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Mary Mosiman, CPA  
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**NEWS RELEASE**

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FOR RELEASE January 23, 2015

Auditor of State Mary Mosiman today released a report on a special investigation of Café DMACC located on the Des Moines Area Community College (DMACC) campus in Ankeny, Iowa for the period January 4, 2013 through May 2, 2014. The special investigation was requested by DMACC officials as a result of concerns regarding certain voided cash register transactions processed by a former cashier, Dawn VanFleet.

Mosiman reported the special investigation identified \$25,969.45 of improperly voided cash register transactions. All but one of the improper transactions identified were processed on Ms. VanFleet's cash register during her scheduled shift at Café DMACC.

In addition, Mosiman reported a review of Ms. VanFleet's personal bank statements identified 17 cash deposits totaling \$18,774.00. Of the 17 cash deposits, 12 were made within a few hours of the end of Ms. VanFleet's shift at Café DMACC.

Mosiman reported Ms. VanFleet was subsequently arrested and charged with multiple counts of theft in the second degree and fraudulent practices on July 14, 2014. She pled guilty to one count of theft in the second degree, and a sentencing hearing has been scheduled for February 4, 2015.

The report includes recommendations to strengthen DMACC's internal controls and overall operations, including segregation of duties and ensuring all voided cash register transactions are properly approved. In addition, the report includes a recommendation for DMACC to develop and implement policies and procedures for processing of cash receipts.

Copies of this report have been filed with the Ankeny Police Department, the Division of Criminal Investigation, the Polk County Attorney's Office, and the Attorney General'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/1431-1100-BE00.pdf>.

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**REPORT ON SPECIAL INVESTIGATION  
OF  
CAFÉ DMACC  
WITHIN  
DES MOINES AREA COMMUNITY COLLEGE  
  
FOR THE PERIOD  
JANUARY 4, 2013 THROUGH MAY 2, 2014**

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Auditor of State's Report

To the Board of Directors of Des Moines Area  
Community College:

As a result of alleged improprieties regarding certain financial transactions and at the request of Des Moines Area Community College (DMACC) officials, we conducted a special investigation of Café DMACC. We have applied certain tests and procedures to selected financial transactions of Café DMACC for the period January 4, 2013 through May 2, 2014. Based on discussions with DMACC officials and personnel and a review of relevant information, we performed the following procedures:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Obtained and reviewed the supporting documentation prepared by DMACC during its internal investigation to verify the completeness and accuracy of the documentation presented.
- (3) Obtained and reviewed the bank statements for personal bank accounts held by Dawn VanFleet, a former cashier at Café DMACC, to identify the source of certain deposits and to compare deposit dates to Ms. VanFleet's scheduled work days and hours.

These procedures identified \$25,969.45 of improperly voided cash register transactions. Internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary of this report.

Ms. VanFleet was arrested and charged with multiple counts of theft in the second degree and fraudulent practices on July 14, 2014. She pled guilty to one count of theft in the second degree, and a sentencing hearing has been scheduled for February 4, 2015.

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 Café DMACC, other matters might have come to our attention that would have been reported to you.

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

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the Des Moines Area Community College during the course of our investigation.

MARY MOSIMAN, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 18, 2014

Report on Special Investigation of  
Café DMACC within  
Des Moines Area Community College

Investigative Summary

**Background Information**

Des Moines Area Community College (DMACC) serves approximately 25,000 full-time and part-time students. DMACC has 6 locations, including Boone, Carroll, Des Moines, Newton, West Des Moines, and the main campus in Ankeny. Café DMACC is located on the main DMACC campus in Ankeny and provides food services to students, faculty, and staff.

Dawn VanFleet was a part-time employee at Café DMACC working on Cash Register Number 2. Ms. VanFleet started at Café DMACC on August 11, 2011, and she resigned from her position on May 2, 2014. As a cashier, Ms. VanFleet processed charges for sales, issued refunds, voided transactions, and collected customer payments. There are 2 types of voided transactions which can be processed by the cashiers, as follows:

- (1) “VD” is an “Open Miscellaneous” void which occurs when the specific item voided is within the same transaction.
- (2) “VGS” is an “Open Miscellaneous” void which occurs when the transaction to be voided has already been completed. A “VGS” is a stand-alone transaction.

