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NEWS RELEASE

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FOR RELEASE _____ November 7, 2013 _____

Auditor of State Mary Mosiman today released a report on a special investigation of Remsen-Union Family Connections (RUFC) for the period July 1, 2011 through October 31, 2012. RUFC is a parent/teacher organization established in 2003 in the Remsen-Union Community School District. The special investigation was requested by RUFC officials as a result of concerns some of the funds collected by the organization had not been properly deposited.

Mosiman reported the special investigation identified \$9,357.00 of undeposited collections. The undeposited collections identified consist of proceeds from the Rocket Fuel Scrip program administered by RUFC. It was not possible to determine if additional amounts were not properly deposited to RUFC's checking account because sufficient records were not available.

Mosiman also reported the special investigation identified approximately \$2,875.00 local vendors were not paid for scrip purchased by and issued to families. Which vendors were not paid could not be determined. Because sufficient records were not available for all disbursements, it was not possible to determine the propriety of all payments from RUFC's bank account.

Mosiman reported Amber Flynn was elected as RUFC's Treasurer on August 29, 2011 and was replaced on August 15, 2012. Her term ended when RUFC officials identified concerns regarding the amount deposited for the Rocket Fuel Scrip program.

Ms. Flynn signed a statement dated October 3, 2012 which stated, "I am responsible for the RUFC account. I will pay the account back. We are negotiating between \$4,500 - \$5,270. It will be paid back by December 31, 2012." The President of RUFC also signed the statement as a witness. However, on November 27, 2012, Ms. Flynn sent an e-mail to the President which stated she would not be able to repay the money by December 31, 2012.

The President subsequently recovered 10 gift cards for Fareway and Scheels valued at \$275.00 from Ms. Flynn and a \$500.00 check from her dated November 13, 2012. Ms. Flynn also provided a \$3,900.00 check to the President after she was contacted by an agent of the Iowa Division of Criminal Investigation. The checks were deposited by RUFC but the gift cards are still being held.

The report includes recommendations to strengthen the internal controls over funds raised by affiliated organizations on behalf of the District.

Copies of the report have been filed with the Remsen Police Department, the Division of Criminal Investigation, the Plymouth 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/1230-5486-TE00.pdf>.

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**REPORT ON SPECIAL INVESTIGATION
OF
REMSEN-UNION FAMILY CONNECTIONS
FOR THE PERIOD
JULY 1, 2011 THROUGH OCTOBER 31, 2012**

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Auditor of State's Report

To the Officers of
Remsen-Union Family Connections:

As a result of concerns some collections were not properly deposited and at your request, we conducted a special investigation of Remsen-Union Family Connections (RUFCC). We have applied certain tests and procedures to selected financial transactions of the organization for the period July 1, 2011 through October 31, 2012. Based on discussions with RUFCC officials 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) Reviewed activity in the checking account held by RUFCC to identify any unusual activity.
- (3) Scanned all checks issued from the RUFCC checking account to determine reasonableness and examined certain disbursements to determine if they were properly approved and were supported by adequate documentation.
- (4) Examined deposits to the checking account held by RUFCC to determine the source, purpose and propriety of each deposit.
- (5) Compared records maintained by the former Treasurer of RUFCC which listed individual scrip purchases by family to deposits made to RUFCC's checking account to determine if all collections for purchases were properly deposited.
- (6) Obtained and reviewed activity in checking accounts held by the former Treasurer to identify the source and determine if any funds should have been deposited to RUFCC accounts.


These procedures identified \$9,357.00 of undeposited collections. We were unable to determine whether additional collections were not properly deposited because adequate records were not available. Because sufficient records were not available for all disbursements, it was not possible to determine the propriety of all payments from RUFCC's checking account. 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 Remsen-Union Family Connections, other matters might have come to our attention that would have been reported to you.

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

We would like to acknowledge the assistance extended to us by officials of Remsen-Union Family Connections and the Remsen Police Department during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 9, 2013

Remsen-Union Family Connections
Investigative Summary

Background Information

Remsen-Union Family Connections (RUFC) is a parent-teacher organization which serves the Remsen-Union Community School District. RUFC was formed in August 2003 to “strengthen the parent-teacher relationship through direct volunteer action to perpetuate academic excellence for children in a positive learning environment.” RUFC is a collaborative organization open to all Remsen-Union parents, teachers, administrators and interested community members. RUFC raises funds and distributes proceeds collected to support school activities and supplement school purchases, such as field trips, playground improvements, safety measures, classroom supplies and equipment. RUFC also awards scholarships with some of the proceeds collected.

