan 2017
Steve Geerts	Board of Supervisor	Jan 2017
Tim Zoll	Board of Supervisor	Jan 2019
Daniel Carolan	Board of Supervisor	Jan 2019
Joan Knoll	County Auditor	Jan 2017
Sue Breitbach	County Treasurer	Jan 2019
Cindy Messersmith	County Recorder	Jan 2019
Todd Miller	County Sheriff	Jan 2017
W. Patrick Wegman	County Attorney	Jan 2019
Douglas Welton	County Assessor	Jan 2022

Officials – Fiscal Year 2017

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tim Zoll	Board of Supervisor	Jan 2019
Daniel Carolan	Board of Supervisor	Jan 2019
David Tilkes	Board of Supervisor	Jan 2021
Jacob Hackman	Board of Supervisor	Jan 2021
Steve Geerts	Board of Supervisor	Jan 2021
Joan Knoll	County Auditor	Jan 2021
Sue Breitbach	County Treasurer	Jan 2019
Cindy Messersmith	County Recorder	Jan 2019
Marty Hermann	County Sheriff	Jan 2021
W. Patrick Wegman	County Attorney	Jan 2019
Douglas Welton	County Assessor	Jan 2022

Chickasaw County



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Auditor of State's Report on Reaudit

To the Officials of Chickasaw County:

We received a request to perform a reaudit of Chickasaw County (County) in accordance with Section 11.6(4)(a)(2) of the *Code of Iowa*. As a result, based on our review of the preliminary information available, we determined a partial reaudit was necessary to further investigate specific issues identified in the request for reaudit. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the County for the period July 1, 2015 through June 30, 2016. In addition, we have applied certain tests and procedures to selected current fiscal year transactions, as deemed necessary.

The procedures we performed are summarized as follows:


1. Interviewed selected County officials and employees to determine how the courthouse pop machine is operated, including the process for collecting and depositing pop sales.
2. Reviewed County receipt and disbursement records and other documentation to determine if receipts from pop sales are recorded intact.
3. Interviewed County personnel to determine whether timesheets are required for all employees and to obtain an understanding of the process for reviewing and approving employee timesheets.
4. Reviewed selected timesheets for the Emergency Management Director and the County Assessor's Office for proper approval and to determine whether leave was properly recorded.
5. Reviewed the allocation method for the Emergency Management Director's salary and vacation payout to determine whether payout was properly allocated.
6. Reviewed the County Assessor's property valuation records for 2015 and 2017 to determine whether valuation changes were properly supported.
7. Interviewed the County Attorney regarding his work with the Board of Supervisors and the Emergency Management Director on the creation of contracts for hiring future medical investigators.
8. Reviewed Board minutes and other records to determine if the Emergency Management Director was hired by the Board of Supervisors as a medical investigator subsequent to his retirement.
9. Interviewed County officials to determine if meetings were held between Department heads and a non-quorum of the Board and to determine actions, if any, taken during those meetings.
10. Reviewed the Board of Supervisors minutes and other documentation pertaining to the Integrated Care Manager/General Assistance Director's resignation to determine the appropriate resignation date.

11. Interviewed County officials and reviewed the Board of Supervisor minutes to obtain information pertaining to the hiring of a Veterans Affairs Director.
12. Reviewed the County's disbursement records to determine if payments to the Veterans Affairs Director occurred prior to the Veterans Commission's hiring of the Director.
13. Examined certain credit card transactions to determine whether the purchases were properly supported and met the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
14. Reviewed phone and postage expenditures for the County Attorney's Office to determine if the expenditures were properly supported.

Based on the performance of these procedures, we have developed various recommendations for the County. Our recommendations and the instances of non-compliance noted are described in the Detailed Findings of this report. Unless reported in the Detailed Findings, items of non-compliance were not identified during the performance of the specific procedures listed above.

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 the County, additional matters might have come to our attention that would have been reported to you.

We would like to acknowledge the assistance extended to us by personnel of the County during the course of the reaudit.


MARY MOSIMAN, CPA
Auditor of State

October 27, 2017

Chickasaw County

Background Information

July 1, 2015 through June 30, 2016

We received a written request from a County official to conduct a reaudit of the County for fiscal year 2016. The request detailed specific concerns, including:

- The lack of leave time taken during absence by the Emergency Management Director.
- Improper procedures utilized during the hiring of the Veterans Affairs Director.
- The use of pop machine collections for the County employee Christmas party.
- Unsupported changes in assessed valuations.
- Improper acceptance of an employee's resignation to allow an additional month of health insurance.

