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NEWS RELEASE

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FOR RELEASE _____ December 12, 2013

Auditor of State Mary Mosiman today released a report on a special investigation of the Garner Volunteer Ambulance Service (GVAS) for the period July 1, 2011 through June 30, 2012. The special investigation was requested after GVAS officials identified inconsistencies between the accounting system and bank records, including deposits in the accounting system which were not in the bank records and disbursements in the bank records which were not in the accounting system.

Mosiman reported the investigation identified \$20,950.70 of unsupported disbursements for member incentive programs and \$141.48 of late fees, over limit fees and interest charges on the GVAS credit card. The unsupported disbursements identified include payments to GVAS members and purchases which appear to be related to incentive programs established by GVAS. Mosiman reported bank records and information from the accounting system prior to July 1, 2011 were not available, but credit card statements were available from July 1, 2010.

The incentive programs established by GVAS allow members to redeem tokens they've earned for payments or items such as hotel stays, gift cards and tickets to athletic events, amusement parks, zoos and other entertainment venues.

Mosiman also reported GVAS did not maintain adequate supporting documentation for the incentives earned by or distributed to members. Because of the nature of the purchases made for the incentive programs and the lack of supporting documentation, Mosiman reported it was not possible to determine if any of the purchases identified were for personal use.

The report includes recommendations to strengthen controls and procedures over collections, bank reconciliations and purchases made for the incentive programs. In addition, Mosiman recommended supporting documentation be maintained for all disbursements.

Copies of the report have been filed with the Hancock County Attorney's Office, the Attorney General's Office, the Hancock County Sheriff's Office and the Division of Criminal Investigation. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/specials/1320-0383-BE00.pdf>.

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**REPORT ON SEPCIAL INVESTIGATION
OF THE
GARNER VOLUNTEER AMBULANCE SERVICE

FOR THE PERIOD
JULY 1, 2011 TO JUNE 30, 2012**

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Auditor of State's Report

To the Board of the Garner
Volunteer Ambulance Service:

As a result of inconsistencies between the accounting system and bank records identified by Garner Volunteer Ambulance Service (GVAS) Board members, we conducted a special investigation of GVAS. We have applied certain tests and procedures to selected transactions processed by GVAS for the period July 1, 2011 through June 30, 2012, unless otherwise specified. The procedures we performed are summarized as follows:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively. We also interviewed GVAS officials to obtain an understanding of how Belinda Rasmuson-Oulman, the former Treasurer, carried out her job duties.
- (2) Reviewed activity in the bank accounts held by GVAS to identify any unusual activity.
- (3) Scanned all disbursements from GVAS' bank accounts. We verified all disbursements from GVAS' savings account were properly deposited to GVAS' checking account. We also evaluated individual disbursements from the checking account for reasonableness and discussed them with GVAS officials to determine propriety because supporting documentation was not maintained.
- (4) Examined all charges to GVAS' credit card for the period July 1, 2010 through June 30, 2012. We also evaluated individual charges for reasonableness and discussed them with GVAS officials to determine propriety because supporting documentation was not maintained.
- (5) Compared summaries prepared by the Billing Clerk to call sheets to determine if the amounts paid to members for responding to calls was supported.
- (6) Examined certain billings for ambulance services to determine if the related amounts were received and properly deposited.
- (7) Compared bank records to the accounting system to identify any inconsistencies.
- (8) Reviewed available minutes to identify significant actions taken by the Board and to determine if certain payments were properly approved.
- (9) Obtained and reviewed the former Treasurer's personal bank statements to determine the source of certain deposits.

These procedures identified \$20,950.703 of unsupported disbursements and \$141.48 of late fees, over limit fees and interest charges on GVAS' credit card. We were unable to determine if any of the disbursements were improper 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 **Exhibits A** and **B** 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 Garner Volunteer Ambulance Service, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Hancock County Attorney's Office, the Attorney General's Office, the Hancock County Sheriff's Office and the Division of Criminal Investigation.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the Garner Volunteer Ambulance Service during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

August 1, 2013

Report on Special Investigation of the
Garner Volunteer Ambulance Service
Investigative Summary

Background Information

The Garner Volunteer Ambulance Service (GVAS) provides medical treatment and transportation services to the City of Garner and surrounding communities. GVAS is governed by a 6 member Board, including a President, Vice-President, Secretary, Treasurer, Historian and Scheduler. Prior to July 1, 2013, Board members were elected to a 1-year term which ran from July 1 to June 30 of the next year. Beginning July 1, 2013, Board members are elected to 2-year staggered terms.

GVAS employs a Billing Clerk who receives a monthly salary. Board members are not paid for their service on the Board. However, each Board member is a volunteer who responds to ambulance calls as needed. GVAS members who respond to calls are paid a flat fee per call. They are also eligible to receive additional compensation in the form of incentives for the time they are on-call.

Brady Juhl was elected President, effective July 1, 2012, and was re-elected to a 2-year term effective July 1, 2013. However, he resigned effective September 18, 2013. Belinda Rasmuson-Oulman was elected Treasurer, effective July 1, 2011. She did not seek re-election in 2012. The individual who was elected Treasurer in July 2012 resigned in October 2012. The member who was the Treasurer prior to Ms. Rasmuson-Oulman agreed to resume the Treasurer's responsibilities in October 2012.

As the Treasurer, Ms. Rasmuson-Oulman was responsible for:

- 1) Receipts – receiving collections from the Billing Clerk and donations from patrons, posting collections and donations to the accounting system and preparing and making deposits,
- 2) Disbursements – maintaining supporting documentation, preparing and signing checks, distributing checks and posting to the accounting system,
- 3) Reporting – preparing financial reports for the Board,
- 4) Bank accounts – reconciling monthly bank records to the accounting system.

As an emergency medical technician (EMT), Ms. Rasmuson-Oulman also responded to calls with fellow members.

GVAS has a checking account and a savings account at a local bank. All disbursements are to be made by checks which require only 1 signature. The authorized signers include the Treasurer and the President. According to the former President, disbursements were not approved by the Board prior to payment and Ms. Rasmuson-Oulman was the only individual who reviewed supporting documentation and prepared and signed the checks.