Each academic year, RUFC members elect 6 officers to hold the positions of President, Vice President, Secretary, Treasurer, Recycling and Hospitality. The individuals elected to the Recycling and Hospitality positions coordinate those fundraising programs for the academic year. On August 29, 2011, Amber Flynn was elected as the Treasurer of RUFC. As the Treasurer, Ms. Flynn was responsible for the following functions:

- Collecting money, preparing and making deposits and maintaining accurate records of monies received.
- Preparing and issuing checks for various fundraisers, reimbursements to teachers and other operations.
- Preparing and presenting Treasurer Reports, including bank account information, at RUFC meetings.

RUFC started the “Rocket Fuel Scrip Program” in August 2011 at the request of Ms. Flynn. The fundraising program involved selling scrip in the form of gift certificates or gift cards obtained from participating local vendors or from an online vendor which assists organizations with scrip programs. Scrip was also issued by RUFC in the form of Rocket Fuel scrip certificates printed by RUFC. With scrip fundraising, retailers offer gift certificates or gift cards to organizations at a discount. The organizations sell the gift certificates and gift cards at full face value. The individuals purchasing the scrip redeem them at face value and the discount or rebate is retained by the organization as revenue.

When scrip was purchased from the online vendor, an electronic payment was issued from RUFC’s checking account to pay for the scrip prior to the scrip being sent by the vendor. The scrip purchased from the online vendor was for use at large national retail chains, such as Menards and Target. However, when scrip was purchased directly from RUFC for use at local retail establishments, Rocket Fuel scrip certificates printed by RUFC were issued. A copy of a Rocket Fuel scrip certificate is included in **Appendix 1**. The Rocket Fuel scrip certificates could be printed and distributed to purchasers prior to payment to the vendor.

According to the RUFC President, Ms. Flynn missed several meetings during the 2011/2012 school year. As a result, a Treasurer’s report was not available at the time of the meetings. The RUFC President also stated Ms. Flynn was not responsive to inquiries during the last part of the year. However, Ms. Flynn was present at the RUFC meeting held on May 10, 2012. At that meeting, it was decided the Rocket Fuel Scrip program (Scrip program) would run through May and then close out. The next RUFC meeting was held on August 15, 2012. During the meeting, the former Treasurer was appointed to take over for Ms. Flynn and it was decided a review of the accuracy of the Scrip family accounts needed to be completed before there were any payouts to close the Scrip program.

As a result of a review performed by RUF C officers, it was determined the total collections deposited for the Scrip program were less than the cost of scrip purchased. Because scrip was purchased at a discount by RUF C and sold to families for full face value, the amount of collections deposited should equal the face value of scrip sold and exceed the cost of scrip purchased by RUF C. According to the RUF C President, she attempted to contact Ms. Flynn on a number of occasions but was not able to discuss the concerns identified with her.

Ms. Flynn signed a statement dated October 3, 2012 which states, "I am responsible for the RUF C account. I will pay the account back. We are negotiating between \$4,500 - \$5,270. It will be paid back by December 31, 2012." The RUF C President also signed the statement as a witness. A copy of the statement is included in **Appendix 2**.

As a result of the concerns identified, RUF C officials contacted the Plymouth County Attorney and the City of Remsen Police Department. As a result of a request from a representative of the Police Department, the Office of Auditor of State reviewed RUF C's financial transactions. We performed the procedures detailed in the Auditor of State's report for the period July 1, 2011 through October 31, 2012.

Detailed Findings

The procedures performed identified \$9,357.00 of undeposited collections from the Rocket Fuel Scrip program. RUF C has recovered 10 gift cards to Fareway and Scheels, valued at \$275.00, from Ms. Flynn and received 2 checks from her which total \$4,400.00. A \$500.00 check was received in November 2012 and a \$3,900.00 check was received in September 2013. The checks were deposited, but the gift cards are still being held by RUF C officials.

