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NEWS RELEASE

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FOR RELEASE _____ August 20, 2012 _____

Auditor of State David A. Vaudt today released a report on a special investigation of the Benton County Conservation Department for the period June 1, 2010 through November 7, 2011. The special investigation was requested by the County Attorney as a result of concerns regarding certain financial transactions authorized by the former Conservation Department Director.

Vaudt reported the special investigation identified \$2,794.02 of improper fuel purchases made by the former Director, William Heber. During an interview with representatives of the Benton County Sheriff's Office, Mr. Heber admitted he purchased fuel for his personal vehicle starting in March 2011 on the County's charge account. He also admitted he purchased fuel on days when he was on vacation or sick leave.

Vaudt also reported supporting documentation did not provide sufficient detail to determine if there were additional fuel purchases for personal vehicles. In addition, camping receipts were reviewed to determine if collections were properly deposited with the County Treasurer, but adequate records for collections were not available to determine if all collections were deposited during the time period reviewed.

The report includes recommendations to strengthen the Conservation Department's internal controls and overall operations, such as improving segregation of duties, issuing pre-numbered receipts and preparing an initial receipts listing.

Copies of the report have been filed with the Benton County Sheriff's Office, the Division of Criminal Investigation, the Benton 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/1114-0006-BE00.pdf>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
BENTON COUNTY CONSERVATION DEPARTMENT
FOR THE PERIOD
JUNE 1, 2010 THROUGH NOVEMBER 7, 2011**

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David A. Vaudt, CPA
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Auditor of State's Report

To the Members of the Benton
County Board of Supervisors:

As a result of concerns regarding certain financial transactions and at the request of the County Attorney, we conducted a special investigation of the Benton County Conservation Department (Department). We have applied certain tests and procedures to selected financial records of the Department for the period June 1, 2010 through November 7, 2011. Because limited records were available for the period of review, we were unable to perform all procedures for the entire period. Based on discussions with Department personnel and County officials and a review of relevant information, we performed the following procedures:

- (1) Evaluated internal controls for the Department to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Using supporting documentation and spreadsheets obtained from the Benton County's Sheriff's Office, determined the completeness and accuracy of the fuel purchases reported by the Department.
- (3) Reviewed all fuel purchases made by the Department's former Director, William Heber, to determine if purchases were appropriate, properly approved and supported by adequate documentation.
- (4) Using the documents available, compared information recorded on individual registration envelopes prepared by campers to revenue reports from the County Auditor and related deposit information for the period April 1, 2011 and August 31, 2011 to determine if registration fees were properly deposited.

These procedures identified \$2,794.02 of improper fuel purchases between June 1, 2010 and November 7, 2011. We were unable to determine if there were additional fuel purchases for personal vehicles because supporting documentation did not provide sufficient detail. We were unable to determine if all camping fees collected were deposited because adequate records were not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibit A** of this report.

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

Copies of this report have been filed with the Benton County Sheriff's Office, the Division of Criminal Investigation, the Benton 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 Benton County during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 15, 2012

Benton County Conservation Department

Investigative Summary

Background Information

The Benton County Conservation Board is responsible for oversight of the County's natural resources and establishment of rules and regulations to protect, regulate and control all parks, preserves and other property under its control in Benton County. The 5 members of the Benton County Conservation Board are appointed by the Board of Supervisors. The County has 10 parks and a Nature Center, which also houses the Benton County Conservation Office.

William Heber was hired by the Board as the Director of the Benton County Conservation Department (Department) on November 7, 2007. As the Director, Mr. Heber was responsible for the day to day operations of the Department under the direction of the Conservation Board and for the enforcement of the rules and regulations established by the Board. In addition, Mr. Heber was responsible for supervising Department employees, preparing budgets for the Department and writing grants. Mr. Heber was also responsible for park maintenance and campground management. Because Mr. Heber was responsible for day to day operations, he was provided a County vehicle to drive for work purposes. The vehicle he was provided was a Chevrolet S-10 pickup.

Of the 10 parks, 7 have camping areas for which fees are collected based on a per-night rate. The fees are to be placed inside a registration envelope and may be paid with cash, check or a gift certificate. The envelopes are to be placed in a locked deposit box which is to be emptied by a Park Ranger. Upon removal from the deposit box, the envelopes are to be taken to the Nature Center and provided to Mr. Heber. After the collections are removed from the envelopes and the amount removed is compared to the information recorded on the envelopes for accuracy, cash and checks are to be placed in a locked drawer in the office until Mr. Heber deposits the collections with the County Treasurer.

