



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

Contact: Mary Mosiman
515/281-5835
or Tami Kusian
515/281-5834

FOR RELEASE _____ March 2, 2017

Auditor of State Mary Mosiman today released a report on a special investigation of Volunteer Services within the Iowa Veterans Home (IVH) for the period October 1, 2014 through June 30, 2016. The special investigation was requested by IVH officials as a result of concerns regarding certain financial transactions.

Mosiman reported the special investigation identified an estimate of \$1,800.00 of popcorn sales which were not properly deposited during the period of a former administrative assistant's employment with Volunteer Services. Mosiman also identified a number of other collections and donations to IVH which were not properly safeguarded and susceptible to loss. However, because sufficient records were not available for the period of the investigation, it was not possible to determine if any of the donations were not properly deposited, improperly distributed, or used for personal purposes.

This report includes recommendations to strengthen internal controls and overall operations, such as improving segregation of duties and requiring sufficient supporting documentation for all collections and donations.

Copies of this report have been filed with the Marshalltown Police Department, the Division of Criminal Investigation, the Marshall 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 <https://auditor.iowa.gov/reports/1760-6710-BE00>.

###

**REPORT ON SPECIAL INVESTIGATION
OF THE
IOWA VETERANS HOME - VOLUNTEER SERVICES
FOR THE PERIOD
OCTOBER 1, 2014 THROUGH JUNE 30, 2016**

Table of Contents

	<u>Page</u>
Auditor of State's Report	3-4
Investigative Summary:	
Background Information	5
Detailed Findings	5-12
Recommended Control Procedures	12-14
Staff	15



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Auditor of State's Report

To Jodi Tymeson, Commandant
of the Iowa Veterans Home:

At the request of Iowa Veterans Home officials and as a result of concerns regarding certain financial transactions, we conducted a special investigation of Volunteer Services at the Iowa Veterans Home (IVH). We have applied certain tests and procedures to financial transactions of Volunteer Services for the period October 1, 2014 through June 30, 2016, unless otherwise identified. Based on a review of relevant information and discussions with staff members, we performed the following procedures:


- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Interviewed employees to obtain an understanding of the donations and collections received by Volunteer Services and related disbursements.
- (3) Compared collection amounts recorded by Volunteer Services for popcorn to collections deposited with the IVH Cashier to determine if amounts collected were properly deposited.
- (4) Analytically compared the amounts deposited for popcorn sales to the amount of disbursements made for popcorn during the same period to determine if the expected volume of sales remained consistent during the period examined.
- (5) Analytically compared the amount of quarters disbursed as prizes for bingo games to determine if the amounts remained consistent during the period examined.
- (6) Analytically compared the amount spent by Volunteer Services for stamps distributed to residents to determine if the amounts remained consistent during the period examined.
- (7) Obtained and examined the personal bank statements of a former employee, Angelia Snyder, to identify the source of certain deposits and determine if any amounts from the account were paid to IVH.

The procedures identified an estimate of \$1,800.00 of popcorn sales which were not properly deposited. The procedures also identified a number of other collections and donations to IVH which were not properly safeguarded and susceptible to loss. However, because sufficient records were not available for the period of the investigation, it was not possible to determine if any of the donations were not properly deposited, improperly distributed, or used for personal purposes. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary 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 the Iowa Veterans Home, other matters might have come to our attention that would have been reported to you.

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

We would like to acknowledge the assistance extended to us by personnel of the Iowa Veterans Home during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State

February 2, 2017

Report on Special Investigation of the
Iowa Veterans Home - Volunteer Services

Investigative Summary

Background Information

The Iowa Veterans Home (IVH) was established in accordance with Chapter 35D of the *Code of Iowa*. It is located in Marshalltown and is maintained as a long-term health care facility providing multiple levels of care for honorably discharged veterans, their spouses, and surviving spouses of honorably discharged veterans. The present-day focus of IVH is to provide professionally managed healthcare for aging veterans. According to IVH's website, IVH has approximately 565 residents and approximately 965 employees.