We were unable to determine whether additional amounts were not properly deposited because sufficient records were not available. If sufficient records had been available, additional undeposited collections may have been identified.

The procedures performed also identified approximately \$2,875.00 of scrip purchased by and issued to families for which local vendors were not paid. Which vendors were not paid could not be determined. All findings are summarized in **Table 1** and a detailed explanation of each finding follows.

Table 1		
Description	Exhibit/ Table	Amount
Undeposited collections from the Scrip program	Exhibit A	\$ 9,357.00
Less: Reimbursement checks	Table 4	(4,400.00)
Returned gift cards	Table 4	(275.00)
Net undeposited collections		\$ 4,682.00

ROCKET FUEL SCRIP PROGRAM

Undeposited Collections – As previously stated, RUF C began the Scrip program in August 2011. It was administered by Ms. Flynn and 2 other RUF C members. Administration of the Scrip program included establishing agreements with local vendors and the Great Lakes Scrip Center, a vendor from which families could purchase scrip online for national retailers. Administration of the Scrip program also included collecting orders, distributing orders to families, tracking orders and presenting related information at RUF C meetings.

As the Treasurer, Ms. Flynn was responsible for collecting payments for the scrip bought by participants, ensuring the vendors were paid promptly and maintaining accounts for families participating in the Scrip program. The family accounts maintained by Ms. Flynn summarized both the face value of the scrip and the discounted value, or cost, of scrip purchases made by each family. The family accounts also documented the month purchases were made.

Families who wished to purchase scrip for a local vendor placed their order with Ms. Flynn and paid her the face value of the scrip. In some instances, families purchased denominations in "round" amounts, such as \$10.00 or \$25.00. However, in other instances, families purchased scrip in a specific amount, such as \$268.14 because the family planned to purchase a specific item from the vendor and wanted RUF C to benefit from the purchase through the scrip discount. For some local vendors, Ms. Flynn provided a Rocket Fuel scrip certificate to the family. For other local vendors, gift cards issued by the vendor were distributed to the families.

In order to receive the gift cards to distribute to the families, Ms. Flynn was required to pay the vendors for the discounted value of the scrip ordered by the family. However, for vendors for whom the Rocket Fuel scrip certificates were issued, Ms. Flynn was able to issue the certificates prior to paying the vendors.

Families who wished to purchase scrip to use at national retail establishments, such as Applebee's, Barnes & Noble or Best Buy, ordered the scrip online from Great Lakes Scrip Center's website. Families paid Ms. Flynn the full face value of the scrip purchased online and an electronic payment was issued from RUF C's checking account to pay Great Lakes Scrip Center the discounted price.

The minutes from the RUF C meeting held in May 2012 document it was decided to end the Scrip program. According to the RUF C President, Board members had discussed concerns about the Scrip program prior to the meeting, including concerns deposits had not been made in a timely manner and local vendors had not been paid in a timely manner for scrip issued for their businesses.

After Ms. Flynn was no longer the Treasurer, RUF C officials determined the total collections deposited for the Scrip program were less than the face value of scrip purchased. Also as previously stated, Ms. Flynn signed a statement, dated October 3, 2012, which stated she would repay RUF C by December 31, 2012. The statement also stated, "We are negotiating between \$4,500 - \$5,270." However, we determined the undeposited collections from the Scrip program exceeded this amount.

To determine the amount of undeposited collections, we compared the records maintained by Ms. Flynn which listed individual scrip purchases by family to deposits made to RUF C's bank account. RUF C officials provided us account summaries for 26 families. The full face value of the scrip purchased by participating families and recorded by Ms. Flynn in the 26 individual family accounts should agree with the amount deposited to the bank for each purchase. Because Ms. Flynn recorded the family's name on the deposit slips for purchases made with checks, we were able to match the amounts deposited to the bank with the family account information maintained by Ms. Flynn. For the limited number of scrip purchases made with cash, we were able to identify the family which made the purchase based on the date and amount of cash deposited.