All Department disbursements are to be approved by the Conservation Board at the monthly Board meetings. After the Conservation Board approves the disbursements, a list of approved disbursements is provided to the County Auditor for payment.

On October 27, 2011, a Department employee went to a local convenience store to fill a County vehicle with fuel. The owner of the store told the employee she would be the first person to use the new charge book. However, when the owner opened up the charge book, he determined a charge by Mr. Heber had already been recorded in the new book. According to the employee, the date Mr. Heber made the fuel charge was a day Mr. Heber was not working because he had been on leave for the past month for medical reasons.

In addition, when the employee was processing fuel purchases from the convenience store for the past month, the employee identified 3 additional fuel purchases Mr. Heber made while he was on leave. The employee contacted a Board member regarding the concerns identified and the Board member contacted the County Auditor.

The Board member also contacted the County Attorney and, at the request of the County Attorney, the County Sheriff's Office (Sheriff's Office) was contacted. As a result, the Sheriff's Office performed procedures to determine if any additional improper fuel purchases were made. In addition, detectives from the Sheriff's Office conducted several interviews with various Department employees, including Mr. Heber.

Because of the concerns related to fuel purchases, on November 2, 2011, the County Attorney requested the Office of Auditor of State conduct an investigation of the fuel purchases. As a result

of that request, we performed the procedures detailed in the Auditor of State's Report for the period June 1, 2010 through November 7, 2011.

The Conservation Board terminated Mr. Heber's employment with the Department effective November 7, 2011.

Detailed Findings

These procedures identified \$2,794.02 of improper fuel purchases between June 1, 2010 and November 7, 2011. We were unable to determine whether additional improper fuel purchases were made or if all camping collections were properly deposited because adequate records for collections and disbursements were not available. A detailed explanation of our findings follows.

IMPROPER DISBURSEMENTS

According to a Park Ranger, Department employees were authorized to charge fuel purchases for all County vehicles to the Department's charge account at a local convenience store or at the County's Secondary Roads' fuel station. We reviewed charge account activity at the local convenience store for purchases made during the period June 1, 2010 through November 7, 2011 and identified purchases on the Department's charge account which were not for County vehicles. The improper purchases identified are explained in more detail in the following sections of this report.

Fuel Purchases by William Heber – As stated previously, Mr. Heber was responsible for the day to day operations of the Department under the direction of the Board. Because Mr. Heber was responsible for day to day operations, he was provided a County vehicle, a Chevrolet S-10 pickup truck, to drive for work purposes. During an interview detectives of the Sheriff's Office conducted with Mr. Heber, he stated there were mechanical problems with the County vehicle, such as the battery, brakes and power of the vehicle. As a result, he began to drive his personal vehicle for work purposes. Mr. Heber stated he parked the County vehicle at his house because of the problems he was having with it. Mr. Heber also stated he did not specifically tell the Board about the problems he was having with the County vehicle. In addition, Mr. Heber stated his personal vehicle is a full size Chevrolet Silverado with a larger fuel tank than the County vehicle.

We reviewed invoices from 2 vendors to determine if any repairs had been made to Mr. Heber's County vehicle. Based on review of the invoices, we determined the vendors had replaced the battery, replaced an O2 sensor and repaired the ABS on Mr. Heber's County vehicle. The remaining invoices were for routine maintenance, such as oil changes and tire rotations. The repairs identified would not have placed Mr. Heber's County vehicle out of service for an extended period of time.

In addition, according to a Board member, Mr. Heber was not authorized to charge fuel to the Department for his personal vehicle at any time, regardless of the working condition of his County vehicle. Because Mr. Heber was not authorized to charge fuel purchases for his personal vehicle to the County, we reviewed all fuel purchases made by Mr. Heber to determine if they were only for County vehicles.

As previously stated, a Department employee identified fuel purchases Mr. Heber charged to the County's account while he was on an extended leave for medical reasons. In addition, according to an interview conducted by detectives of the Sheriff's Office, Mr. Heber stated he had been using his personal vehicle since March 2011 without Board approval. Because Mr. Heber admitted using his personal vehicle, we compared all fuel purchases charged to the Department's account made by Mr. Heber to his timesheets to determine if Mr. Heber was working at the time of the purchase.

We identified 51 fuel purchases made by Mr. Heber. Based on supporting documentation available, the fuel purchases ranged from 5.7 gallons to 30.2 gallons. Of the 51 fuel purchases identified, 45 are improper and are listed in **Exhibit A**.

