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NEWS RELEASE

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FOR RELEASE _____ July 14, 2015 _____

Auditor of State Mary Mosiman today released an addendum to a report on a review of the Sixth Judicial District Department of Correctional Services (District) issued on January 10, 2014. That report covered the period July 1, 2008 through June 30, 2012 and the addendum includes transactions through June 30, 2014. The initial review was requested by the former Director of the Department of Corrections (DOC) as a result of concerns regarding the relationship between the District and Community Corrections Improvement Association (CCIA). The report issued on January 10, 2014 identified \$775,716.72 of improper disbursements and \$158,094.17 of potential improper liabilities.

Mosiman reported the procedures performed since January 10, 2014 identified an additional \$1,186,643.50 of improper disbursements, an additional \$171,481.98 of potential improper liabilities, and \$285,000.00 of estimated savings. These disbursements had a significant financial impact on the District over several years. It was not possible to determine if there were additional improper disbursements because adequate records were not readily available for all disbursements. The additional improper disbursements include \$1,182,126.77 of payroll costs for District employees paid by the District on behalf of CCIA for fiscal years 2001 through 2014.

The potential improper liabilities identified consist of excess vacation and sick leave balances and incorrect maximum vacation accrual amounts which the District has not incurred yet. Mosiman also reported the District may have realized an estimated savings of \$285,000.00 if the District had administered the Batter's Education Program (BEP) rather than CCIA.

Mosiman reported District officials do not believe the accrual rates and the maximum vacation accruals established in section 70A.1 of the *Code of Iowa* apply to District employees because they are not State employees. However, Mosiman reported District employees participate in the Sick Leave Insurance Program (SLIP) established by section 70A.23 of the *Code*. Chapter 70A of the *Code* specifies only State employees may participate in SLIP in addition to specifying the vacation and sick leave accrual rates and the maximum vacation accruals for State employees. Mosiman reported since District employees participate in SLIP, they are considered State employees for these benefits and, therefore, the District should comply with the accrual rates and the maximum vacation accruals established in section 70A.1 of the *Code*.

Mosiman recommended District officials and all members of the District's Board exercise due care and require and review pertinent information and documentation prior to making decisions affecting the financial health of the District and its operations. In addition, Mosiman recommended the District implement policies and procedures to improve the operations of the District.

Mosiman also recommended because DOC provides State appropriations to the Districts and Districts participate in State benefits, DOC should ensure the purchase of service agreements include budget guidelines and establish limitations for the following areas:

- State rules regarding accrual rates and the maximum vacation accrual,
- Payroll amounts and benefits,
- Benefits for retirement programs, and
- Any other applicable State rules and procedures.

In addition, because of the ambiguity regarding the status of the Districts, Mosiman recommended the Legislature consider clarifying how the Districts should be classified.

A copy of the report has been filed with the Attorney General's Office and is available for review on the Auditor of State's web site at <http://auditor.iowa.gov/specials/1460-2380-0E00.pdf> and in the Office of Auditor of State.

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**ADDENDUM TO A
REPORT ON A REVIEW
OF THE
SIXTH JUDICIAL DISTRICT
DEPARTMENT OF CORRECTIONAL SERVICES

FOR THE PERIOD
JULY 1, 2008 THROUGH JUNE 30, 2014**

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Auditor of State's Report

To the Governor; Members of the General Assembly;
Jerry Bartruff, Director of the Iowa Department
of Corrections; and Bruce Vander Sanden, Director of the
Sixth Judicial District Department of Correctional Services:

As a result of concerns regarding the relationship between the Sixth Judicial District Department of Correctional Services (District) and Community Corrections Improvement Association (CCIA) and at the request of the former Director of the Department of Corrections, we conducted a review of the District and issued the related report on January 10, 2014. Shortly after issuance of the report, the Office of Auditor of State received several telephone calls from District employees regarding additional concerns not identified in the report. As a result, we have applied certain tests and procedures to selected financial transactions of the District for the period July 1, 2008 through June 30, 2014, unless otherwise noted. Based on discussions with District personnel and a review of relevant information, we performed the following procedures for the periods specified:

- (1) Evaluated the District's and CCIA's internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Interviewed certain District employees to determine their job duties for the District and if any District employees were conducting CCIA responsibilities while working for the District.
- (3) Interviewed certain District employees to determine if their job duties included supervising AmeriCorps employees and to determine if their time was allowable according to the Each One Reach One AmeriCorps grant.
- (4) Interviewed High Risk Officers to obtain an understanding of the process for the seizure and forfeiture of funds. In addition, we obtained and reviewed account history reports for forfeited funds to determine if all funds forfeited were properly deposited and were spent in accordance with Chapter 809A of the *Code of Iowa*.
- (5) Reviewed contracts for vending machines and laundry machines to determine whether the contracts were reasonable.
- (6) Reviewed transactions related to the Batterer's Education Program (BEP) to determine costs incurred, if supporting documentation was maintained during the period CCIA administered the program, and if there were any remaining BEP funds when administration of the program returned to the District from CCIA.
- (7) Reviewed vacation records to determine if any District employees received a vacation payout and reviewed all lump sum payouts and bonuses to determine if IPERS was deducted from these payments.
- (8) Obtained and reviewed the District's calculations of sick leave balances to determine if the District properly calculated District employees' revised sick leave balances.
- (9) Obtained a listing of all buildings used by the District to determine whether the State of Iowa, the District, or CCIA owns and maintains the buildings. In addition, we obtained and reviewed a list of entities which use District building space to determine whether the District received any rent payments.

- (10) Obtained and reviewed legislation regarding the building and funding of the ANCHOR Center located on the District's property to determine the funding sources and the purpose of the ANCHOR Center. In addition, we obtained an account history report to determine if the funds were used in accordance with the legislation appropriating the funds.
- (11) Obtained and reviewed accounting records maintained at the District's Hope House to determine whether the records were accurate and reconciled to the District's accounting system.
- (12) Discussed and reviewed the District's progress and/or status of the findings identified in the report issued on January 10, 2014.

These procedures identified \$1,186,643.50 of additional improper disbursements, including \$1,182,126.77 of payroll costs the District paid on behalf of CCIA. These costs were incurred as a result of the District establishing arrangements with CCIA for CCIA to receive the revenues associated with certain programs while the District paid the related costs. These disbursements had a significant financial impact on the District over several years. The procedures also identified \$171,481.98 of potential improper liabilities and \$285,000.00 of potential savings. We were unable to determine if there were additional improper disbursements during the period of our review because adequate records were not readily available for all disbursements. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Review Summary and **Exhibits A** through **H** 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 Sixth Judicial District, other matters might have come to our attention that would have been reported to you.

A copy of the report has been filed with the Attorney General's Office. We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the Department of Corrections and the Sixth Judicial District Department of Correctional Services during the course of our review.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 27, 2015

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Background Information

A report on a review of the Sixth Judicial District Department of Correctional Services (District) was issued by the Office of Auditor of State on January 10, 2014. The review was requested by the former Director of the Department of Corrections (DOC) as a result of concerns regarding the relationship between the District and Community Corrections Improvement Association (CCIA). CCIA is a non-profit organization which was established in 1991. According to CCIA's articles of incorporation, CCIA's purpose is to "maintain, develop, increase and extend the facilities and services of community based correctional service agencies (CBC) of the State of Iowa." This indicates CCIA intended to support (emphasis added) the Districts' operations.

As a result of the request, the Office of Auditor of State conducted a review of certain transactions processed by the District. The report released by the Office of Auditor of State on January 10, 2014 identified \$775,716.72 of improper disbursements and \$158,094.17 of potential improper liabilities.