Exhibit A compares the face value of scrip purchases recorded by Ms. Flynn for the 26 families to the total amount deposited to RUF C's bank account for the families. As illustrated by the **Exhibit**, the face value of scrip purchased by 10 of the 26 families agrees with the amount deposited to the bank. However, the amount Ms. Flynn recorded as purchased by 10 additional families exceeded the amount she deposited to the bank for the 10 families by \$9,357.00. The \$9,357.00 of undeposited collections identified for the 10 families is included in **Table 1**.

For the remaining 6 families, the amount deposited to the bank exceeded the face value of the scrip Ms. Flynn recorded for the purchases made by the families by \$295.00. Using the deposit slips, we determined the 6 families paid a total of \$33,754.63 to RUF C for scrip. However, Ms. Flynn recorded only \$33,459.63 of scrip purchases in the family account information she maintained. There is no indication the families did not receive the scrip they paid for even though it was not recorded in their family accounts.

Because sufficient records were not available, we are unable to determine if additional collections were received for the Scrip program but were not properly recorded and deposited.

Unsupported Deposits – We also identified \$659.94 of deposits to the checking account from 5 additional families. However, we did not identify any family accounts maintained by Ms. Flynn for the 5 families. As a result, we are unable to determine if the amounts received from the 5 families were for scrip purchases or for some other purpose. However, based on the size of the deposits and discussions with the RUF C President, we consider these to be deposits for purchases of scrip as there were no other reasons for deposits of this size into the RUF C checking account from the families. The amounts received from the 5 families are listed in **Table 2**. As illustrated by the **Table**, only 1 deposit was made by 4 of the 5 families identified. Individual deposits identified ranged from \$28.00 to \$200.00.

Table 2

Family	Month of Deposit	Unsupported Deposits
Family A	September 2011	\$ 45.00
Family B	September 2011	28.00
Family C	^	400.00
Family D	March 2012	142.00
Family E	March 2012	44.94
Total		\$ 659.94

^ - Total includes a \$200.00 deposit in March 2012 and a \$200.00 deposit in April 2012.

There is no indication the families did not receive the scrip they paid for even though it was not recorded in a family account.

Unpaid Vendors – Ms. Flynn was responsible for ensuring the vendors were paid promptly for scrip sold to families. As previously stated, the family accounts maintained by Ms. Flynn summarized both the face value of the scrip and the discounted value, or cost, of scrip purchases made by each family. However, the family accounts maintained by Ms. Flynn did not document the vendors from which the families ordered scrip. As a result, we were not able to determine the total amount of scrip purchased to compare to the amount paid to individual vendors.

Also as previously stated, Rocket Fuel scrip certificates printed by RUF C were issued when scrip was purchased for use at local retail establishments. The certificates could be printed and distributed prior to payment to the vendor. After the Scrip program ended, the RUF C President was contacted by the owner of a local business which had agreed to provide a 10% discount for scrip sold through RUF C. The business owner stated he had agreed to initially sell \$50.00 of scrip, but an additional \$25.00 of scrip was presented at his business. He honored the additional \$25.00 thinking RUF C would contact him with the related payment, but he was not contacted or paid. The business owner also stated he turned away some customers who wanted to use additional scrip. He did not specify how much scrip he did not honor. The RUF C President also stated a local family had an additional \$20.00 of scrip from the vendor which was not honored.

As a result, it is apparent RUF C issued scrip for which there was not a related payment to the vendor.

To determine if Ms. Flynn paid vendors for all of the scrip purchased by families, we compared the cost of scrip sold recorded by Ms. Flynn to the payments issued to vendors by RUF C. Because Ms. Flynn did not record \$295.00 of scrip sales in 6 family accounts and did not establish family accounts for 5 additional families which purchased \$659.94 of scrip, we adjusted for the additional sales. However, we were unable to determine the appropriate discount for the additional scrip sold. As a result, we discounted the sales by 14%, which is the maximum discount for any scrip purchased by families. The related costs for these purchases are included in **Table 3**.

Because sufficient records were not available, we are unable to determine if additional collections were received for the Scrip program but were not properly recorded. **Table 3** compares the estimated cost of scrip purchases to payments to the vendors.