Of the 45 transactions, 39 occurred after February 28, 2011. According to an interview with Mr. Heber, he stated he started using his personal vehicle for work in March 2011 while the County vehicle was continuously parked at his home. Because of Mr. Heber's statement and the Board member's statement, we determined all purchases after February 28, 2011 were improper. In addition, for 17 of the 39 transactions, the number of gallons purchased exceeded 17.5 gallons. According to a County representative, the owner's manual for the Chevrolet S-10 pickup states the fuel tank can hold up to 17.5 gallons of fuel. As illustrated in **Exhibit A**, 6 additional purchases prior to March 2011 exceeded 17.5 gallons of fuel.

As previously stated, a Department employee determined Mr. Heber had charged fuel purchases while he was on an extended leave for medical reasons. We identified a total of 5 fuel charges Mr. Heber made during his extended leave. We also identified 3 additional fuel charges Mr. Heber made on days his timesheet shows he was on sick leave, vacation or had the day off. Each of the 8 purchases identified was made after March 1, 2011. When detectives of the Sheriff's Office asked about these purchases during the interview with Mr. Heber, he stated "Even when I'm off work, I'm still working for the County." He also stated he was "getting called to do County stuff" on his days off. However, he did not explain why getting calls made it necessary for him to purchase fuel on his days off.

Although it would be expected Mr. Heber would incur business related mileage, supporting documentation, such as mileage logs or odometer readings, to distinguish business related travel from personal travel was not available to determine how often Mr. Heber used his personal vehicle for business purposes. As a result, the 45 improper fuel purchases identified, which total \$2,794.02, are included in **Exhibit A**.

The remaining 6 transactions identified were prior to March 2011 and appear reasonable based on the number of gallons purchased, which ranged from 5.7 gallons to 15.3 gallons. The 6 transactions total \$221.05 and are listed in **Table 1**.

Table 1

Date	Number of Gallons Purchased	Amount
06/18/10	14.50	\$ 39.00
07/04/10	9.20	24.00
11/18/10	5.70	16.04
01/20/11	17.38	53.00
02/18/11	12.60	39.01
02/24/11	15.30	50.00
Total		\$ 221.05

Because the fuel purchases did not exceed 17.5 gallons and occurred prior to March 2011, the purchases could have been for the County vehicle or Mr. Heber's personal vehicle. The 6 transactions totaling \$221.05 are not included in **Exhibit A**.

As previously stated, Department employees were also authorized to obtain fuel for County vehicles at the Secondary Roads' fuel station. According to Department personnel we spoke with, Mr. Heber rarely, if ever, fueled his County vehicle at the County's Secondary Roads' fuel

station. We obtained a listing of all fuel obtained from the fuel station for all Department employees. According to a representative of the Secondary Roads Department, each employee is assigned a card, each vehicle is assigned a card and both cards have to be used to fuel a vehicle.

We reviewed the listing of all fuel obtained from the Secondary Roads' fuel station to identify any fuel obtained with the cards assigned to Mr. Heber and/or his County vehicle. The card assigned to Mr. Heber's County vehicle was not used to obtain fuel at the Secondary Roads' fuel station during the period of our review. However, we identified instances in which the card assigned to Mr. Heber was used to obtain fuel for a County dump truck. According to Department personnel, Mr. Heber did not routinely drive a County dump truck and it was a common practice to lend an employee card or use another vehicle's card if a card was lost.

None of the County employees we spoke with reported Mr. Heber had been observed fueling his personal vehicle at the Secondary Roads' fuel station. Because employees borrowed cards from either other employees or other vehicles, we were unable to determine if Mr. Heber fueled his personal vehicle at the Secondary Roads' fuel station.

Payments to Vendors – We scanned vendors used by the Department to identify any unusual disbursements. We identified 2 vendors which appeared unusual in nature for the Department to conduct business with but, after reviewing supporting documentation, we determined 1 of the vendors provided training and certification for the Park Rangers and the former Director to meet their job requirements. In addition, ammunition was purchased from 1 of the vendors for the firearms carried by the Park Rangers as part of their job duties. Therefore, further testing was not deemed necessary.

UNDEPOSITED CAMPING COLLECTIONS

As previously stated, camping fees were collected at the parks with a campground area. We reviewed documentation related to these collections to determine if they were properly deposited.

As previously stated, Benton County has 7 parks with camping areas for which fees are collected based on a per-night rate. Upon arrival, campers are to complete a self-registration process. The registration information is printed on the outside of envelopes kept outside the Park Offices. The registration information includes the park name, camper's name, address, site number occupied, type of unit, date arrived, number of nights staying, rates and the total payment amount enclosed in the envelope. A copy of a registration envelope is included in **Appendix 1**. The fees may be paid with cash, check or a gift certificate and are to be placed inside the envelopes. The envelope is to be placed in a locked deposit box which may be emptied by any of the Park Rangers.