The primary revenue sources for GVAS include billings for ambulance services and donations. The City of Garner also makes an annual appropriation to GVAS. In fiscal year 2012, the appropriation totaled \$4,250.00. Donations are received as a result of an annual "letter drive" and are received throughout the year.

GVAS members complete an Iowa EMS Report (call sheet) for each patient who receives medical treatment and/or transportation services. The Billing Clerk is responsible for preparing the billings for ambulance services using the completed call sheets and distributing the billings. She also is responsible for monitoring the billings and recording the collections received. The Billing Clerk also uses the call sheets to prepare a summary of payments to be made to members for calls they responded to. The payments are made by the Treasurer during July and January of each year for

the calls responded to during the previous 6 months and are based on the summary prepared by the Billing Clerk.

GVAS also offers members incentives for responding to calls through a rewards program and a token program. From July 1, 2010 through May 31, 2012, the rewards program allowed the volunteers to earn points based on the number of hours they were on-call. Members accumulated points during each 6-month period, which were redeemable for rewards such as gift cards and tickets to entertainment venues.

According to the former President, the token program has been in place since July 1, 2011 and is on-going. Under this program, any GVAS member can nominate another member for a token for going above and beyond the normal call of duty. The tokens are worth \$5.00 each and could initially be redeemed to purchase supplies which members would normally purchase on their own, such as stethoscopes or items which identified them as a GVAS member. The former President also stated, at some point, the program was changed and members were allowed to receive a check for redeemed tokens. As the Treasurer, Ms. Rasmuson-Oulman was responsible for paying members and vendors for incentives provided to members.

The individuals who held the Treasurer’s position after Ms. Rasmuson-Oulman’s term expired in June 2012 identified inconsistencies when they attempted to compare information recorded in GVAS’ accounting system to bank records, including deposits in the accounting system which were not in the bank records and disbursements in the bank records which were not in the accounting system. As a result, on April 4, 2013, the Board requested the Office of Auditor of State conduct an investigation. As a result of that request, we performed the procedures detailed in the Auditor of State’s report for the period July 1, 2011 through June 30, 2012, unless otherwise specified.

Detailed Findings

These procedures identified \$20,950.70 of unsupported disbursements and \$141.48 of late fees, over limit fees and interest charges on GVAS’ credit card. The unsupported disbursements identified include payments to GVAS members and purchases which appear to be related to the incentive programs. The purchases include hotel charges, gift cards and tickets to athletic events, amusement parks, zoos and other entertainment venues. GVAS officials were not able to provide any documentation to support the amount of incentives earned by or distributed to members. Because of the nature of the purchases made and the lack of supporting documentation, we are unable to determine if any of the purchases were for personal use.

Of the unsupported disbursements identified, \$13,736.83 was charged on GVAS’ credit card between July 1, 2010 and June 30, 2012 and \$7,213.87 was paid by check between July 1, 2011 and June 30, 2012. Credit card statements prior to July 1, 2010 were not available and bank statements and copies of checks redeemed prior to July 1, 2011 were not available.

Table 1 summarizes the amounts identified as unsupported disbursements for the incentive programs and the credit card fees. It was not possible to determine which members received incentives because adequate records were not available.

Table 1				
		Amount		
Payment Method	Exhibit	Incentive Programs	Credit Card Fees	Total
Credit card	A	\$ 13,736.83	141.48	13,878.31
Check	B	7,213.87	-	7,213.87
Total		\$ 20,950.70	141.48	21,092.18

The procedures also identified the following concerns with GVAS records:

- Certain collections were recorded twice in the accounting system, both individually and as part of the total deposit made to the bank. As a result, the deposits recorded in the accounting system were overstated by \$25,055.27.
- 5 transactions recorded in the accounting system were not deposited to a GVAS bank account. The 5 transactions, totaling \$418.41, should not have been recorded in the accounting system.
- 7 “balance adjustments” recorded in the accounting system which did not correspond to any bank activity. The adjustments ranged from \$.38 to \$2,124.53 and should not have been recorded in the accounting system.
- Some deposits and checks identified in GVAS’ bank statements were not recorded in the accounting system.
- Checks written from the GVAS checking account and charges to the GVAS credit card were not supported by documentation, such as receipts and invoices.

A detailed explanation of each finding follows.

UNSUPPORTED DISBURSEMENTS

A listing of transactions prior to July 1, 2011 was not available from GVAS officials. According to the current Treasurer, who was also the Treasurer prior to Ms. Rasmuson-Oulman’s tenure, GVAS’ transactions were previously recorded in an accounting software program. Transactions from July 1, 2011 to the present are recorded in the same accounting software program. No one was able to provide an explanation of why the accounting information prior to July 1, 2011 is no longer available.

Table 2 summarizes the disbursements recorded in the accounting system between July 1, 2011 and June 30, 2012 and the account category to which they were posted. Because the current Treasurer has added checks to the accounting system which were issued from GVAS’ checking account but not previously recorded, the listing below agrees in total with the actual amount of disbursements issued from GVAS’ checking account during the period July 1, 2011 through June 30, 2012.

Account Category per Accounting System	Examples of Purchases	Amount
Equipment and repair	Monitor, defibrillators, radios	\$ 54,202.41
Payroll	Billing Clerk, members for calls	40,453.40
Rewards program	Credit card charges, gift cards	20,679.91
Medical supplies/expense	Oxygen, medications, vaccines	17,379.93
Office expense	Office supplies, utilities	12,431.53
Building and grounds	Building maintenance, landscaping	11,798.30
Professional services	Accounting, legal, licensing	10,297.75
Member benefits	Garner Bucks, holiday party, golf outing	10,178.53
Membership activity	Uniforms, wellness program	8,027.16
Training	Community college, meetings, food	7,956.23
Automotive	Fuel, vehicle repairs	7,765.70
Run expenses	Paramedic assistance	2,919.57
Community/fund raising	Fund raising, parade	1,646.67
Miscellaneous	Bank charges, gifts, flowers	2,389.60
Total		<u>\$ 208,126.69</u>

The disbursements from the GVAS bank accounts are discussed in detail in the following paragraphs.