In addition, during our fieldwork, additional concerns were brought to our attention regarding the propriety of credit card purchases and lack of supporting documentation for County Attorney postage and phone reimbursements.

Due to the very narrow scope of the issues involved, we determined a review of the audit report and the workpapers prepared by the CPA firm would not be necessary. As a result of the request, we determined it was necessary to perform reaudit procedures for the concerns identified above, as well as the additional concerns presented during fieldwork. The remaining concerns were either outside the scope of the reaudit or were not considered to be an audit issue.

Except as included in this report, no additional findings were identified related to the specific concerns presented with the reaudit request.

Detailed Findings

Chickasaw County

Detailed Findings

July 1, 2015 through June 30, 2016

- (A) Questionable Expenditures – We identified certain expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documents. These expenditures are detailed as follows:

Paid To	Purpose	Department	Amount
Wilshire's Awards N Time	Plaque for Board member retirement	Conservation	\$ 23
Card Services	Late fee and interest on credit card	Emergency Management	32
Caseys General Store	Pizza	Emergency Management	129
Cheesecake Factory Des Moines	Meals and drinks for five (only three guests noted on the receipt) - the Emergency Management Director, two unknown guests and two additional meals	Emergency Management	119
Cheesecake Factory	Meals and drinks for five (only two guests noted on the receipt) - the Emergency Management Director, one unknown guest and three additional meals	Emergency Management	132
EZ Custom Wristbands	500 glow in the dark wristbands	Emergency Management	193
Hibachi Grill Buffet West Des Moines	Unsupported meal	Emergency Management	17
Iowa Emergency Medical Services Association	Annual conference and trade show registration for Chickasaw Ambulance Service, Inc., a for-profit organization	Emergency Management	280
Jethro's BBQ Des Moines	Meals and drinks for the Emergency Management Director and five unknown guests	Emergency Management	119
Jethro's BBQ West Des Moines	Meals and drinks for Emergency Management Director and six unknown guests	Emergency Management	153
Kwik Star	King size Twix candy bar	Emergency Management	2
The Mint	Pizza	Emergency Management	161
New Hampton Southgate Inn	Local lodging for two unknown guests	Emergency Management	69
Texas Roadhouse Urbandale	Unsupported meal	Emergency Management	13
			1,419
Linda's Photo's To Go	40 unknown items	Sanitation	90
Various	Annual employee Christmas party	Various	50
			\$ 1,582

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The County, the County Conservation Board and the Emergency Management Commission should determine and document the public purpose served before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirements for proper public purpose documentation

Response – The separate boards will review and establish a public purpose for expenditures. Written policies and procedures will be established and implemented. Training will be provided by department heads to document the public purpose.

Conclusion – Response accepted.

Chickasaw County

Detailed Findings

July 1, 2015 through June 30, 2016

- (B) County Attorney Postage and Phone Claims – The County Attorney’s office land line phone, internet and cell phones (for the County Attorney and the Assistant County Attorney) are in the County Attorney’s name and he pays the monthly bills for these services. The County Attorney also pays for postage for his office. Each month, the County Attorney submits a claim voucher to the County Auditor to claim reimbursement of \$356, approximately one twelfth the annual budget, for phone/internet and postage for his office. The monthly claims for reimbursement were not supported by invoices or other supporting documentation. Also, it is unclear why the office land line in the County Attorney’s office is in the County Attorney’s name rather than the County’s name.

Recommendation – All claims should be supported by actual, not estimated, invoices or other supporting documentation. Also, the land line in the County Attorney’s office should be in the County’s name, not the County Attorney’s name.

Response – The phone is now in the County’s name. All claims will be supported by actual invoices and receipts. Postage will be submitted to the County Auditor’s office and receipts will be attached to the claim in the County Auditor’s office.

Conclusion – Response accepted.

- (C) Cell Phone Policy – The County reimburses the County Attorney \$50 each month for use of the Attorney’s personal cell phone while on County business. The County has not established a formal policy to regulate reimbursement of personal cell phone costs.

Recommendation – The County should establish a formal policy to regulate the reimbursement of personal cell phone costs. The policy, at a minimum, should address who is authorized to receive reimbursements for personal cell phone use while on County business, the maximum reimbursement amount and the types of supporting documentation required to substantiate charges for which reimbursement is to be made.

Response – The County will establish a formal cell phone policy to regulate the reimbursement of personal cell phone costs. The policy will address who is authorized to receive reimbursements for personal cell phone use while on county business. A maximum reimbursement amount and type of supportive documentation required to substantiate charges for which reimbursement is to be made will be implemented.