No supervisory approval was required for refunds or voided transactions prior to June 2, 2014. However, according to DMACC representatives, a policy has now been implemented prohibiting cashiers from processing “VGS” transactions and requiring supervisory approval for any refunds issued.

Café DMACC operates 3 cash registers and employs both full-time and part-time cashiers. According to DMACC representatives, the part-time cashiers operate Cash Register Number 2, and only one employee works at each cash register during a shift. At the end of a shift, the cashier closes out the session on the cash register and generates a sales report which summarizes total sales less voided transactions, if any, for that shift. The cashier then pulls the cash drawer and goes to a back office to balance the cash collections from the shift to the total included on the sales report. After the drawer is balanced, the cashier signs the daily closing statement and locks the cash and daily closing statement in a file cabinet. There is no independent review of the daily closing statement or independent count of the collections in the cash drawer. DMACC security delivers the cash and daily closing statement to the DMACC Business Office for deposit to the bank. Prior to deposit, the DMACC Business Office counts the cash to ensure it reconciles with the daily closing statement provided by the cashier.

According to DMACC representatives, they initially identified a concern as a result of gathering information from the 3<sup>rd</sup> party vendor who operates Café DMACC’s software system for a remodeling project at Café DMACC. DMACC personnel had requested sales information for the previous 18 months. During a review of the information provided, DMACC personnel identified a significant number of VGS transactions on Cash Register Number 2 during Ms. VanFleet’s scheduled shifts. DMACC officials contacted Ms. VanFleet on May 28, 2014 and requested she meet with them to discuss the voided transactions. Ms. VanFleet originally agreed to a meeting the evening of May 29, 2014; however, she subsequently called and canceled the meeting. DMACC’s President also made 2 attempts to contact Ms. VanFleet; however, she did not return the phone calls. Because of the concerns identified, DMACC officials notified the Ankeny Police Department. According to the detective assigned to the case, he also attempted to interview Ms. VanFleet; however, she again did not agree to an interview.

In late July/early August 2014, during the course of fieldwork, DMACC's financial auditors were made aware of the concerns identified and informed DMACC representatives they were required to notify the Office of Auditor of State under section 11.6(7) of the *Code of Iowa*. As a result, DMACC officials contacted the Office of Auditor of State on August 7, 2014 and requested a review of certain financial transactions processed at Café DMACC. We performed the procedures detailed in the Auditor of State's report for the period January 4, 2013 through May 2, 2014.

### **Detailed Finding**

These procedures identified \$25,969.45 of improperly voided cash register transactions for the period January 4, 2013 through May 2, 2014. A detailed explanation of the finding follows.

#### **UNDEPOSITED COLLECTIONS**

DMACC personnel performed an internal investigation to identify the number and amount of VGS transactions processed on Cash Register Number 2. Because the VGS transactions did not have additional supporting documentation and DMACC officials stated there was no known reason for the VGS transactions to be processed, they considered all VGS transactions to be improper. We obtained the summary and supporting documentation used during the internal investigation to verify the completeness and accuracy of the improper VGS transactions identified by DMACC personnel. Detailed supporting documentation prior to February 14, 2012 was not available. However, for the period February 14, 2012 through January 3, 2013, VGS transactions totaled \$278.00. As a result, DMACC personnel did not pursue further investigation of those transactions. Based on a review of the supporting documentation and the minimal amount identified, we did no further testing for the period February 14, 2012 through January 3, 2013.

For the period January 4, 2013 through June 27, 2013, VGS transactions totaled \$4,165.19. Because of the amount identified, DMACC personnel elected not to pursue these transactions. However, we determined further testing was necessary and included the VGS transactions for the period January 4, 2013 through June 27, 2013 in our testing. Detailed supporting documentation for the period January 4, 2013 through February 28, 2013 was not readily available, except for the transactions processed on February 19, 2013. However, based on the procedures performed, the VGS transactions for that period were no different from the VGS transactions for February 19, 2013 and the period March 1, 2013 through June 27, 2013 for which we had detailed supporting documentation. As a result, we consider the \$4,165.19 of VGS transactions processed between January 4, 2013 and June 27, 2013 to be improper.

For the period July 1, 2013 through May 2, 2014, DMACC personnel identified \$21,804.26 of improper VGS transactions. Based on a review of the supporting documentation, we verified the \$21,804.26 identified by DMACC personnel. **Table 1** summarizes the number and amount of improper VGS transactions by month for the period reviewed. Improper VGS transactions identified total \$25,969.45.