The improper disbursements identified included \$563,113.27 of costs the District paid on behalf of CCIA. The costs paid by the District on behalf of CCIA include \$443,900.00 of calculated payroll costs for certain management employees whose duties for the District and CCIA overlapped and an estimated value of \$119,000.00 for District office space used by CCIA but not paid for during fiscal years 2008 through 2013. The improper disbursements identified include \$170,178.78 of vacation payouts to former employees, \$40,336.06 of vacation used before it was earned and \$2,088.61 of excess sick leave for a retired employee who participated in the Sick Leave Insurance Program (SLIP).

The report also stated CCIA's operations were located within the District's facilities and many financial transactions identified involved both the District and CCIA. The report stated CCIA should support or supplement the District's functions rather than replace or supplant these duties.

Shortly after issuance of the report, the Office of Auditor of State received several telephone calls from District employees regarding additional concerns regarding certain transactions at the District related to:

- Additional District employees who performed functions for CCIA but were not included in the report issued January 10, 2014.
- Administration of the Batterers Education Program (BEP).
- Financial transactions related to Hope House.
- Contracts with CCIA for vending and laundry services.
- District buildings, including the ANCHOR Center.
- Disposition of forfeiture funds.
- Corrective action was not taken regarding excess vacation and sick leave accruals for management employees.

In addition, a concern regarding the atmosphere, employee morale, and work environment were identified. However, these are not issues which can be addressed by an audit. As a result, procedures were not performed for this concern and it is not addressed in the report.

In September 2014, a representative of the Attorney General’s Office (AG) provided verbal guidance that Districts are governmental subdivisions rather than State agencies. As a result, the District’s Board of Directors has the authority to establish payroll levels, vacation and sick leave accruals, and other benefits. However, for fiscal years 2010 through 2014, 73% to 77% of the District’s funding was from State appropriations. As a point of comparison, fiscal year 2014 State appropriations accounted for approximately 9% to 71% of the total revenue received by certain state agencies. According to a DOC official and in accordance with section 8.33 of the *Code*, Districts are required to revert any unused funds from the State appropriations at the end of each fiscal year. Also, as required by the purchase of service agreements DOC establishes with each District, the Districts are required to report any amount reverted to DOC.

In addition, DOC is responsible for the control, treatment, and rehabilitation of offenders committed under law to penal institutions. According to Iowa Administrative Code section 201.1.2, DOC is charged with operation of the State’s penal institutions, judicial district department of corrections programs, Prison Industries, corrections administration, and contracting with the Judicial District Departments of Correctional Services for community correctional services.

Even if the District is a governmental subdivision, the District must still ensure its funds, which are primarily composed of State funds, are spent in the most economical and effective manner. A designation as a governmental subdivision does not eliminate the requirement funds be used in the best interest of the public and in the most efficient and economical manner possible.

As a result of the telephone calls, additional information obtained, and corrective actions not taken by the District, we performed the procedures detailed in the Auditor of State’s Report for the period July 1, 2008 to June 30, 2014. The results of these procedures are presented in the following sections of this report.

Detailed Findings

The procedures performed during the review identified an additional \$1,186,643.50 of improper disbursements, including \$1,182,126.77 of payroll costs the District paid on behalf of CCIA for the period July 1, 2008 through June 30, 2014. These costs were incurred as a result of the District establishing arrangements with CCIA for CCIA to receive the revenues associated with certain programs while the District paid the related costs. These disbursements had a significant financial impact on the District over several years.

The procedures performed also identified an additional \$171,481.98 of potential improper liabilities and \$285,000.00 of estimated potential savings. **Table 1** summarizes the total improper disbursements, potential improper liabilities, and estimated potential savings identified.

| Description | Report Issued January 10, 2014 | Addendum Report | Total |
|--------------------------------|-----------------------------------|--------------------|--------------|
| Improper disbursements | \$ 775,716.72 | 1,186,643.50 | 1,962,360.22 |
| Potential improper liabilities | 158,094.17 | 171,481.98 | 329,576.15 |
| Estimated potential savings | - | 285,000.00 | 285,000.00 |
| Total | \$ 933,810.89 | 1,643,125.48 | 2,576,936.37 |

The \$775,716.72 of improper disbursements identified in the January 10, 2014 report includes costs incurred by the District from July 1, 2008 through June 30, 2012 and certain payroll costs through April 30, 2013. The additional \$1,186,643.50 of improper disbursements identified in the addendum report includes improper payroll and related costs from July 14, 2000 through June 30, 2014 for employees not included in the January 10, 2014 report.