Conclusion – Response accepted.

- (D) Timesheets – Although the County Assessor’s staff and the Emergency Management Director prepare timesheets, the timesheets are not reviewed and approved by supervisory personnel.

In addition, the Emergency Management Director’s timesheet for the pay period ending February 26, 2017 included a day for which no hours worked or leave time taken was recorded. Per discussion with County personnel, the Director had taken a vacation day, but did not record the leave time. The Director’s leave balance was not reduced for this vacation day.

Chickasaw County

Detailed Findings

July 1, 2015 through June 30, 2016

Recommendation – All timesheets should be reviewed and approved by supervisory personnel prior to the preparation of payroll. The County should establish procedures to ensure all leave time taken is properly recorded on employee timesheets and related leave balances are properly reduced for the time taken. See finding (E) below.

Response – Formal policies and procedures will be established by the separate boards to require timesheets be verified by an appropriate supervisor. Training by the department heads will be provided to affected employees.

Conclusion – Response accepted.

- (E) Vacation Payout – In March 2017, the Emergency Management Director retired and received a vacation payout totaling \$7,263. The payout was recorded 100% as an expenditure of the Sanitation Department, rather than being allocated to the departments from which his payroll was budgeted and paid from.

In addition, due to the under recording of leave time noted in (F) above, the vacation payout to the former Emergency Management Director was calculated on an incorrect (overstated) leave balance. Accordingly, the Director was overpaid approximately \$288 (\$36 per hour times 8 hours).

Recommendation – The County should establish procedures to ensure vacation payouts are properly recorded. Also, the County should seek reimbursement for the \$288 overpaid to the former Emergency Management Director.

Response – The County will establish policies and procedures to ensure vacation payouts are properly recorded and documented. The overpayment issue will be referred to the appropriate board to determine if reimbursement will be sought.

Conclusion – Response accepted.

- (F) Pop Machine Receipts – Receipts for pop machine sales were not deposited intact. Each year collections are reduced by \$50 and this amount is used to help cover costs related to the annual employee Christmas party. See finding (A) above.

Recommendation – All receipts should be deposited intact.

Response – A policy will be established requiring receipts for pop machine sales and those receipts will be deposited intact with the County Treasurer.

Conclusion – Response accepted.

- (G) Veterans Affairs Director – In January 2017, the Veterans Affairs Director resigned his position. In April 2017, the County paid a former Board of Supervisor \$202 for 15 hours worked while acting as the Veterans Affairs Director. However, the former Board member had not been officially hired for this position by the Veterans Commission. Because the former Supervisor had not been officially hired for this position, the County made the payment through accounts payable rather than payroll and the appropriate Federal and State taxes were not withheld and paid on this compensation. In addition, this individual had access to confidential and other County information for a period of time that only someone officially hired for the position should have had access to.

Chickasaw County

Detailed Findings

July 1, 2015 through June 30, 2016

Recommendation – The County should consult legal counsel to determine the disposition of the payment for hours worked and access to confidential and other information by someone never officially hired by the Veterans Commission or the County. In the future, only persons officially approved and hired should perform duties for and be paid by the County or be provided access to County records. In addition, the compensation paid to the former Board member should have been paid through payroll with the appropriate State and Federal tax withholdings applied.

Responses – The separate boards, department heads and approving boards will be trained in the hiring of County employees to ensure all future County employees are officially approved before starting County employment.

The County consulted legal counsel regarding the disposition of the payment for hours worked and access to confidential information for the Veterans Affairs Director issue.

Conclusion – Response accepted.

- (H) Disbursements – Invoices and other supporting documentation were not always available to support disbursements and certain credit card disbursements were only supported by credit card receipts, not by vendor receipts. In addition, the supporting documentation for certain meal and other purchases did not always denote for whom the meal or purchase was made.

Recommendation – All disbursements should be supported by vendor invoice or other supporting documentation. When meals, registrations or memberships are purchased for individuals, the supporting documentation should denote for whom the purchase was made.

Response – The County will enforce the policy requiring all disbursements to be supported by vendor invoices or other supporting documentation when meals, registrations or memberships are purchased for individuals. The supporting documentation shall denote for whom the purchase was made. Training with all department heads and separate boards reviewing the above procedures and policies will be conducted by the County.


Conclusion – Response accepted.

Chickasaw County

Staff

This reaudit was performed by:

Marlys K. Gaston, CPA, Director
Katherine L. Rupp, CPA, Manager


Tamera S. Kusian, CPA
Deputy Auditor of State