IVH is composed of several divisions, including Resident Services, Medical, Nursing, and Operations and Residential Services. Volunteer Services is within the Resident Services Division and is responsible for coordinating services provided by individuals who volunteer to provide assistance to the residents. Volunteer Services also handles material and monetary donations to IVH and provides certain services to residents.

On October 24, 2014, Angelia Snyder transferred to Volunteer Services as an administrative assistant from another division of IVH. For purposes of this report, any references to Ms. Snyder's employment with IVH refers to the time she was employed in Volunteer Services.

As the administrative assistant for Volunteer Services, Ms. Snyder was responsible for collecting monetary donations, posting the collection to accounting records, and preparing and making deposits to the IVH Cashier's office. She was also responsible for collecting and safeguarding material donations such as gift cards.

While reviewing records from the Cashier's office during June 2016, the Volunteer Services Coordinator determined certain collections had not been deposited with the Cashier's office since December 2014. After being notified of the Volunteer Services Coordinator's concerns, IVH officials began an internal investigation including interviews of various employees. As a result of the interviews and other actions taken by IVH officials, Ms. Snyder was placed on paid administrative leave on June 16, 2016. Ms. Snyder subsequently resigned from employment effective July 8, 2016.

As a result of the concerns identified, IVH officials requested the Office of Auditor of State conduct a review of transactions processed by Volunteer Services. We performed the procedures detailed in the Auditor of State's report for the period October 1, 2014 through June 30, 2016.

Detailed Findings

The procedures identified an estimate of \$1,800.00 of popcorn sales which were not properly deposited. The procedures also identified a number of other collections and donations to IVH which were not properly safeguarded and susceptible to loss. However, because sufficient records were not available for the period of the investigation, it was not possible to determine if any of the donations were not properly deposited, improperly distributed, or used for personal purposes.

UNDEPOSITED COLLECTIONS

As previously stated, Volunteer Services receives monetary and material donations for the benefit of residents. In addition, volunteers make popcorn for residents, staff, and visitors each Tuesday, unless Tuesday is a holiday or there is some other type of conflict. The popcorn is free for residents but sold to staff and visitors for \$.10 per bag. The popcorn collections and donations

were to be recorded by Ms. Snyder. We reviewed documentation related to these collections to determine if they were properly deposited.

Popcorn Sales – Popcorn is sold by volunteers on Tuesday mornings from 7:00 a.m. until 10:30 a.m. The popcorn is prepared by volunteers who are also responsible for cleaning up the popcorn equipment and returning it to its storage location.

Staff or visitors who wish to purchase a bag or multiple bags of popcorn drop their money into a small plastic tray and serve themselves from the selection of pre-filled popcorn bags. As previously stated, the popcorn is free to residents and \$0.10 per bag for staff and visitors. Popcorn sales are not recorded as they occur. Instead, the volunteer(s) assisting with the popcorn sales for the day count(s) the cash on hand at the end of the morning's sales and record(s) the count in a notebook kept with the cashbox used for popcorn sales. The volunteers do not consistently record the dates of their counts in the notebook. As a result, we were unable to trace entries made in the notebook by the volunteers to other records of popcorn sales.

Cash collected during each day's sales is to be placed into the cash box along with the notebook and the cash box is to be returned to the Volunteer Services area by a volunteer where Ms. Snyder was to perform a count of the cash. Volunteer Services' policies and procedures document Ms. Snyder's count was supposed to be compared to the count(s) by the volunteer(s). However, because documentation of Ms. Snyder's count was not prepared and/or maintained, we are unable to determine if she counted the cash she received from the volunteers.

Volunteer Services' policies and procedures also require a dollar consisting of dimes and nickels to be locked in the cash box to be used as change for the following week. Ms. Snyder was responsible for completing a deposit slip for the remaining cash from the popcorn sales and taking the deposit to the Cashier's office. We attempted to review the deposit slips which were to be prepared, but only a limited number were available. According to Volunteer Services staff we spoke with, Ms. Snyder did not consistently prepare a deposit slip.