Reasonable Disbursements - As previously stated, checks issued from the checking account required only 1 signature and Ms. Rasmuson-Oulman was the only individual who reviewed supporting documentation and prepared and signed checks. Disbursements were not approved by the Board prior to payment.

We reviewed disbursements from GVAS' checking and savings accounts for the period July 1, 2011 through June 30, 2012. As previously stated, bank statements and copies of checks redeemed prior to July 1, 2011 were not available. By reviewing the bank statements available, we determined all disbursements from the savings account were deposited to the checking account. Supporting documentation was not available for most disbursements from the checking account. However, payments to members for responding to calls were supported by the summaries prepared by the Billing Clerk.

We also reviewed GVAS' credit card statements for the period July 1, 2010 through June 30, 2012. Credit card statements prior to July 1, 2010 were not available. Supporting documentation was not available for purchases made with the credit card.

Because supporting documentation was not available for certain disbursements and all charges on the credit card, we discussed them with the former President and current Treasurer. The former President and current Treasurer were able to identify disbursements from the checking account and charges on the credit card which were routine payments and reasonable for GVAS operations. The payments which were reasonable for GVAS operations include utility payments, purchases of medical equipment and supplies, payments for professional services, fuel purchases and postage payments.

Exhibit A includes a list of credit card charges from July 1, 2010 through June 30, 2012. As illustrated by the **Exhibit**, \$1,421.09 of reasonable charges were identified by the former President and current Treasurer. The reasonable charges include fuel purchases at convenience stores, flowers, office supplies and purchases from medical vendors.

If the bank statements and images of checks redeemed prior to July 1, 2011 and credit card statements prior to July 1, 2010 had been available, additional unsupported disbursements and purchases may have been identified.

Payments for Incentive Programs - A number of disbursements from the checking account and purchases made with GVAS' credit card were identified by the former President and current Treasurer as payments related to the incentive programs. As previously stated, GVAS established 2 incentive programs to reward and retain volunteer members. A brief description of each program follows:

- **Rewards program** - The rewards program was implemented July 1, 2010 and ended on May 31, 2012 as a result of questions regarding the taxability of the program's benefits to members. As previously stated, the rewards program allowed the volunteers to earn points based on the number of hours they were on-call. Members accumulated points during a 6-month period and points were redeemable for rewards such as gift cards and tickets to entertainment venues.
- **Token program** - As previously stated, the token program began on July 1, 2011 and is on-going. It was implemented to reward members for going above and beyond their normal job duties. The tokens are worth \$5.00 each and could initially be redeemed to purchase supplies which members would normally purchase on their own, such as stethoscopes and items which identified them as a GVAS member. At some point, the program was changed and members were allowed to receive a check for redeemed tokens.

GVAS officials were not able to provide any documentation to support the amount of incentives earned by or distributed to members.

By reviewing the credit card charges and disbursements from the checking account, we identified purchases which appear to have been for both incentive programs. Purchases made for the incentives programs with the credit card are listed in **Exhibit A**. Disbursements we identified from the checking account for the incentive programs are listed in **Exhibit B**.

As illustrated by **Exhibit A**, 59 purchases for the incentive programs were made with the credit card from July 1, 2010 through June 30, 2012. The purchases total \$13,736.83 and include hotel stays and tickets to zoos, amusement parks and athletic events. Charges were also incurred at restaurants and retail stores for what appear to be gift cards, based on the even dollar amounts of the charges and the description of the incentive programs provided by GVAS officials. The **Exhibit** also lists which expense category the purchases were recorded to in the accounting system.

We were unable to determine who authorized the credit card purchases. According to the current Treasurer, both Ms. Rasmuson-Oulman and a member who coordinated the rewards program had access to the credit card. In addition, the former Treasurer had a sign out sheet if a member needed the credit card. Because of the nature of the purchases made and the lack of supporting documentation, we are unable to determine if any of the purchases were for personal use.

As illustrated by **Exhibit B**, disbursements from the checking account for the incentive programs from July 1, 2011 through June 30, 2012 total \$7,213.87 and include gift cards, Iowa State University athletic tickets, Garner Bucks and payments directly to members. These checks were identified by GVAS officials as related to the incentive programs. All of the checks listed in **Exhibit B** were signed by Ms. Rasmuson-Oulman. The **Exhibit** also lists which expense category the purchases were recorded to in the accounting system. Because of the nature of the purchases made and the lack of supporting documentation, we are unable to determine if any of the purchases were for personal use.

As illustrated by the **Exhibit**, Ms. Rasmuson-Oulman received 6 checks totaling \$475.00. Of the 6 checks, 4 included the memo "coins" and 2 included the memo "gift cards." According to the former President, the "coins" notations indicate the checks were issued because Ms. Rasmuson-Oulman redeemed tokens she had been awarded. The former President and current Treasurer also stated the checks with the "gift cards" notations may have been issued to Ms. Rasmuson-Oulman as reimbursement for gift cards she purchased to be distributed to other members as incentives or for tokens they redeemed. Because sufficient records are not available and because no one reviewed the checks Ms. Rasmuson-Oulman issued, we are unable to determine the propriety of the checks she issued to herself.

Exhibit B also includes \$2,580.00 paid to the Chamber of Commerce for "Garner Bucks." According to the current Treasurer, "Garner Bucks" can be used at various businesses and may have been provided to members for tokens they redeemed or may have been provided to members as an incentive item from the rewards program. Again, because sufficient records are not available and because no one reviewed the checks Ms. Rasmuson-Oulman issued, we are unable to determine the propriety of the checks she issued for the Garner Bucks which may have been used for personal purposes.

In addition, **Exhibit B** includes \$1,980.00 paid to Wal-Mart. The notations on the checks indicate they were for gift cards. Because the checks were issued for an even dollar amount, it appears reasonable the checks may have been issued for gift cards rather than for items purchased. However, we are unable to determine if the gift cards were for personal use, provided to members for tokens they redeemed or provided to members as an incentive for the rewards program.

According to the former President, there are no written policies or procedures for administering the incentive programs. We could not locate approval for the programs in the Board minutes. While

Board members we spoke with were aware purchases were made for the programs, they did not review or approve individual disbursements or credit card charges. In addition, we were unable to locate any supporting documentation which identified the member for whom the disbursements or purchases were made.