**Table 1**

Month	Number of VGS Transactions	Improper Amount
January 2013	20	\$ 124.97
February 2013	51	379.94
March 2013	77	1,031.37
April 2013	102	1,818.34
May 2013	23	244.32
June 2013	44	566.25
July 2013	57	852.20
August 2013	31	1,402.84
September 2013	54	4,199.34
October 2013	34	4,042.07
November 2013	34	2,752.67
December 2013	12	966.40
January 2014	25	2,118.94
February 2014	37	2,565.44
March 2014	18	1,381.26
April 2014	26	1,391.10
May 2014 <sup>^</sup>	3	132.00
<b>Total</b>	<b>648</b>	<b>\$ 25,969.45</b>

<sup>^</sup> - Through May 2, 2014.

After the improper VGS transactions were identified, DMACC personnel also compared the dates and times of the improperly voided cash register transactions to Ms. VanFleet's timesheets to determine if they corresponded to Ms. VanFleet's shifts. We also performed this comparison and were able to verify 574 of the 648 improper VGS transactions identified had been processed during a scheduled work shift of Ms. VanFleet. DMACC personnel were unable to provide the detailed supporting documentation to allow verification of the time the remaining 74 VGS transactions were processed. However, based on a comparison to Ms. VanFleet's timesheets, all but one of the remaining 74 transactions were processed on a scheduled work day of Ms. VanFleet.

#### **CASH DEPOSITS TO MS. VANFLEET'S PERSONAL BANK ACCOUNTS**

We obtained bank statements for the personal bank accounts held by Ms. VanFleet for the period December 14, 2012 through May 10, 2014 to identify the source of certain deposits. As a result, we identified 17 cash deposits totaling \$18,774.00. We compared the dates and times of the 17 deposits identified to Ms. VanFleet's timesheets for Café DMACC and determined 12 of the 17 cash deposits identified occurred within a few hours of Ms. VanFleet's scheduled shift at Café DMACC. The 12 deposits identified total \$12,189.00. The remaining 5 deposits, totaling \$6,585.00, were made either on a day Ms. VanFleet was not scheduled to work at Café DMACC or prior to her scheduled shift. As previously stated, the detective from the Ankeny Police Department attempted to interview Ms. VanFleet; however, she did not agree to an interview. Therefore, we were unable to obtain her explanation for the cash deposits identified.

Ms. VanFleet was subsequently arrested and charged with multiple counts of theft in the second degree and fraudulent practices on July 14, 2014. She pled guilty to one count of theft in the second degree, and a sentencing hearing has been scheduled for February 4, 2015.

## **Recommended Control Procedures**

As part of our investigation, we reviewed the procedures used by Café DMACC to process receipts. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from errors 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 Café DMACC'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 cashier had control over each of the following:
- (1) Collecting customer payments,
  - (2) Issuing refunds,
  - (3) Voiding transactions,
  - (4) Closing the cash register and generating the sales report,
  - (5) Balancing the collections from the shift to the sales report, and
  - (6) Completing the daily closing statement to be submitted to the Business Office.

We also determined no supervisory approval was required for refunds and/or voided transactions. In addition, DMACC did not have written policies and procedures for the operations of cash registers at Café DMACC. There was an informal process in place; however, it was not enforced.

According to DMACC representatives, as a result of the concerns identified, written policies and procedures have now been implemented, including:

- (1) Cashiers must sign in and sign out of the cash register each shift.
- (2) VGS transactions are no longer allowed.
- (3) Refunds must be signed by the cashier and approved by a supervisor.
- (4) Daily sales transactions are randomly audited by personnel from the DMACC Business Office.

Recommendation – Café DMACC and DMACC officials should monitor activity to ensure the new policies and procedures have been implemented and are being followed as prescribed.

- B. Notification – Section 11.6(7) of the *Code of Iowa* requires governmental subdivisions to notify the Auditor of State regarding any suspected embezzlement, theft or other significant financial irregularities. The Auditor of State was not notified when DMACC officials became aware of the undeposited collections at Café DMACC.

Recommendation – DMACC should implement procedures to ensure compliance with section 11.6(7) of the *Code of Iowa*.

Report on Special Investigation of  
Café DMACC within  
Des Moines Area Community College

Staff

This special investigation was performed by:

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