In addition to preparing a deposit slip, Ms. Snyder was to record collections from the popcorn sales in an electronic spreadsheet. We reviewed the electronic spreadsheet and determined the collections from the weekly popcorn sales were not consistently recorded.

During an interview with IVH officials in June 2016, Ms. Snyder acknowledged she was responsible for counting the proceeds from the popcorn sales, recording collections in the electronic spreadsheet, and preparing a 3-part receipt. Ms. Snyder also stated during the interview she did not consistently count the collections from the popcorn sales and, as a result, she was not able to record the amount of collections on either the receipts or in the spreadsheet. She also stated during the interview she took the collections from the popcorn sales to the Cashier's office and waited for a receipt to be returned from the Cashier's office to determine the amount to record, but she did not ever receive receipts back from the Cashier's office. When asked during the interview, Ms. Snyder stated she wasn't concerned she never got a deposit slip back.

During the interview, Ms. Snyder also stated she did not tell the Volunteer Services Coordinator or anyone else that she was not getting receipts back from the Cashier's office. Because it was Ms. Snyder's responsibility to ensure deposits were properly made, she should have followed up to determine why she did not receive confirmation of collections deposited with the Cashier's office. She should have also notified the Volunteer Services Coordinator of her concerns.

In addition, Ms. Snyder stated during the interview she did not take the collections from the popcorn sales to the Cashier's office each week as she was instructed to. Instead, she deposited several weeks' collections at a single time.

Staff in the Cashier's office were responsible for collecting deposits from Ms. Snyder and recording the deposits in QuickBooks®. Once recorded, a deposit receipt was to be printed from QuickBooks® and provided to Volunteer Services to verify the deposit was applied to the correct special activities account. Staff in Volunteer Services were unable to locate any receipts printed from QuickBooks® for deposits of popcorn proceeds which were issued after December 2014. We reviewed reports issued by the Cashier's office from QuickBooks® which document a \$39.77 deposit was made on December 12, 2014 for popcorn, but no other popcorn deposits were made until June 15, 2016. As stated previously, Ms. Snyder was to deposit the proceeds from the popcorn sales to the Cashier's office each week. However, no deposits were recorded in QuickBooks® by staff from the Cashier's office for approximately 18 months.

IVH officials interviewed staff from the Cashier's office who stated Ms. Snyder had not brought any collections to the Cashier's office for deposit for an extended time. We also spoke with staff from the Cashier's office who confirmed their statements to IVH officials.

During an interview with IVH officials on June 16, 2016, Ms. Snyder stated she had approximately 3 weeks' of proceeds in her desk drawer which she provided to the Volunteer Services coordinator on June 15, 2016 for deposit. She also stated the last deposit of popcorn sale proceeds she took to the Cashier's office was on May 11, 2016. However, when IVH officials reviewed video surveillance recordings of the Cashier's office for May 11, 2016 and May 12, 2016, they determined Ms. Snyder was not in the Cashier's office during those days.

IVH officials asked Ms. Snyder for an explanation of this during a subsequent interview on June 21, 2016. In response Ms. Snyder stated, "Because I wasn't in there on the 11th." She went on to explain she may have incorrectly identified May 11, 2016 as the date of the last deposit she made. She also stated, "As I said, I was not for sure that week. If you want to go look through that week, I am in there." IVH officials we spoke with stated they reviewed the video from the Cashier's office for the week in May identified by Ms. Snyder and she did not appear in the video. In addition, IVH officials interviewed staff from the Cashier's office during June 2016 who stated Ms. Snyder had not brought any collections to the Cashier's office during an extended period prior to interviews.

When IVH officials asked Ms. Snyder during an interview why Cashier's office staff did not recall her bringing collections to them for an extended period, Ms. Snyder was not able to provide an answer. However, she also stated she had made a deposit through the night deposit outside the Cashier's office when she brought collections to the office after they were closed.