Table 3

Description	Amount
Total cost of scrip purchased by families [^]	\$ 99,886.34
Add: Cost for sales not recorded in the family's account*	253.70
Cost for sales to families for whom a family account was not located*	567.54
Estimated cost of scrip purchased by families	\$ 100,707.58
Payments to vendors	98,700.86
Less: Refunds from vendors	(870.40) 97,830.46
Estimated cost of scrip vendors were not paid for	\$ 2,877.12
Estimated cost of scrip vendors were not paid for, rounded	\$ 2,875.00

[^] - Per family account records maintained by Ms. Flynn.

* - Unrecorded collections were discounted by 14%. We are unable to determine if additional collections were unrecorded and undeposited.

As previously stated, RUF C made electronic payments to Great Lakes Scrip Center for scrip purchased online by families. Great Lakes Scrip Center's website states payment must be received for all orders before the scrip is released for shipment. Because RUF C made electronic payments for scrip purchased through the website and because RUF C was not notified by any families the scrip they ordered online had not been received, it appears Great Lakes Scrip Center was paid for all scrip purchased online.

However, also as previously stated, Ms. Flynn was able to issue Rocket Fuel scrip certificates for scrip purchased by families to be used at local vendors. For these scrip purchases, Ms. Flynn was able to provide the scrip certificates to the family prior to paying the local vendors for the scrip. Because RUF C was not notified by any families the scrip they purchased for local vendors had not been received, it appears the Rocket Fuel scrip certificates they paid for were issued to them. **Table 3** illustrates RUF C did not pay local vendors approximately \$2,875.00 for scrip purchased. Which vendors were not paid could not be determined.

If RUF C had been required by all local vendors to pay for the scrip before the vendor released gift cards or gift certificates to RUF C, it would not have been possible for the vendors not to be paid for the scrip purchased by the families. However, because Ms. Flynn was able to print and issue scrip certificates prior to RUF C paying local vendors for the scrip certificates, the amount paid to the local vendors can be less than the amount owed to them.

REIMBURSEMENTS

The RUFUC President subsequently recovered 10 gift cards, valued at \$275.00, from Ms. Flynn and received 2 checks from her which total \$4,400.00. The gift cards and \$500.00 check were in an envelope delivered to the RUFUC President in November 2012. The \$3,900.00 check was received in September 2013. The checks were deposited, but the gift cards are still being held by RUFUC officials. Copies of the checks are included in **Appendix 3**.

The returned gift cards and the checks are summarized in **Table 4** and are included in **Exhibit A** as reimbursements of the undeposited collections.

Table 4

Description	Amount	
Checks:		
From Ms. Flynn in November 2012	\$ 500.00	
From Ms. Flynn in September 2013	3,900.00	\$ 4,400.00
Gift cards:		
\$50 Fareway gift card	50.00	
\$25 Scheels gift cards (9 cards)	225.00	275.00
Total		<u>\$ 4,675.00</u>

As illustrated by **Appendix 2**, Ms. Flynn signed a statement dated October 3, 2012 which stated, in part, "It will be paid back by December 31, 2012." Ms. Flynn sent an e-mail to the RUFUC President on November 27, 2012 which stated she would not be able to repay all the funds by the end of the year. A copy of the e-mail is included in **Appendix 3**. According to the RUFUC President, no additional funds were received until the \$3,900.00 check was received in September 2013.

DISBURSEMENTS FROM RUFUC BANK ACCOUNT

Recycling Program – In August 2004, RUFUC established a fundraising program in conjunction with Remsen St. Mary's (RSM) Catholic High School. Individuals supporting the program collect paper-based materials, but not metal or plastic materials. After collecting the recyclable material, RUFUC sells the material to Van's Sanitation in Le Mars. Van's Sanitation pays RUFUC by the ton at current market prices and the proceeds are split evenly between RUFUC and RSM.

Because students in the Remsen National Honor Society pick up the recycling bins at Remsen-Union schools every Thursday, they receive a percentage of RUFUC's share. The remaining proceeds are used by RUFUC to support the schools in various ways, such as purchasing playground equipment, books and requests from teachers.

We were unable to perform procedures to determine if the appropriate collections were deposited for the recycling program because sufficient records were not maintained to determine how much was collected from the local sanitation company or the amount of material recycled.