As a result, we cannot determine the propriety of individual disbursements or credit card charges. Based on the nature of the disbursements and purchases made for the incentive programs, it is possible 1 or more of the disbursement and/or purchases in **Exhibits A** and **B** were personal in nature. The \$20,950.70 of disbursements associated with the incentive programs is included in **Table 1** as unsupported disbursements.

Because the rewards and token programs are used to recognize employees and their contributions to GVAS, they are similar to bonuses. As a result, the incentives received are considered a taxable event and GVAS should have included the amounts on the members' IRS form 1099 at the end of each calendar year. IRS form 1099 is used to report payments in excess of \$600.00 for individuals who work for, but are not employees of, GVAS.

Credit Card Fees – During our review of purchases made with GVAS' credit card, we identified \$141.48 of various credit card fees, such as late fees, interest and over-limit fees. **Exhibit A** includes a list of the fees incurred. Because the fees would not have been incurred by GVAS if the credit card payments had been made in a timely manner and if the credit limit had not been exceeded, the fees are included in **Table 1**.

Member Pay – As previously stated, the Billing Clerk is responsible for maintaining and calculating the amount each member is to be paid based on the number of calls they responded to and the location of the calls. Compensation for each call ranges from \$15.00 to \$100.00. The Billing Clerk uses the call sheets completed after each ambulance response to prepare a summary of payments to be made to members. A copy of a call sheet is included in **Appendix A**. As illustrated by the **Appendix**, the call sheets list the members who responded to the call, the location and detail about the call.

The Billing Clerk maintains a spreadsheet with each member's name and the amount earned each month. The spreadsheet is provided to the Treasurer to make payments to the members. According to the current Treasurer, the spreadsheets prepared by the Billing Clerk are not reviewed for accuracy or to ensure the number of calls is correct.

Members are paid in January and July each year for the calls responded to during the previous 6 months. We determined the payments Ms. Rasmuson-Oulman made to members during July 2011 and January 2012 were supported by the summaries prepared by the Billing Clerk. We also determined the spreadsheets prepared by the Billing Clerk were supported by the call sheets prepared for each response.

The spreadsheets prepared by the Billing Clerk for the 6 months ended June 30, 2011 and December 31, 2011 show Ms. Rasmuson-Oulman was the highest paid member for both semi-annual periods. According to the former President and current Treasurer, Ms. Rasmuson-Oulman has been the call leader for several years and they do not find this unusual because she is an active member of GVAS.

COLLECTIONS

As previously stated, the primary revenue sources for GVAS include billings for ambulance services, donations and an annual appropriation from the City. According to the current Treasurer, GVAS does not maintain a record of donors or provide receipts to donors, unless requested. GVAS does not track how the appropriation or donations are used.

Donations – Because collections are not recorded when received and receipts are not prepared for donations, we were unable to determine if all collections were properly deposited to GVAS’ bank accounts.

Appropriations - We confirmed the only payment to GVAS by the City between July 1, 2011 and June 30, 2012 and determined it was properly deposited to the GVAS’ checking account.

Billings for Ambulance Services – As previously stated, GVAS members complete an Iowa EMS Report (call sheet) for each patient who receives medical treatment and/or transportation services. After each response, the call sheet is left in the office for the Billing Clerk. Using the call sheets, the Billing Clerk prepares the bill and enters the information in the billing system. The Billing Clerk then prints and sends the bills to the appropriate parties. She is also responsible for monitoring the billings and recording the collections received.

When a payment is received, the Billing Clerk enters it into the billing system and forwards the checks and/or remittance slips to the Treasurer. Most of the billings are paid to GVAS by electronic fund transfers (EFT) from Medicare, Medicaid and various insurance companies. The Treasurer is to record collections in the accounting system and is responsible for preparing and taking the deposit of any non-EFT payments to the bank.

We attempted to reconcile the amounts recorded in the accounting system to deposits to GVAS’ bank accounts. However, based on the number of recording errors in the accounting system, we determined we were unable to rely on the accounting system. As a result, we performed testing to ensure activity on the call sheets was properly reflected on billings prepared by the Billing Clerk and the billings agreed with amounts deposited to the bank. Based on our testing, we determined billings collected between July 1, 2011 and June 30, 2012 were properly deposited in GVAS’s bank accounts.

According to the Billing Clerk, an initial listing is not maintained which can be used to compare the amounts received to the amounts deposited in the bank and recorded in the accounting system. Comparing the amounts recorded in the billing system to the amounts deposited, we identified instances where the checks were deposited timely, but the entry into the billing system was done at a later date.

VARIANCES BETWEEN ACCOUNTING SYSTEM AND BANK RECORDS

During our review, we identified certain deposits which were recorded twice in the accounting system. The deposit was recorded once as part of the cumulative total deposit amount and recorded a second time as an individual collection. The double deposits we identified total \$25,055.21.

For example, the accounting system shows \$1,032.49 was deposited on July 6, 2011. The accounting system also includes deposits for the 6 individual checks listed in **Table 3**. As illustrated by the **Table**, the 6 checks total the \$1,032.49 which was listed as a separate deposit in the accounting system.

Table 3

Date Recorded	Amount
07/06/11	\$ 121.49
07/06/11	100.00
07/06/11	100.00
07/06/11	676.00
07/06/11	25.00
07/06/11	10.00
Total	<u>\$ 1,032.49</u>

We also identified 4 transactions recorded in the accounting system which were described as deposits and 1 transaction described as interest. However, there were no corresponding deposits in the bank records. The transactions are listed in **Table 4**.

Table 4

Date Recorded	Amount
07/17/11	\$ 62.41*
08/19/11	109.84
08/31/11	15.07
09/03/11	111.29
09/29/11	119.80
Total	<u>\$ 418.41</u>

* - Recorded as interest. Remaining amounts recorded as deposits.