We observed the slot outside the Cashier's office which can be used to make deposits when the Cashier's office is closed. Based on our observation of the deposit slot, an envelope or baggie containing the amount of coins typically collected from weekly popcorn sales would be too large to be inserted through the slot. In addition, the narrow slot has a sharp "teeth" at the bottom which would further restrict the deposit of a large number of coins and the slot is several feet higher than the receptacle in which deposits land. As a result, if an envelope or baggie of coins were to somehow be inserted through the slot, it is very likely the envelope or baggie would split open when it dropped into the receptacle. Staff from the Cashier's office stated they do not recall a large amount of coins ever being deposited through the slot.

Using documentation available from IVH, we determined the amount of proceeds from popcorn sales deposited during Ms. Snyder's employment was less than the amount of popcorn deposits prior to and after her employment. As previously stated, Ms. Snyder transferred to Volunteer Services on October 24, 2014. She was placed on paid administrative leave on June 16, 2016 and subsequently resigned from employment effective July 8, 2016. The comparison of collections identified using the documentation available is summarized in **Table 1**.

Table 1

Time Period	Number of Months in Period	Number of Weeks in Period	Total of Deposits	Average Amount per Week
<u>Prior to Ms. Snyder's employment:</u>				
07/01/13 – 06/30/14	12	52	\$ 1,479.55	\$ 28.45
07/01/14 – 10/23/14	4	17	530.73	31.21
	16	69	2,010.28	29.13
<u>During Ms. Snyder's employment:</u>				
10/24/14 – 12/31/14	2	9	163.86	18.20
01/01/15 – 06/30/15	6	26	-	0.00
07/01/15 – 06/30/16	12	52	85.51^	-
	20	87	249.37	1.64
<u>After Ms. Snyder's employment:</u>				
07/01/16 – 01/31/17	7	31	764.17	24.65

^ - \$85.51 was taken to the Cashier's office on 06/15/16 and recorded in QuickBooks® on 06/17/16.

As illustrated by the **Table**, the amount of popcorn sale proceeds deposited during the 20 months of Ms. Snyder's employment in Volunteer Services decreased significantly from the period prior to her employment and was less than the period following her resignation. Specifically, the average weekly deposits were \$29.13 and \$24.65 prior and subsequent to her employment, respectively. In contrast, the amount deposited during Ms. Snyder's employment calculated to an average amount of \$1.64 per week. However, most of the amount deposited during her tenure was made during the first 9 weeks of her employment, which averaged to \$18.20 per week. Proceeds from popcorn sales were not deposited again until the Volunteer Services Coordinator confronted Ms. Snyder about lack of deposits of popcorn sale proceeds in June 2016.

As previously stated, the Volunteer Services Coordinator determined certain collections had not been deposited with the Cashier's office since December 2014 while reviewing records from the Cashier's office during June 2016. According to the Volunteer Services Coordinator, during her review she determined the last proceeds from the popcorn sales recorded in the Cashier's records was a \$39.77 deposit taken to the Cashier's office on Friday, December 12, 2014. The \$39.77 deposit is included in the \$163.86 deposit total for October 24, 2014 through December 31, 2014 in **Table 1**. According to the Volunteer Services Coordinator, when she confronted Ms. Snyder regarding this on June 15, 2016, Ms. Snyder provided her \$85.51 of cash which Ms. Snyder described as popcorn sales proceeds she had not yet deposited. The Volunteer Services Coordinator deposited the \$85.51 with the Cashier's office.

During an interview with IVH officials on June 16, 2016, Ms. Snyder described the cash she provided to the Volunteer Services Coordinator on the previous day as approximately 3 weeks' worth of proceeds from the popcorn sales. Because sufficient records were not available, we were unable to determine the amount of proceeds collected during the 3 weeks prior to the interview to verify the propriety of Ms. Snyder's statement.