However, we reviewed the allocation of proceeds recorded in RUFUC's records between RUFUC and RSM. According to the records maintained by Ms. Flynn, the recycling program collected \$13,053.43 between July 1, 2011 and October 31, 2012. Half of this amount is approximately \$6,526.71. However, only \$6,449.39 was remitted to RSM for its portion of the proceeds. It appears the remaining \$77.32 was not disbursed to RSM and RUFUC still owes this amount to RSM.

Payments to Amber Flynn – During our review of RUF’s checking account, we identified 2 checks issued to Ms. Flynn. Because Ms. Flynn was a volunteer, she was not to be paid for the position she held for RUF or the services she provided. However, she would be eligible to receive reimbursement for any expenses she personally paid on behalf of RUF. The checks we identified are summarized below.

- The former Treasurer issued check number 1297 to Ms. Flynn for \$210.00. The check was dated August 12, 2011 and did not include a description in the memo line. Because documentation was not available to support the payment, we asked the RUF President about the check. She stated the check was a reimbursement to Ms. Flynn for supplies purchased for the “Back 2 School Bash.” Because the check was issued by the previous Treasurer and it appears it was an appropriate use of RUF funds, it was not determined to be an improper disbursement.
- Ms. Flynn issued check number 1440 to herself for \$977.75. The check was dated March 22, 2012 and included the notation “Scrip Pickup” in the memo portion. Documentation was not available to support the payment. However, when we reviewed Ms. Flynn’s personal bank account, we identified an \$811.50 check issued to Hy-Vee and a \$166.25 check issued to Bomgaars. The checks total \$977.75 and were issued on March 21, 2012 to vendors who participated in the Scrip program. Because it is reasonable the \$977.75 check to Ms. Flynn was reimbursement for the 2 checks, they were not determined to be improper disbursements. However, as the Treasurer, Ms. Flynn had custody of RUF’s checkbook and would have been able to purchase the scrip with RUF funds. It is not clear why it would be necessary for her to purchase the scrip with her personal funds.

Cash Withdrawal – During our review of RUF’s checking account, we also identified a \$400.00 cash withdrawal on August 22, 2011. The withdrawal slip was signed by Ms. Flynn and the former RUF President.

This transaction was not listed in the Treasurer’s Report submitted during the August 29, 2011 and September 12, 2011 meetings. However, according to the current RUF President, the cash withdrawal was related to the “Back to School Bash.” The RUF sponsored a concession stand at the event and cash would have been needed to make change. We determined a large cash deposit was made to RUF’s bank account shortly after the event. Because it appears the cash withdrawal was authorized by the former President and an appropriate use of RUF funds, it was not determined to be an improper disbursement. However, because Ms. Flynn handled all collections and recorded all deposits, we are unable to determine if all collections from the Back to School Bash, along with the change withdrawn from the bank, were properly deposited to RUF’s checking account.

ADDITIONAL INFORMATION

Cash Deposits to Personal Account - We reviewed Ms. Flynn’s personal bank accounts and mortgage statements for the period July 1, 2011 through July 31, 2012 and identified cash deposits to her checking account. Because we were unable to determine the source of the cash, we were unable to determine if the deposits were personal funds or collections which should have been deposited to RUF’s checking account. However, we were able to determine cash continued to be deposited to Ms. Flynn’s personal checking account after she was no longer the Treasurer for RUF.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by Remsen-Union Family Connection to process receipts and disbursements. An important aspect of internal control is to establish procedures which 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 internal controls over funds raised on behalf of the District by affiliated organizations.

- A) Guidance to Affiliated Organizations – According to an opinion of the Iowa Attorney General dated September 1, 1983, “Iowa law does not require school districts to maintain funds raised by outside organizations in the school activity account. A school district board may regulate fund-raising activity during school and school sponsored events and it may regulate the use of funds derived from those sources.”

Districts should have policies and/or procedures in place to address fund-raising activity, including:

- The Board may adopt a policy to require Board approval of all fund-raising activity, including fundraising activities of affiliated organizations such as Booster Clubs and the PTO.
- Boards should establish procedures for fund-raising activity for District-sponsored fund raisers, as well as fund-raisers sponsored by outside groups and organizations, to help ensure consistency and accountability over fund-raising activities.
- The Board should determine the extent, if any, of administrative support to be provided for affiliated organization fund-raising activity, including the cost and/or expense associated with staff time used in collecting payments, preparing, printing and/or assembling mailings, postage, etc.
- Fund-raising activity should be clearly designated as District-sponsored and/or sponsored by an outside group or affiliated organization to clearly establish responsibility and accountability.