It appears the transactions were recorded in the accounting system as “plug amounts” in an attempt to balance to bank records. There are no records to support GVAS received any collections in these amounts or around these dates

We also identified 7 transactions recorded in the accounting system which were described as “balance adjustments”. Each transaction increased the balance shown in the accounting system. However, there were no corresponding deposits in the bank records. The transactions are listed in **Table 5**.

Table 5

Date Recorded	Amount
10/31/11	\$.38
11/30/11	.22
12/31/11	2,124.53
01/31/12	30.56
02/29/12	2.38
03/31/12	1,087.42
04/30/12	.52
Total	<u>\$ 3,239.01</u>

As illustrated by the **Table**, the adjustments were made at the end of a month. It appears they may have been made in an attempt to reconcile the accounting system to the bank records.

Oversight and Internal Control

The Board is responsible for overseeing the daily operations of GVAS. The Board also has a fiduciary responsibility to efficiently and effectively achieve its mission, provide oversight and maintain the public trust. Oversight is typically defined as the “watchful and responsible care” a governing body exercises in its fiduciary capacity.

Based on our observations and procedures performed, we determined the Board failed to exercise proper fiduciary oversight. The lack of appropriate fiduciary oversight and the failure to ensure

implementation of adequate internal controls permitted an employee to exercise too much power over the operations of GVAS. The following are examples of the lack of oversight by the Board and decisions which do not demonstrate fiduciary responsibility

- GVAS does not have a written policy and procedure manual addressing the operations of GVAS, including:
 - Procedures for reconciling bank accounts to the accounting system.
 - Procedures for recording receipts, including the use of an initial listing and reconciling the billing system to the accounting system.
 - Policies for maintaining supporting documentation for all disbursements.
- The Board does not require a second signature on checks issued from GVAS' checking account.
- The Board did not require monthly bank reconciliations be prepared and independently reviewed. As a result, the Board was unaware the former Treasurer was not preparing bank reconciliations.
- The Board did not review or approve support for disbursements or a listing of bills paid on a monthly or periodic basis.
- The amounts paid to members is not independently reviewed to ensure the correct amounts are paid.
- Documentation was not maintained for the incentive programs showing the amounts earned, the amounts redeemed and any unredeemed balances.
- Incentives are not tracked by member. As a result, incentives are not included on IRS form 1099 for those members earning over \$600.00 in a calendar year.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Garner Volunteer Ambulance Service to perform bank reconciliations and process receipts, disbursements and member pay. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from errors or 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 at GVAS.

A. Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent one person from handling duties which are incompatible. The former and current Treasurer had control over each of the following areas for GVAS:

- (1) Receipts – receiving collections from the Billing Clerk and donations from patrons, posting collections and donations to the accounting system and preparing and making deposits.
- (2) Disbursements – maintaining supporting documentation, preparing and signing checks, distributing checks and posting to the accounting system. Checks only require 1 signature.
- (3) Reporting – preparing financial reports for the Board.
- (4) Bank accounts – reconciling monthly bank records to the accounting system.

The Billing Clerk has control over the billing cycle, including preparing bills, mailing bills, receiving payments and reconciling accounts receivable.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, the functions listed above should be segregated among the Treasurer, Billing Clerk and members of the Board. In addition, the Board should review financial records and perform reconciliations on a periodic basis. Also, checks should require dual signatures.

B. Bank Reconciliations – Bank reconciliations were not prepared in a timely manner for the period July 1, 2011 to June 30, 2012.

Recommendation – The Board should implement procedures which ensure bank statements are delivered to an official who does not collect or disburse GVAS funds and they should be reviewed in a timely manner for unusual activity. Also, procedures should be implemented to ensure bank accounts are reconciled in a timely manner on a monthly basis. In addition, the bank reconciliations should be reviewed by someone independent of other financial responsibilities.

C. Billings, Collections and Delinquent Accounts – Ambulance billings, collections and delinquent accounts were not reconciled on a periodic basis. In addition, GVAS does not maintain a delinquent account listing.

Recommendation – Procedures should be established to reconcile billings, collections and delinquent accounts each month. The Board should review the reconciliations and monitor delinquent accounts each month. In addition, the Board should implement a review of billings each month to ensure proper amounts are billed and collected in a timely manner.

- D. Supporting Documentation and Board Approval – During our review of GVAS’ financial activity, we were unable to locate supporting documentation for all collections and disbursements. For example, no receipts or initial listing of collections is maintained for donations or other collections and invoices and receipts were not maintained for disbursements or charges to the GVAS credit card.

Recommendation – GVAS should implement procedures to ensure all financial activity is properly supported by original documentation, such as call sheets, receipt books and receipts or invoices. Supporting documentation should be retained in accordance with the established GVAS record retention policy. Also, all payments should be approved by the Board prior to disbursement. The Board should periodically review documentation for disbursements.

In addition, GVAS should develop and implement procedures to ensure information recorded electronically is periodically backed-up in an appropriate manner and maintained off-site.

- E. Incentive Programs – Records were not maintained showing the reward points or tokens earned, redeemed or the balance owed for each member. In addition there are no written policies or procedures documenting how the programs are to be administered and how reward points and tokens can be used. Because records were not maintained, GVAS did not include the value of the incentive on the member’s IRS form 1099.

Recommendation – GVAS should develop policies and procedures for any incentive programs administered. Policies should address how the incentives are to be awarded, redeemed, what the incentives can be redeemed for and how the balance for each member should be tracked. GVAS should also consider eliminating the tokens and using a point system to limit the possibility tokens could be misappropriated by members. GVAS should consider having someone who is independent and does not have a vested interest in the program maintain the records for the program. GVAS should also ensure any incentives are included in the members’ IRS form 1099.