Table 2 compares the number of expected deposits and number of actual deposits before, during, and after Ms. Snyder's employment. As stated previously, popcorn has been and continues to be sold each Tuesday, unless Tuesday is a holiday or there is some other type of conflict. As illustrated by the **Table**, there was a significant difference between the number of expected and actual deposits during the period Ms. Snyder was employed. In addition, deposits were not made as frequently as expected from July 1, 2014 through October 23, 2014. This was a result of the administrative assistant's position being vacant for this period

Table 2

Time Period	Expected Number of Deposits*	Number of Deposits
<u>Prior to Ms. Snyder's employment:</u>		
07/01/13 – 06/30/14	52	47
07/01/14 – 10/23/14	17	11
	<u>72</u>	<u>58</u>
<u>During Ms. Snyder's employment:</u>		
10/24/14 – 12/31/14	9	5
01/01/15 – 06/30/15	26	-
07/01/15 – 06/30/16	52	1
	<u>87</u>	<u>6</u>
<u>After Ms. Snyder's employment:</u>		
07/01/16 – 01/31/17	31	28

* - Based on the number of Tuesdays during the period; however, popcorn was occasionally not sold if the Tuesday was a holiday or if there was another conflict.

Because proceeds from the popcorn sales are expected to be deposited each week, Ms. Snyder was expected to make 9 deposits from October 24, 2014 through December 31, 2014 but she only made 5 deposits, as illustrated by **Table 2**. As illustrated by **Table 1**, Ms. Snyder deposited \$163.86 with the Cashier's office during the same period. When this amount is divided by the 5 deposits she actually made during this period, the average deposit amount is \$32.77, which is comparable to the average weekly amounts deposited for popcorn sales prior to Ms. Snyder's employment. However, when the \$163.86 is divided by the 9 weeks' of time over which the deposits were made, the average amount drops to \$18.20 per week, which is significantly less than the average weekly amount deposited prior to Ms. Snyder's employment.

In addition to analyzing the deposits made for the popcorn sales, we reviewed the costs associated with the popcorn sales to determine if it was reasonable to expect a consistent amount of sales over an extended period. **Table 3** summarizes the costs identified.

Table 3

Fiscal Year	Amounts Deposited	Popcorn Costs
2014	\$ 1,479.55	298.73
2015	694.59	1,017.42~
2016	85.51	1,072.36*
2017^	764.17	930.28
Total	<u>\$ 3,023.82</u>	<u>3,318.79</u>

^ - Through January 31, 2017.

~ - Includes \$357.80 popcorn purchase on 07/10/15.

* - Excludes \$357.80 popcorn purchase on 07/10/15.

As illustrated by the **Table**, the costs paid in fiscal year 2014 were significantly less than the subsequent fiscal years. According to the Volunteer Services Coordinator, this is the result of receiving donations of supplies for the popcorn during fiscal year 2014. We reviewed the costs paid for fiscal years 2015 through January 2017 with the Volunteer Services Coordinator to ensure they were reasonable. As illustrated by the **Table**, a consistent

amount has been spent for popcorn supplies the past several years. Because supplies are only purchased as needed, it is reasonable to expect the amount of proceeds from the popcorn sales should have also been consistent. However, the amounts deposited from the popcorn sales was significantly less during Ms. Snyder's tenure, as previously stated.

To determine the amount of estimated undeposited collections, we determined the expected number of deposits during Ms. Snyder's tenure and used a conservative estimate for each deposit which was based on the average popcorn sales deposited before and after Ms. Snyder's tenure. **Table 4** illustrates the calculation for our estimate.

Table 4

Description	Amount
Expected number of deposits	87
Average weekly popcorn sales	\$24.00
Estimated sales proceeds	\$ 2,088.00
Less amount deposited	(249.37)
Undeposited estimated sale proceeds	\$ 1,838.63
Undeposited sale proceeds (rounded)	\$ 1,800.00

As illustrated by the **Table**, we estimated \$1,800.00 of popcorn sales were not properly deposited during the period of Ms. Snyder's employment.

Monetary Donations – Ms. Snyder was responsible for receiving monetary donations made to IVH. The policies established by IVH require monetary donations received in departments other than Volunteer Services be scanned and sent to Volunteer Services along with the original documentation. Most of the donations received by IVH are collected by Volunteer Services, but collections may also be received by the front desk or other departments.