The additional employees included in the addendum report were not included in the report issued on January 10, 2014 because they were not identified when we previously discussed District employees working on CCIA functions with management staff of the District. In addition, adequate records, such as time sheets and sufficient job descriptions, were not made available. As a result, it was not possible to identify all employees paid by the District but working for CCIA.

Because adequate records, such as time sheets and sufficient job descriptions, were also not available during our fieldwork for the addendum report, we are still unable to determine if additional amounts were improperly disbursed or paid by the District on behalf of CCIA during the review period.

All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

RELATIONSHIP BETWEEN THE DISTRICT AND CCIA

As stated in the report issued on January 10, 2014, CCIA's articles of incorporation state CCIA's purpose is to "maintain, develop, increase and extend the facilities and services of community based correctional service agencies (CBC) of the State of Iowa." This indicates CCIA intended to support (emphasis added) the Districts' operations. The articles of incorporation also state CCIA's purpose is "to perform the functions of or carry out the purposes of and assist in providing services" of community based correctional service agencies in the State of Iowa. This indicates CCIA intended to also operate in a similar capacity as the Districts.

Based on observations and discussions during our fieldwork, we identified the following concerns regarding the relationship and financial transactions between the District and CCIA which include, but are not limited to:

- **Batterer's Education Program (BEP)** – CCIA administered the Batterer's Education Program (BEP) for the period 1995 through September 2012. According to District officials, administration of BEP was transferred back to the District after DOC's internal review performed in April 2012.
- **District Payroll** – A number of employees who were paid by the District but performed functions for CCIA were identified. As a result of the January 10, 2014 report, according to District officials we spoke with, District employees are no longer performing CCIA functions.
- **Health Insurance Benefits** - District staff included CCIA employees in payroll records in order to obtain State of Iowa health insurance benefits. CCIA reimbursed the District for these costs. In July 2013, CCIA employees were removed from District payroll records and no longer received State of Iowa health insurance benefits.
- **Grant Cash Match Contribution** – In November 2014, District officials paid CCIA \$5,053.00 as a contribution for a cash match requirement on a grant administered by CCIA.

Because the Districts are established by the *Code of Iowa (Code)* to perform certain functions, it is not appropriate for an organization to appoint itself to operate in the same capacity. CCIA should support or supplement the District's functions rather than replace or supplant those duties.

The Iowa Attorney General's Office provided a Letter of Advice dated April 22, 2008 to the Office of Auditor of State regarding the transfer of public funds to private non-profit organizations. The Letter of Advice provided by the Attorney General's Office stated, in part:

- "Past opinions of this office have consistently concluded that a governmental body may not donate public funds to a private entity, even if the entity is established for charitable or educational purposes and performs work which the government could perform directly."
- "The Iowa Constitution prohibits governmental bodies from making a gift to a private non-profit corporation. Article III, section 31 states: "No public money or property shall be appropriated for local, or private purposes, unless such appropriation, compensation, or claim, be allowed by two thirds of the members elected to each branch of the General Assembly."
- "Delegation of control: The transfer of public funds to a private non-profit corporation also raises concerns regarding the delegation of the discretion of the governing body of the government entity over the use and expenditures of the funds."

While the Letter of Advice received from the Attorney General's Office discusses donations and gifts to private non-profit organizations, payments made by the District on behalf of CCIA are effectively the same as donations and gifts to private non-profit organizations.

The following paragraphs explain concerns identified during the fieldwork for the addendum report regarding payments made by the District on behalf of CCIA.