Exhibits

**Report on Special Investigation
of the
Garner Volunteer Ambulance Service**

Report on Special Investigation of the
Garner Volunteer Ambulance Service

Credit Card Charges
For the period July 1, 2011 through June 30, 2012

Per Credit Card Statement

Account Category	Transaction Date	Description
NA	07/16/10	TARGET 00008QPS MASON CITY IA
NA	11/06/10	STAPLES 00107813 MASON CITY IA
NA	11/18/10	GAL*GALLS INC 800-504-0328 KY
NA	11/25/10	GAL*GALLS INC 800-504-0328 KY
NA	12/05/10	STUBHUB, INC 08667882482 CA
NA	12/08/10	HOTELPLANNERDOTCOM 888-3003647 CA
NA	12/17/10	STUBHUB, INC 08667882482 CA
NA	12/17/10	HOTELPLANNERDOTCOM 888-3003647 CA
NA	12/22/10	HENRY DOORLY ZOO - INT 4027338401 NE
NA	12/22/10	HENRY DOORLY ZOO - INT 4027338401 NE
NA	12/23/10	THE CHANHASSEN THEATRE 09529341500 MN
NA	12/28/10	WORLDS OF FUN ONLINE 8003867433
NA	12/28/10	WOF VILLAGE KANSAS CITY MO 7/16/11 TO 12/28/10 FOLIO: 84
NA	01/03/11	VALLEY FAIR ONLINE 8003867433 MN
NA	01/03/11	NICKELODEON UNIVERSE 09528838507 MN
NA	01/04/11	ADVENTURELANDS OF AMER DES MOINES IA
NA	01/06/11	WAL-MART #0810 MASON CITY IA
NA	01/13/11	RIB CRIB #52 MASON CITY IA
NA	01/13/11	KUM N GO #303 GARNER IA
NA	01/13/11	PAPA'S AMERICAN CAFÉ MASON CITY IA
NA	01/21/11	PHONE PAYMENT SERVICE CHARGE
NA	01/24/11	HENRY DOORLY ZOO - INT 4027338401 NE
NA	01/25/11	ASPEN MILLS INC. 7637851055 MN
NA	01/26/11	STONE CREEK INN 06414245241 IA 1/26/11 TO 1/26/11
NA	01/26/11	STONE CREEK INN 06414245241 IA 1/26/11 TO 1/26/11
NA	02/15/11	PAGE WOLFBER AND WIRT 7176910100 PA
NA	02/22/11	IOWA SPEEDWAY 641-792-8722 IA
NA	02/26/11	MALL OF AMERICA BLOOMINGTON MN
NA	02/28/11	RADISSON HOTELS BLMGTN BLOOMINGTON MN 2/27/11 TO 2/28/11 FOLIO: 022800015
NA	03/20/11	STONE CREEK-DES MOINE JOHNSTON IA 3/19/11 TO 3/20/11 FOLIO: 16782921

Unsupported		
Reasonable	Incentive Programs	Credit Card Fees
\$ 22.68	-	-
49.04	-	-
87.58	-	-
87.58	-	-
-	379.35	-
-	282.90	-
-	217.95	-
-	141.45	-
-	89.00	-
-	89.00	-
-	175.00	-
-	189.11	-
-	207.31	-
-	199.95	-
-	163.90	-
-	160.00	-
-	1,050.00	-
-	50.00	-
40.06	-	-
-	50.00	-
-	-	10.00
-	89.00	-
155.25	-	-
-	150.00	-
-	100.00	-
275.00	-	-
-	332.00	-
-	33.02	-
-	491.91	-
-	184.80	-

Report on Special Investigation of the
Garner Volunteer Ambulance Service

Credit Card Charges
For the period July 1, 2011 through June 30, 2012

Per Credit Card Statement

Account Category	Transaction Date	Description
NA	04/11/11	COUNTRY INN&STS CHAN CHANHASSEN MN 4/9/11 TO 4/10/11 FOLIO: 0065916613
NA	04/19/11	TWINS BALLPARK LLC 800-3389467 MN
NA	04/21/11	INTEREST CHARGE
NA	04/21/11	LATE FEE - PAYMENT DUE ON 4/19
NA	05/24/11	INTEREST CHARGE
MA	08/02/11	HENRY DOORLY ZOO - INT 402-7338401 NE
MA	08/02/11	HENRY DOORLY ZOO - INT 402-7338401 NE
MA	08/03/11	STONE CREEK INN 06414245241 IA 8/03/11 to 8/3/11 FOLIO:0046060001
MA	08/04/11	THE CHANHASSEN THEATRE 09529341500 MN
MA	08/04/11	STONE CREEK INN 06414245241 IA 8/4/11 TO 8/4/11 FOLIO:0046070001
MA	08/05/11	ADVENTURELANDS OF AMER DES MOINES IA
MA	08/23/11	LATE FEE - PAYMENT DUE ON 8/19
MA	08/23/11	OVERLIMIT FEE
MA	08/23/11	INTEREST CHARGED
RP	10/18/11	STONE CREEK INN 6414245241 IA MCC: 7011 MERCHANT ZIP: 50401 LODGING CHECK-IN DATE 10/18/11
RP	10/19/11	HOLIDAY INN OWATONNA MN MCC: 3501 MERCHANT ZIP: 55060
RP	11/07/11	THE FLOWER CART 641-8433269 IA MCC: 5992 MERCHANT ZIP: 50423
RP	11/26/11	THE BLUE IRIS LLC NEW HAMPTON IA MCC: 5992 MERCHANT ZIP: 50656
RP	12/02/11	BUCK HILL SKI AREA BURNSVILLE MN MCC: 7999 MERCHANT ZIP: 55306
RP	12/07/11	MN ZOO MEMBER SPECIAL EVE952-4319240 MN MCC: 9399 MERCHANT ZIP: 55124
RP	12/07/11	UI ATHLETIC TICKETS 319-335-9311 IA MCC: 8220 MERCHANT ZIP: 52242
RP	12/09/11	BEST BUY 00006049 MASON CITY IA MCC: 5732 MERCHANT ZIP: 50401
RP	12/09/11	WAL-MART #0810 MASON CITY IA MCC: 5411 MERCHANT ZIP: 50401
RP	12/23/11	TARGET 00008045 MASON CITY IA MCC: 5411 MERCHANT ZIP: 50401
RP	12/23/11	BEST BUY 00006049 MASON CITY IA MCC: 5732 MERCHANT ZIP: 50401
RP	12/28/11	AMERICINN CHAN00130039 CHANHASSEN MN MCC:7011 MERCHANT ZIP: 55317 LODGING CHECK-IN DATE: 12/28/11
RP	12/31/11	GAMESTOP #6612 MASON CITY IA MCC: 7993 MERCHANT ZIP: 50401
RP	01/04/12	DOLLYS TICKETS 985-7922285 IA MCC: 7922 MERCHANT ZIP: 50613
RP	01/04/12	NUMBER ONE TICKETS 281-8944700 TX MCC: 7922 MERCHANT ZIP: 77070