Once received in Volunteer Services, Ms. Snyder was to make a copy of the check or cash and complete a deposit slip. The deposit slip was to include the amount and the account it was to be deposited to. Prior to July 2016, the name of the individual preparing the deposit was not included on the deposit slip, but this information was added starting in July 2016. Copies of the deposit slips were not consistently maintained in accordance with IVH policies and procedures. As a result, we were unable to compare the deposit slips or any other originating documentation with deposits subsequently made to the Cashier's office.

In addition, a deposit envelope was to be completed with the same information and the donation was to be recorded in an electronic spreadsheet. The monetary donations recorded in the spreadsheet were not compared to any other documentation or reviewed by someone independent of collection duties.

Because sufficient documentation was not maintained, we are unable to determine if all monetary donations were properly deposited.

Gift cards - Gift cards are donated to IVH by various groups throughout the year for the residents. Volunteer Services is responsible for collecting, safeguarding, and distributing the gift cards in accordance with IVH policies. During her employment, Ms. Snyder was responsible for collecting gift cards which were delivered to IVH or received through the mail. The Volunteer Services Coordinator was responsible for distributing the gift cards to recreation therapists and social workers for residents.

According to the Volunteer Services Coordinator, a log of all gift cards received was maintained prior to July 2016; however, staff were unable to locate the log. As a result, we were unable to

determine if all gift cards received were properly recorded, safeguarded, and properly distributed. We are also unable to determine if any of the gift cards were used for personal purposes.

In addition, the gift cards were not consistently held in a secure location prior to July 2016. For example, gift bags donated to IVH included gift cards; however, the gift cards were not removed from the gift bags. Instead, they remained in the gift bags which were kept in an unsecured location within Volunteer Services. As a result, the gift cards could be removed without the knowledge of IVH staff.

The procedures for safeguarding gift cards were revised in July 2016. All gift cards received by IVH are currently kept in a secured location. In addition, the gift cards are now kept in folder style envelopes which document the donor, date received, type of gift card, amount, and last 4 digits of the gift card. The envelopes also document distribution information including the date the gift card was distributed, the resident's name, and his/her unit number. The Volunteer Services Coordinator also maintains e-mails from recreation therapists and social workers regarding gift cards requested for residents.

OTHER ADMINISTRATIVE ISSUES

Quarters as Prizes – Volunteer Services provides rolls of quarters as needed to the IVH Recreation and Music Department staff to be used as prizes for games. Each roll of quarters contains \$10.00. Prior to mid-June 2016, records were not maintained which documented an inventory of the rolls of quarters on hand and when and to whom they were distributed. In addition, the unused quarters were not returned to Volunteer Services. Instead, Recreation staff members were responsible for keeping the quarters until they were needed for another activity for the residents.

Beginning in mid-June 2016, a log was started which documents the date, employee requesting quarters, unit/department using the quarters, number of rolls distributed, and amount of quarters returned. We reviewed the log and verified the information is currently maintained. However, the log does not document the amount of quarters on hand in Volunteer Services and does not provide for independent verification of the inventory of rolls of quarters on hand at any given time. In addition, based on a discussion with the Volunteer Services Coordinator, not all Recreation employees have been made aware the unused quarters are supposed to be returned to Volunteer Services.

Because sufficient documentation was not maintained for the distribution of quarters during the period of our investigation, we are unable to determine if any of the quarters were improperly used. We are also unable to determine if any of the rolls of quarters were used for personal purposes.

However, we reviewed the amount of quarters obtained by Volunteer Services for this period and did not identify any unusual amounts withdrawn by Volunteer Services staff. During fiscal year 2015, approximately \$200.00 of quarters were withdrawn by Volunteer Services each month. This amount increased to approximately \$400.00 per month during fiscal year 2016 and has remained at approximately \$400.00 per month during the first 7 months of fiscal year 2017. According to the Volunteer Services Coordinator, this increase is a result of an increase in the number of bingo games held by IVH in fiscal year 2016.

Stamps – Ms. Snyder was responsible for maintaining a supply of stamps in her desk drawer for distribution to residents. In accordance with IVH's policy, up to 2 stamps may be provided to residents each day, or to staff to use on resident mail. The policy also specified "only keep 2 books of stamps in the Volunteer Secretary's drawer" and "extra stamps are kept in a locked drawer in the Volunteer Coordinator's office."