Batterer's Education Program (BEP)

According to section 708.2B of the *Code*, Districts are required to provide a batterers' treatment program for domestic abuse offenders. Based on our review of available documentation, Districts have provided BEP since 1995. During our fieldwork, we determined 6 of the 8 Districts administered BEP within the District for the period July 1, 2008 through June 30, 2014. However, the remaining 2 Districts (First and Sixth) contracted with a third party to administer BEP. Information prior to July 1, 2008 was not available.

According to a representative of the First Judicial District, the District contracted with a foundation to administer BEP because it was more economical. The annual contracts included responsibilities of each party, including the amount the foundation was responsible for reimbursing the First Judicial District for the Coordinator's salary, supplies, and rent. In 2010, the First Judicial District determined it was no longer economical for the foundation to administer BEP and, as a result, the foundation dissolved and any funds remaining from the foundation were transferred to the First Judicial District.

CCIA administered BEP for the Sixth Judicial District starting in 1995 and continuing through September 2012. In September 2012, CCIA discontinued administering BEP and the District began administering BEP. According to District officials, the District started administering BEP as a result of DOC's internal review performed in April 2012.

During our fieldwork for the January 10, 2014 report, we discussed the administration of BEP with District management. While District staff stated CCIA was responsible for administering BEP, they did not disclose District employees were BEP Coordinators and were paid by the District. In addition, District management did not disclose annual contracts had been established between the District and CCIA for administering BEP.

We obtained copies of the contracts between the District and CCIA for the period July 1, 2006 through June 30, 2012 during our fieldwork for the addendum report. After reviewing the contracts and additional financial information obtained from the District and CCIA for BEP, we identified the following concerns with the administration of BEP in the District:

- District employees who were not specified in the contract providing BEP services,
- the types of costs charged to BEP by CCIA, and
- the amount of the remaining BEP balance transferred from CCIA to the District.

These concerns are discussed in detail in the following paragraphs.

Payroll Costs Paid by the District – We reviewed the annual contracts established between CCIA and the District for the administration of BEP. The contracts specify services to be performed by the District and services to be performed by CCIA. Specifically, the contracts state CCIA was responsible for the collection of client fees to defray program costs. The contracts also specify the District was not to be responsible for expenses of CCIA.

With the exception of any services specified in the contracts to be provided by the District, any costs for BEP should be paid from the BEP fees collected by CCIA.

According to the annual contracts between the District and CCIA for administration of BEP, the District was responsible for providing a Program Coordinator, but the contract did not specify CCIA was responsible for reimbursing the District for the payroll costs related to the BEP Coordinator. As a result, it appears the District's intent was to incur the costs for a BEP Program Coordinator.

As stated previously, the First Judicial District contracted with a foundation to administer BEP. This contract provided reimbursement to the First Judicial District for the Coordinator's salary, supplies, and rent. It is reasonable for these types of expenses to be incurred by the party collecting and retaining all participation fees. In the case of CCIA and the District, CCIA retained all the BEP fees but did not incur all program costs. We did not attempt to identify the costs of supplies used by the Coordinators or by CCIA for administering BEP or an appropriate amount of rent for using District facilities while administering the program.

We obtained Sixth Judicial District payroll records for 2 District employees identified as BEP Coordinators for the period July 1, 2000 through August 30, 2012, including Lori Traeger. We also, interviewed Ms. Traeger to determine her responsibilities with the District and to determine if she was a BEP Coordinator. The other District employee identified, Vernice Smith, retired from the District in February 2008.

According to Ms. Traeger, when she was hired in August 2001, 80% of her time was allocated to coordinating the BEP in Johnson County. She stated the remaining 20% of her time was spent on community service functions, such as volunteers and interns, which would not be considered a BEP function. However, in fiscal year 2009, following the retirement of Ms. Smith, Ms. Traeger stated 100% of her time was spent as the BEP Coordinator for the District.