Unsupported		
Reasonable	Incentive Programs	Credit Card Fees
-	108.17	-
-	634.00	-
-	-	13.20
-	-	39.00
-	-	7.72
-	99.00	-
-	99.00	-
-	300.00	-
-	175.00	-
-	300.00	-
-	140.00	-
-	-	19.00
-	-	39.00
-	-	8.56
-	150.00	-
-	650.00	-
46.01	-	-
55.64	-	-
-	140.00	-
-	110.00	-
-	75.00	-
-	200.00	-
-	400.00	-
-	150.00	-
-	350.00	-
-	254.20	-
-	30.00	-
-	905.88	-
-	397.32	-

Report on Special Investigation of the
Garner Volunteer Ambulance Service

Credit Card Charges
For the period July 1, 2011 through June 30, 2012

Per Credit Card Statement

Account Category	Transaction Date	Description
RP	01/05/12	STONEY CREEK-DES MOINE JOHNSTON IA MCC: 7011 MERCHANT ZIP: 50131 LODGING CHECK-IN DATE: 2/25/11
RP	01/07/12	STUBHUB, INC 866-788-2482 CA MCC: 8999 MERCHANT ZIP: 94105
RP	01/10/12	SAME DAY PHONE PMT FEE
RP	01/11/12	QUALITY INNS DES MOINES IA MCC: 3508 MERCHANT ZIP: 50309 LODGING CHECK-IN DATE: 1/10/12
RP	01/11/12	QUALITY INNS DES MOINES IA MCC: 3508 MERCHANT ZIP: 50309 LODGING CHECK-IN DATE: 1/10/12
RP	01/11/12	HENRY DOORLY ZOO - INTERN402-7338401 NE MCC: 5969 MERCHANT ZIP: 68107
RP	01/11/12	HENRY DOORLY ZOO - INTERN402-7338401 NE MCC: 5969 MERCHANT ZIP: 68107
RP	01/12/12	ADVENTURELANDS OF AMER 515-266-2121 IA MCC: 3509 MERCHANT ZIP: 50316 LODGING CHECK-IN DATE: 1/1/1
RP	01/16/12	WHISKEY CREEK WOOD FIR MASON CITY IA MCC: 5812 MERCHANT ZIP:
RP	01/16/12	CHANHASSEN DINNER THEATRE CHANHASSENDIN MN MCC: 5812 MERCHANT ZIP: 55317
RP	01/16/12	APPLEBEES 927900210153 MASON CITY IA MCC: 5812 MERCHANT ZIP: 50401
RP	01/24/12	NICKELODEON UNIVERSE E 952-883-8507 MN MCC: 7996 MERCHANT ZIP: 55425
RP	02/01/12	CASEYS 00030312 GARNER IA MCC: 5541 MERCHANT ZIP: 50438
RP	02/11/12	IOWA SPEEDWAY 641-792-8722 IA MCC: 7922 MERCHANT ZIP: 50208
RP	02/15/12	CHANNING BETE CO AHA 413-6655648 MA MCC: 7399 MERCHANT ZIP: 01373
RP	02/17/12	STONEY CREEK-DES MOINE JOHNSTON IA MCC: 7011 MERCHANT ZIP: 50131 LODGING CHECK-IN DATE: 2/25/12
RP	02/19/12	RADISSON HOTELS BLMGTN BLOOMINGTON MN MCC: 3649 MERCHANT ZIP: 55425 LODGING CHECK-IN DATE: 2/17/12
RP	02/20/12	FTD*JUST FLOWERS LOS ANGELES CA MCC: 5992 MERCHANT ZIP: 90025
RP	03/09/12	STRYKER SALES CRP MED 269-329-2100 MI MCC: 5047 MERCHANT ZIP: 49002
RP	03/30/12	WORLDS OF FUN ONLINE 816-454-4545 MO MCC: 5999 MERCHANT ZIP: 32746
RP	04/13/12	GARNER GREENHOUSE GARNER IA MCC: 780 MERCHANT ZIP:

Total

NA - Accounting system unavailable to determine account category.

MA - Membership Activity.

RP - Rewards Program.

Unsupported		
Reasonable	Incentive Programs	Credit Card Fees
-	189.28	-
-	295.75	-
-	-	5.00
-	118.61	-
-	163.41	-
-	89.00	-
-	89.00	-
-	477.00	-
-	150.00	-
-	175.00	-
-	410.00	-
-	114.44	-
91.69	-	-
-	272.00	-
419.19	-	-
-	189.28	-
-	240.95	-
-	49.73	-
48.58	-	-
-	220.16	-
42.79	-	-
\$ 1,421.09	13,736.83	141.48

Exhibit BReport on Special Investigation of the
Garner Volunteer Ambulance ServiceDisbursements from Checking Account for Incentive Programs
For the period July 1, 2011 through June 30, 2012

Per Check					
Account Category	Check Date	Check Number	Payee	Memo Line	Amount
Membership Activity	07/17/11	15830	Barbara K Rasmuson-Oulman	coins	\$ 75.00
Rewards Program	08/18/11	15870	Cory Graham	coins	80.00
Rewards Program	08/19/11	15872	Belinda K Rasmuson-Oulman	gift cards	75.00
Rewards Program	10/15/11	15869	Belinda K Rasmuson-Oulman	gift cards	175.00
Member Pay	11/17/11	15981	Belinda K Rasmuson-Oulman	coins	50.00
Member Incentive	11/30/11	15989	Jeremy Voortmann	ISU Tickets	50.00
Rewards Program	12/21/11	16019	Chamber of Commerce	Garner Bucks	325.00
Member Pay	12/29/11	16032	Belinda K Rasmuson-Oulman	coins	50.00
Member Pay	12/29/11	16031	Kami Jass	coins	35.00
Membership Activity	01/12/12	16100	Discover Branson	3 Branson trip rewards	1,638.87
Rewards Program	01/18/12	16103	Garner Chamber of Commerce	<i>None</i>	1,445.00
Rewards Program	01/19/12	16102	Walmart gift cards	<i>None</i>	1,980.00
Rewards Program	01/20/12	16105	Garner Chamber of Commerce	<i>None</i>	700.00
Membership Activity	04/03/12	16197	Chamber of Commerce	Garner Bucks	35.00
Membership Activity	05/02/12	16231	Chamber of Commerce	Garner Bucks	35.00
Rewards Program	05/24/12	16262	Cory Graham.	rewards	250.00
Member Pay	05/31/12	16248	Belinda K Rasmuson-Oulman	coins	50.00
Membership Activity	06/01/12	16274	Chamber of Commerce	garner bucks	40.00
Rewards Program	06/20/12	16303	Deanna Smith	rewards program	125.00
		Total			<u>\$ 7,213.87</u>