Stamps kept in Ms. Snyder's desk were not properly safeguarded. In addition, a log or other document which recorded the stamps purchased and on hand was not maintained. Also, a listing

was not maintained documenting which residents received stamps and the date the stamps were distributed to ensure compliance with IVH's policy. As a result, we are unable to determine if stamps were properly distributed. We are also unable to determine if any of the stamps were used for personal purposes.

Stamps are donated to IVH by groups or individuals. If the supply of stamps on hand in Volunteer Services runs low, stamps are purchased by the Volunteer Services Coordinator by submitting a check request to the Business Office.

Phone Cards - Phone cards are donated to IVH for residents. According to IVH staff members we spoke with, Ms. Snyder kept the phone cards in her desk drawer and distributed them to residents. Social workers were also allowed to receive phone cards on behalf of certain residents. In accordance with IVH policy, each resident was eligible to receive a phone card each month. A distribution log was maintained which documented the date phone cards were distributed, the name of the recipient, and his/her unit number. However, the distribution log was not signed or initialed by the issuer.

In addition, a listing was not maintained of the phone cards received by IVH. As a result, no one was able to independently determine if all phone cards were accounted for at any given time. While the phone cards were kept in Ms. Snyder's desk drawer, they were not secured in any manner and, therefore, were susceptible to loss. Because sufficient documentation of the phone card inventory was not maintained, we are unable to determine if any of the donated phone cards were improperly used or distributed. We are also unable to determine if any of the phone cards were used for personal purposes.

Meal tickets - Meal tickets are provided to volunteers who spend at least 3 hours volunteering or to volunteers who dine with residents as part of a one-to-one volunteering experience. Volunteers record the date, their name, purpose of their visit and ticket number in the complimentary meal guest register. They also fill in the date and their name on a meal ticket.

The meal tickets and the register are maintained on top of the desk previously used by Ms. Snyder and are not safeguarded in any way. The meal tickets are only good for the day they are issued, but, as previously stated, the volunteers record the date of issue on the meal tickets. Tickets are not signed by a IVH employee.

Meal tickets are only to be used by volunteers and not IVH employees. While strong controls are not in place to prevent anyone other than volunteers from using the meal tickets, Volunteer Services staff members believe IVH staff should recognize employees which would prevent them from redeeming a meal ticket.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Iowa Veterans Home – Volunteer Services to process receipts and disbursements. 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 identified 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 Iowa Veterans Home – Volunteer Services internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among members to prevent an individual from handling duties which are incompatible. The former administrative assistant in Volunteer Services collected monetary donations and proceeds from popcorn sales, posted the collections to accounting records, and prepared and made deposits to the Cashier's office.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, the duties listed above should be segregated between the Volunteer Services staff members. In addition, the Volunteer Services Coordinator or another person independent of collections should periodically review financial records, perform reconciliations, and examine supporting documentation on a periodic basis and follow-up on any irregularities identified in a timely manner.

- B. Cash Receipts or Initial Listing – The former administrative assistant in Volunteer Services did not prepare receipts or an initial listing of all collections. Receipts and initial listings provide a basis for an independent reviewer to compare the amount of checks and cash received to the amount deposited. In addition, sufficient documentation was not maintained of what was included in deposits.

In addition, the amount of proceeds from popcorn sales was not recorded in a systematic manner by volunteers which allowed for a clearly documented reconciliation between the volunteers' cash counts and the amount collected by the administrative assistant in Volunteer Services.

Recommendation – Receipts and initial listings should be prepared listing all checks and cash received for monetary donations. Receipts should also be prepared for proceeds from popcorn sales. Sufficient documentation should also be maintained of what is included in deposits. An individual independent of the collection and deposit processes should compare the receipts and listings to the amounts subsequently deposited and the review should be documented by the reviewer's signature or initials and the date of the review.