In addition, Ms. Traeger stated Ms. Smith was the BEP Coordinator for Linn and Tama Counties prior to fiscal year 2009. According to Ms. Traeger, Ms. Smith spent 100% of her time as the BEP Coordinator until she retired from the District in February 2008. Ms. Traeger also stated she and Ms. Smith were paid by the District and not CCIA. Using District payroll records, we confirmed the District paid their salaries.

As previously stated, the BEP contract between the District and CCIA stated the District was responsible for providing a Program Coordinator. However, the District provided 2 Program Coordinators for the period August 24, 2001 through February 1, 2008. Also as stated previously, Ms. Smith was the BEP Program Coordinator from July 14, 2000 to February 1, 2008 and Ms. Traeger was hired as a second BEP Program Coordinator on August 24, 2001. Ms. Traeger continues to be a BEP Program Coordinator.

Because Ms. Smith was already the BEP Program Coordinator and Ms. Traeger did not devote 100% of her time to BEP until Ms. Smith's retirement, we determined Ms. Traeger was the second BEP Program Coordinator which was not provided for in the contract with CCIA.

Because the contract which specified the District was to provide a BEP Program Coordinator had not been amended at any time to include 2 BEP Program Coordinators, the incremental costs for the second BEP Program Coordinator should have been incurred by CCIA. During our fieldwork for the report issued January 10, 2014, we requested documentation related to all reimbursements CCIA made to the District. We reviewed all documents provided by District and CCIA representatives. None of the transactions provided related to reimbursements for salaries associated with the second BEP Program Coordinator.

As illustrated by **Exhibit B**, 80% of Ms. Traeger's salary and the employer's share of FICA and IPERS contributions for the period her employment overlapped with Ms. Smith's employment (from August 24, 2001 through February 1, 2008) totaled \$230,017.30. Because only 1 Program Coordinator was identified in the contract, the \$230,017.30 is included in **Exhibit A** as an improper disbursement.

Costs Charged to BEP by CCIA - As previously stated, CCIA retained all BEP fees collected; therefore, it is reasonable for CCIA to incur all BEP related expenses to administer BEP. As a result, we reviewed the line item expenses to determine if the costs were reasonable and directly related to BEP. In addition, we reviewed the expenses related to BEP to determine if it would have been more economical for the District to administer BEP. Based on this review, we determined certain overhead expenses incurred by the District, such as insurance, administrative fees, data processing fees, and expenses related to having District clerical staff help with BEP, would not have significantly increased if the District administered BEP.

According to an e-mail communication with CCIA's fiscal officer, "CCIA charged a data processing fee to support part of the cost of payroll processing, bill paying, and general ledger maintenance by the outside agency CCIA contracts with. Also, the administrative fee supported part of the cost of the liability insurances, financial staff, and other overhead." However, if BEP was administered by the District, these fees would not have been charged against the program.

Based on the contract established between the District and CCIA for the period July 1, 2008 through June 30, 2011, CCIA was to provide salary and benefits for clerical staff time in Johnson and Linn County, up to 20 hours/week, for support services. For the contract covering the period July 1, 2011 through June 30, 2012, CCIA was to provide salary and benefits for clerical staff time in Johnson and Linn County, up to 40 hours/week, for support services. However, according to an e-mail from Gary Hinzman, former District Director, to CCIA's fiscal officer and the former Division Manager dated August 30, 2011, "I required CCIA to pay the District for the support of two half-time clerical staff to support rather than the practice of only paying for one half-time positions. It was my intent to limit that for two years. Since then I have discovered that CCIA has continued to pay DCS for one additional half time clerical support for BEP. To correct this oversight we will need to repay CCIA for the following: 2010 \$31,141.85, 2011 \$24,416.52. Please make this repayment as part of the contract DCS has with CCIA for services provided." We are unsure why the reimbursement was issued because the contract was not amended to reflect Mr. Hinzman's intent and Mr. Hinzman's e-mail does not indicate services were not provided. The e-mail only states Mr. Hinzman intended CCIA not to pay for the clerical staff for more than two years. Therefore, the District should not have issued repayment to CCIA for these costs.