In addition, the District should develop written guidance to be provided to affiliated organizations to help ensure proper accountability. Topics to be included in the guidance should include:

- 1) Segregation of Duties – An important aspect of internal controls is the segregation of duties among employees or volunteers to prevent an individual from handling duties which are incompatible. Controls over receipts and disbursements should be properly segregated among members of the affiliated organization. In addition, the affiliated organization’s Board should review financial records, perform reconciliations and examine supporting documentation for accounting records on a periodic basis.
- 2) Lack of Supporting Documentation – All purchases made with the affiliated organization’s funds should be properly supported by invoices, receipts or other appropriate documentation
- 3) Receipts – The affiliated organization should ensure proper documentation, such as receipts or order forms for products sold, are properly prepared and maintained. In addition, members of the affiliated organization’s Board should ensure all funds collected are properly deposited to the organization’s accounts.

Exhibit

Report on Special Investigation of
Remsen-Union Family Connections

Scrip Sales by Family
For the period July 1, 2011 through October 31, 2012

Family	Cost of Scrip Purchases per Family Account	Total Scrip Purchases per Family Account	Total Deposits for Scrip per Deposit Slips*	Undeposited Collections	Unsupported Deposits
Family 1	\$ 727.45	\$ 755.00	755.00	-	-
Family 2	5,479.00	5,600.00	5,600.00	-	-
Family 3	5,261.65	5,505.00	3,842.00	1,663.00	-
Family 4	1,153.85	1,205.00	1,230.00	-	25.00
Family 5	2,513.45	2,645.00	2,710.00	-	65.00
Family 6	4,033.30	4,260.00	4,360.00	-	100.00
Family 7	1,316.50	1,420.00	1,420.00	-	-
Family 8	9,547.74	9,863.92	6,879.92	2,984.00	-
Family 9	2,257.90	2,335.00	1,890.00	445.00	-
Family 10	145.50	150.00	150.00	-	-
Family 11	392.00	400.00	400.00	-	-
Family 12	1,802.50	1,850.00	1,515.00	335.00	-
Family 13	6,285.05	6,518.21	6,273.21	245.00	-
Family 14	2,716.00	2,780.00	2,230.00	550.00	-
Family 15	1,723.75	1,825.00	1,825.00	-	-
Family 16	1,150.75	1,175.00	1,220.00	-	45.00
Family 17	5,808.45	6,170.00	5,875.00	295.00	-
Family 18	10,728.15	11,000.00	9,220.00	1,780.00	-
Family 19	4,900.00	5,000.00	5,000.00	-	-
Family 20	12,571.45	12,870.00	12,905.00	-	35.00
Family 21	10,982.25	11,304.63	11,329.63	-	25.00
Family 22	166.50	175.00	175.00	-	-
Family 23	492.50	510.00	410.00	100.00	-
Family 24	5,404.50	5,645.00	4,685.00	960.00	-
Family 25	2,180.15	2,255.00	2,255.00	-	-
Family 26	146.00	150.00	150.00	-	-
Total	\$ 99,886.34	\$ 103,366.76	94,304.76	9,357.00	295.00

* - Includes amounts paid by individuals on behalf of other families.

Report on Special Investigation of
Remsen-Union Family Connections

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Justin M. Scherrman, Staff Auditor