In addition, the receipts used should be prenumbered and kept in a secured manner. An independent individual should also periodically account for the numerical sequence of the receipts prepared for the collections, including ensuring the unused prenumbered receipts on hand complete the sequence of the receipts deposited with the Cashier's office. Any voided receipts should be maintained and any identified breaks in the sequence of the receipts should be investigated in a timely manner.

- C. Financial Accounting Records – Limited records were maintained by the former administrative assistant in Volunteer Services during the period of our investigation. Specifically, receipts and disbursements were not posted to a ledger or recorded in another systematic manner in accordance with IVH policy.

Recommendation – IVH officials should implement procedures to ensure sufficient financial records are maintained in accordance with IVH policies. An individual independent of financial transactions should periodically review the documentation to ensure compliance with policies and ensure transactions are handled appropriately.

- D. Gift Cards – Staff were unable to locate the log of gift cards maintained during the period of our investigation. As a result, we are unable to determine if all gift cards received were properly recorded and distributed. In addition, the gift cards were not consistently held in a secure location during the period of our investigation.

Recommendation – Volunteer Services staff have implemented procedures to ensure all gift cards are now held in a secure location. In addition, a log is also maintained to ensure the collection and distribution of the gift cards can be verified. IVH officials should implement procedures to ensure these controls remain in place.

- E. Rolls of Quarters – A log documenting the quarters obtained and distributed by Volunteer Services for game prizes was not maintained during the period of our investigation. While a log is currently maintained, it does not document the current

amount of quarters on hand in Volunteer Services and does not provide for independent verification of the inventory of rolls of quarters on hand at any given time.

In addition, not all recreation employees have been made aware the unused quarters are supposed to be returned to Volunteer Services.

Recommendation – Volunteer Services staff have established a log to document the rolls of quarters obtained and distributed. However, the log should be modified to include the amount of quarters currently on hand. In addition, someone independent of the distribution of quarters should periodically verify the log accurately reflects the amount on hand and the distributions recorded on the log are supported by requests from recreation employees.

- F. Stamps – A record documenting stamps held and distributed by the Volunteer Services administrative assistant was not maintained during the period of our investigation. As a result, we are unable to determine if stamps were properly distributed in accordance with IVH policy. In addition, the stamps were not held in a secure location during the period of our investigation.

Recommendation – Volunteer Services staff have implemented procedures to ensure stamps are now held in a secure location. A log should also be maintained to ensure distribution of stamps and compliance with IVH policy can be verified.

- G. Phone Cards – A log documenting the distribution of phone cards was maintained during the period of our investigation. However, the distribution log was not signed or initialed by the issuer. In addition, the listing did not include the phone cards donated to IVH. As a result, no one was able to independently determine if all phone cards were accounted for if needed at any given time. The phone cards were kept in the Volunteer Services' administrative assistant's desk, but not secured in any manner. As a result, they were susceptible to loss.

Recommendation – Volunteer Services staff should modify the log of phone cards to include the number of cards donated to IVH and the number of cards currently on hand. In addition, someone independent of the distribution of phone cards should periodically verify the log accurately reflects the amount on hand and the distributions recorded on the log are supported and in compliance with IVH policy.

In addition, Volunteer Services staff should ensure the phone cards are maintained in a secured location.

- H. Meal tickets – Volunteers record the date, their name, purpose of their visit and ticket number in the complimentary meal guest register. They also fill in the date and their name on a meal ticket. However, there is not an independent review of the register. In addition, the meal tickets are not held in a secure location.

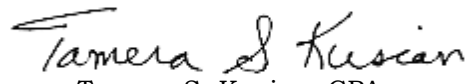
Recommendation – Volunteer Services staff should implement procedures to ensure the meal tickets are available only to the eligible volunteers as established by IVH policy. The information recorded in the complimentary meal guest register should periodically be verified by a Volunteer Services staff member and the meal tickets should be held in a manner than ensures proper distribution.

Report on Special Investigation of the
Iowa Veterans Home – Volunteer Services

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
April D. Harbst, Senior Auditor
Jonathon M. Mader, Assistant Auditor


Tamera S. Kusian, CPA
Deputy Auditor of State