When Park Rangers empty the locked deposit box, all registration envelopes are to be taken to the Nature Center and provided to Mr. Heber. After the collections are removed from the envelopes and the amount collected is compared to the information recorded on the envelope for accuracy, cash and checks are to be placed in a locked drawer in the office until deposited with the County Treasurer by Mr. Heber.

Due to the large number of envelopes available for our review, we selected the period April 2011 through August 2011 to compare camping records to County records to determine if all camping fees were properly remitted to the County Treasurer for deposit by Mr. Heber.

We compared the registration envelopes to the County's accounting system to determine if we could identify significant variances. **Table 2** summarizes the amount collected per registration envelopes and the amount recorded in the County's accounting system and deposited.

Table 2

Month	Amount per		Variance
	County Records	Registration Envelopes	
April 2011	\$ 3,303.00	2,986.00	317.00
May 2011	25,494.00	21,508.00	3,986.00
June 2011	18,882.25	23,080.00	(4,197.75)
July 2011	14,317.00	10,375.00	3,942.00
August 2011	16,107.00	19,177.00	(3,070.00)
Total	\$ 78,103.25	77,126.00	977.25

As illustrated by the **Table**, the total camping fees deposited and recorded in the County’s accounting records from April through August 2011 exceed the total recorded on the registration envelopes for the same period. During our review of the registration envelopes, we found envelopes where the amount of camping fees paid was not recorded on the envelopes. As a result, we were unable to determine the amount of fees collected from some campers. We were also unable to determine if all registration envelopes were available for our review because the envelopes were not pre-numbered or not tracked in any manner. In addition, a significant portion of the monthly variances shown in the **Table** is likely due to timing differences between when the collections were received and when they were recorded in the County’s accounting records.

Because registration envelopes were not pre-numbered and an initial receipts listing was not prepared, we were unable to determine if all collections were properly deposited with the County Treasurer. In addition, it is possible monthly collections per registration envelopes and County records in **Table 2** could be understated as a result an individual keeping the collections and disposing of the envelopes.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Benton County Conservation Department to process receipts and disbursements. 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 Department’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 Director had control over each of the following areas.
 - (1) Receipting and recording camping collections.
 - (2) Preparation of deposits and making deposits with the County Treasurer.

In addition, the Department does not use pre-numbered envelopes or have any tracking mechanism in place to account for all camping registration envelopes.

Recommendation – The Board should adopt policies to properly segregate duties for the custody and recording of collections among Department personnel. In

addition, the Board should use pre-numbered registration envelopes or a daily census of the camping sites occupied to allow the County to reconcile the fees deposited with the County to the amount which should be collected and deposited.

The Board should also consider periodically having a campground host, in addition to the Park Ranger, remove envelopes from deposit boxes and simultaneously count collections from the camping registration envelopes. While both individuals would not have to simultaneously remove envelopes on a daily basis, they could work together on days when collections are typically greater, such as weekends and holidays.

The individuals should compare the collections to the amount recorded on the individual envelopes by the campers. Any corrections to the amount recorded on the envelopes should be initialed by both individuals. The numerical sequence of the envelopes should be accounted for when both individuals remove the envelopes. The counts should be documented and both individuals should initial the count sheet. Someone independent of the initial count and subsequent deposit should compare the count sheet to the deposit slip received from the County Treasurer.

- B. Fuel Purchases – During an interview with the Director, he stated he used his personal vehicle for County business because his County vehicle was not operating properly. In addition, he stated he used the County’s charge account to purchase fuel for his personal vehicle. However, authorization was not given by the Board to purchase fuel for his personal vehicle using County funds.

Recommendations – The Board should develop and implement a policy regarding the use of personal vehicles for County business. In addition, if the use of personal vehicles should continue, the Board should implement mileage logs to ensure all work travel is easily identifiable.

- C. Secondary Roads’ Fuel Station – We determined it is a common practice for employees to borrow cards from other employees or other vehicles if a card is lost or damaged. However, according to a representative of the Secondary Roads Department, fuel obtained from the Secondary Roads’ fuel station is tracked by cards assigned to employees and vehicles. Because the use of cards was not limited to the employee or vehicle they were assigned to, Secondary Roads cannot properly track use of the fuel. In addition, mileage logs were not used to track the number of miles driven, the amount of fuel purchased and the location of the fuel purchase.