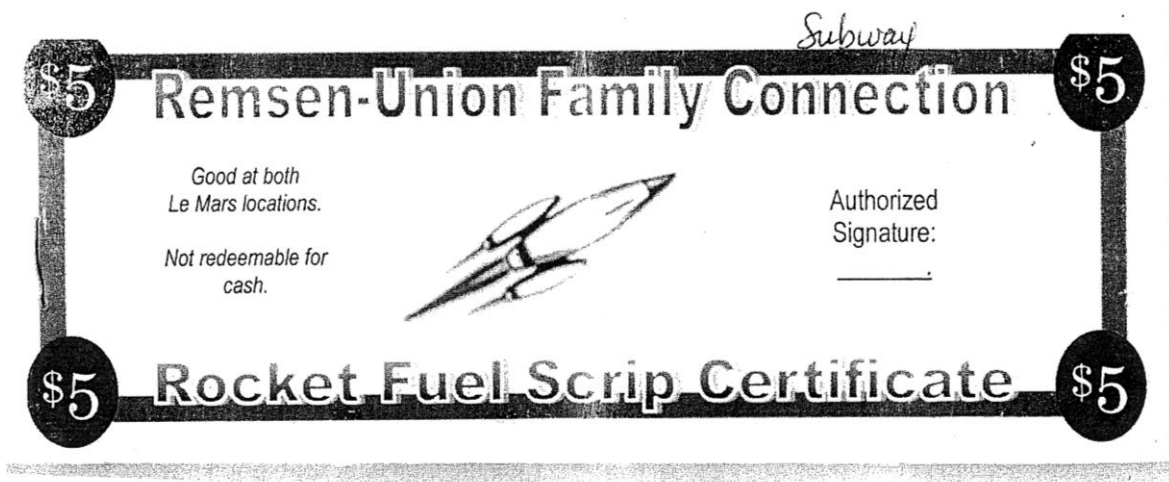


Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices

Report on Special Investigation of
Remsen-Union Family Connections

Copy of a Rocket Fuel Scrip Certificate



Report on Special Investigation of
Remsen-Union Family Connections

Copy of Signed Statement from Amber Flynn

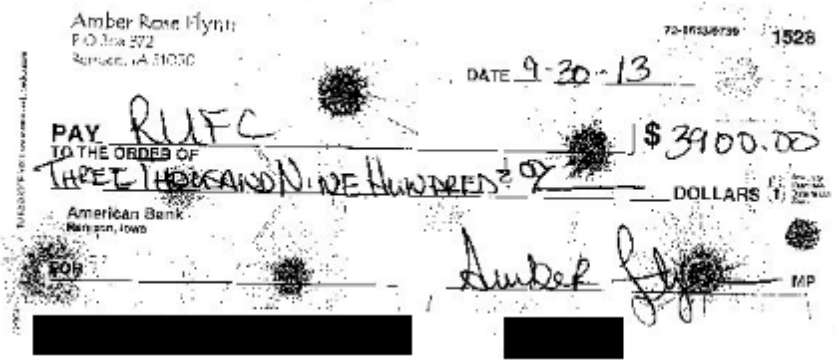
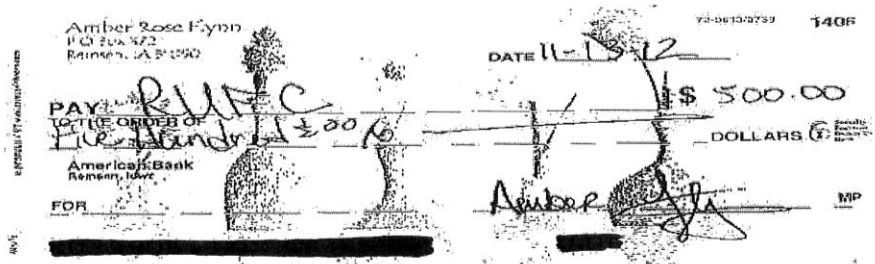
10/3/12^{p.2}

I am responsible for the RUFC
account. I will pay the account
back. We are negotiating
between \$4,500 - \$5,270.
It will be paid back by
12/31/12. Amber Flynn

Linda J. Schroeder,
RUFC President

Report on Special Investigation of
Remsen-Union Family Connections

Copies of Checks and E-mail from Amber Flynn



Report on Special Investigation of
Remsen-Union Family Connections

Copies of Checks and E-mail from Amber Flynn

>>> [REDACTED] Linda Schroeder" [REDACTED] 11/28/2012 7:26 AM >>>

From: Amber Flynn [mailto:[REDACTED]]
Sent: Tuesday, November 27, 2012 3:14 PM
To: Linda Schroeder
Subject: Rufc

I will not be able to pay all the money by the end of the year as we had discussed. I have automatic payments being made on my student loans and can not put those on hold or change the amounts.

I thought I would work more and have extra money but I have not been able to. I need some more time, but I am trying to do it as soon as possible.

Amber

Sent from Yahoo! Mail on Android