Report on Special Investigation of the
Garner Volunteer Ambulance Service

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
James S. Cunningham, CPA, Manager
Todd E .Pudenz, CPA, Staff Auditor
Tyler J. Guffy, Assistant Auditor


Tamera S. Kusian, CPA
Deputy Auditor of State

Report on Special Investigation of the
Garner Volunteer Ambulance Service

Copy of Iowa EMS Report (Call Sheet)

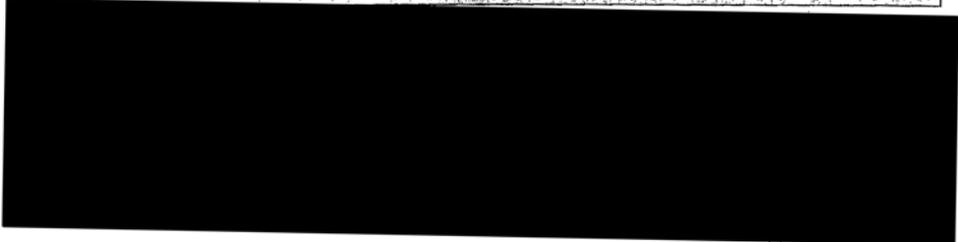
110825

Iowa EMS Report

Service Name Garner Vol Ambulance Service		Station GVAS	Unit Name, No. & Type 515 / 241040015 / BLS	PCR No. [REDACTED]	Date 08/29/2011
Incident Location Garner, IA 50438 Street or Highway		County, Municipality & Incident Zip Hancock, Garner, 50438		PSAP Incid. No.	
		Receiving Agency Mercy Medical Center-North Iowa			
Patient Info	Patient Name [REDACTED]		Crew		
	Street Address [REDACTED]		C1: Rasmuson-Oulman, Belinda	EMT	[REDACTED]
	City State Zip Cedar Rapids IA		C2: Fank, Sharon	O	[REDACTED]
	Sex Age DOR Phone No Male [REDACTED] [REDACTED] [REDACTED]	C3: Upmeyer, Adam		EMT-1	[REDACTED]
	Patient Number Social Sec. No. Pt. Weight [REDACTED] [REDACTED] [REDACTED]	C4:		Primary Caregiver: C1 Driver: C3	
Private Physician [REDACTED]	Driver's License [REDACTED]		Mileage		
Transporting Assist Units		Assist OS		Out	In
Response Outcome Treated, Transp. by EMS	Nature of Incident BLS		On-Scene	Dest.	
Response Mode No Lights or Sirens	Transport Mode No Lights or Sirens		51651.4	51652	51672 51694
Patient Condition on Scene Moderate	Patient Condition at Facility Unchanged		Times		
Chief Complaint: nausea vomiting			Response Time: 4	911: 10:38	
Current Meds: prilosec			ER Time: 2	Dispatch: 10:46	
Allergies (meds): NKA			OS Time: 5	Enroute: 10:50	
PMHx: ulcer			ERH Time: 29	Arrive Scene: 10:52	
				Destination Time: 47	Contact: 10:53
				Total Time: 87	Depart Scene: 10:57
				Time Out of Quarters: 84	Arrive: 11:26
					Available: 12:13
					In Quarters: 12:14

2011243
1645608

Narrative



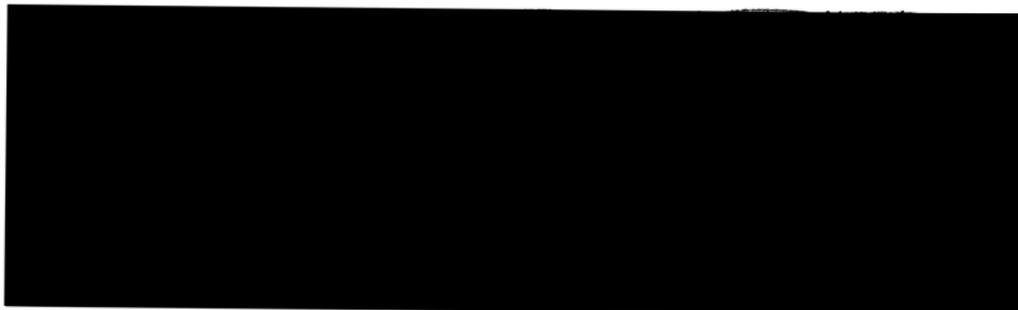
Belinda Oulman EMTS

Report on Special Investigation of the
Garner Volunteer Ambulance Service

Copy of Iowa EMS Report (Call Sheet)

Iowa EMS Report

Service Name Garner Vol Ambulance Service		Unit No 515 / 241040015 / BLS	PCR No. 2011243	Date 08/29/2011
Patient Name	Date of Birth	Social Security Number	PSAP	



Time	Events	Provider	Comments
11:00	[Redacted]	Rasmuson-Oulman, Bel	
11:00	[Redacted]	Rasmuson-Oulman, Bel	[Redacted]
11:10	[Redacted]	Rasmuson-Oulman, Bel	
11:18	[Redacted]	Rasmuson-Oulman, Bel	
11:25	[Redacted]	Rasmuson-Oulman, Bel	

[Handwritten Signature]
Provider
Page: 2 of 2