Recommendation – The County should implement procedures to ensure cards assigned to employees and/or vehicles are not removed from the vehicle or loaned to other employees. If a card is lost, the County should implement procedures to ensure the Secondary Roads Department is notified in a timely manner so the card can be properly cancelled and a replacement card can be obtained. In addition, the County should implement procedures to properly track the cards assigned to employees and vehicles.

Also, the County should establish procedures which require mileage logs be maintained in each County vehicle to track the miles driven and fuel purchases. The logs should be periodically reviewed by an independent party to ensure the use of the vehicle is limited to County purposes and the fuel purchases appear reasonable for the type of vehicle and number of miles driven. Fuel charges should also be compared to the mileage logs to ensure they were for County vehicles.

Exhibit

Exhibit A

Report on Special Investigation of the
Benton County Conservation DepartmentImproper Fuel Purchases by William Heber
For the period June 1, 2010 through November 7, 2011

Date	Per Receipt	
	Gallons Purchased	Amount
11/19/10	30.20	\$ 84.42
12/08/10	25.30	73.25
01/05/11	26.68	80.00
01/26/11	21.94	66.25
02/16/11	20.32	65.00
02/24/11	20.50	65.00
03/01/11	24.20	79.01
03/09/11 #	19.00	65.76
03/18/11	19.10	65.00
03/24/11	15.00	51.00
03/31/11	21.60	75.00
04/01/11	16.30	58.00
04/04/11	16.70	56.00
04/07/11	14.00	51.00
04/14/11	18.90	69.35
04/15/11 #	14.90	55.00
05/02/11	15.20	58.00
05/11/11	9.70	38.00
05/12/11	12.80	50.00
05/13/11	20.00	78.00
05/16/11	21.80	85.00
05/18/11	11.50	45.00
05/19/11	10.60	40.80
05/25/11	8.20	31.73

Report on Special Investigation of the
Benton County Conservation Department

Improper Fuel Purchases by William Heber
For the period June 1, 2010 through November 7, 2011

Date	Per Receipt	
	Gallons Purchased	Amount
06/03/11	11.50	42.73
06/10/11	26.40	98.00
06/16/11	12.00	43.50
06/22/11	7.50	26.75
06/23/11	8.50	30.00
07/04/11	13.90	47.29
07/07/11	14.40	50.00
07/09/11	15.10	53.00
07/14/11	13.69	48.59
07/22/11	9.60	34.68
08/04/11	29.20	105.00
08/12/11	24.50	87.00
08/26/11	15.80	60.01
08/31/11	24.90	89.90
09/14/11 #	20.80	75.00
10/06/11 #	19.50	65.00
10/10/11 #	22.50	75.00
10/14/11 #	22.50	75.00
10/19/11 #	17.60	60.00
10/21/11 #	15.60	53.00
10/25/11	26.50	89.00
Total		<u>\$ 2,794.02</u>

- According to Mr. Heber's timesheet, it was a holiday or he took vacation, sick leave or had the day off.

Report on Special Investigation of the
Benton County Conservation Department

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Melissa J. Knoll-Speer, Senior Auditor II
Lara K. Van Wyk, Staff Auditor


Tamera S. Kusian, CPA
Deputy Auditor of State

Appendix

Report on Special Investigation of the
Benton County Conservation Department

Copy of a Registration Envelope

**BENTON COUNTY CONSERVATION BOARD
CAMPING RECEIPT**

PARK NAME _____
Date Registering: _____
Number of Nights Paid: _____
Name: _____

Detach this portion and display on your campsite designation post.

Note: If your campsite is not equipped with a campsite designation post, then display on your camping unit, visible to Park Ranger.

TEAR OFF HERE

PARK NAME _____ SITE NUMBER _____
PLEASE PRINT
NAME _____ TODAY'S DATE _____
ADDRESS _____ MOTOR VEHICLE LICENSE NO. _____
CITY _____ TRAILER LICENSE NO. _____
STATE _____ COUNTY _____ NO. OF PEOPLE REGISTERED _____
PHONE NO. _____ SEASON PASS NO. _____

RATES		TYPE OF UNIT	
CHECK APPROPRIATE BOXES	<input type="checkbox"/> With Electricity <input type="checkbox"/> Without Electricity	<input type="checkbox"/> Tent <input type="checkbox"/> Truck Camper <input type="checkbox"/> Trailer	<input type="checkbox"/> Motor Home <input type="checkbox"/> Other

CIRCLE NIGHTS CAMPING: M T W T F S S M T W T F S S

Rate x Nights = Amount Enclosed \$ _____

DEPOSIT THIS ENVELOPE WITH REQUIRED FEE IN DEPOSIT BOX