Based on the contract between the District and CCIA, CCIA was unable to administer BEP without assistance from the District. Specifically, clerical and program staff provided assistance to CCIA for BEP. Other Districts administer BEP without assistance from outside parties. Using CCIA resulted in unnecessary administrative costs. While CCIA was unable to administer BEP without assistance from the District, the District would be able to administer BEP without assistance from CCIA

We calculated the average annual expenses incurred by CCIA to administer BEP during 2010 and 2011. We included the District's payroll costs for Ms. Traeger in CCIA's expenses since her salary was necessary to administer the program. We also calculated the average annual expenses for the District to administer BEP for fiscal years 2013 and 2014. The District's expenses include Ms. Traeger's salary and clerical staff salary. We then compared the average annual costs. **Table 2** compares CCIA's average expenses to the District's average expenses for administration of BEP.

Table 2

| Description | Amount | |
|--|------------|------------------|
| CCIA's average expenses: | | |
| Costs incurred by CCIA (rounded) | \$ 144,000 | |
| Costs incurred by the District (rounded) | 74,000 | \$ 218,000 |
| District's average expenses (rounded) | | 123,000 |
| Estimated annual difference | | <u>\$ 95,000</u> |

As illustrated by the **Table**, we calculated an estimated annual savings of \$95,000.00 if the District administered BEP. To minimize the effects of price increases and to be conservative, we applied the annual savings to only the 3 most recent years even though CCIA administered BEP since 1995. By applying this calculated savings to the 3 most recent years CCIA administered BEP, the estimated potential savings would total \$285,000.00 if the District administered BEP during this period.

Having CCIA administer BEP resulted in the District incurring unnecessary expenses which benefited CCIA and provided no obvious benefit to the District. As a result, we have included an estimated \$285,000.00 in **Exhibit A** as potential savings forgone by District for administration of BEP.

Transfer of Remaining BEP Balance – The District took over administration of BEP in September 2012. We discussed the beginning balance the District recorded in the accounting records for BEP with the District Director and the Division Manager. We also requested to review any financial documents obtained from CCIA for BEP. According to the District Director, CCIA transferred the BEP funds on hand to the District; however, no financial documents were obtained or maintained by the District. As a result, we obtained the District's general ledger for BEP to determine the beginning balance used and we obtained BEP Income/Expense Recap spreadsheets (Recaps) from the CCIA fiscal officer.

According to the District's general ledger, the beginning balance reported by the District was zero; however, based on a discussion with the District Director, CCIA transferred money to the District for BEP. We reviewed the BEP Recaps to determine the cash balance as of September 2012. According to the Recaps, the cash balance as of September 2012 was \$14,335.38.

We contacted the District Director and the CCIA fiscal officer to determine if the \$14,335.38 was the amount transferred to the District for the remaining BEP funds. According to the CCIA fiscal officer, CCIA remitted \$30,000.00 to the District for the remaining BEP funds, which agreed with the amount recorded in the District's general ledger. However, the District did not properly record the \$30,000.00 to BEP in the District's accounting system. Instead, it was recorded in a cost center titled "CCIA Reimbursement" in June 2012. According to a representative of the District, he is unable to determine how the \$30,000.00 was spent because documentation is not available. Because the District miscoded the BEP funds received from CCIA, the beginning balance of the BEP funds were understated by \$30,000.00 as of October 2012.

Also, further discussions were held with the CCIA fiscal officer to determine why \$30,000.00 was transferred to the District when the BEP cash balance was only \$14,335.38. According to the CCIA fiscal officer, the BEP cash report showed a balance of \$3,846.16, but the former District Director and Executive Director of CCIA, Gary Hinzman, decided CCIA would transfer \$30,000.00 to the District for BEP. We were unable to determine why Mr. Hinzman transferred funds to the District in excess of the remaining BEP funds.

District Payroll

In the report issued on January 10, 2014, we identified approximately \$443,900.00 was paid by the District for 4 employees' payroll costs even though their time was spent performing functions for CCIA for fiscal years 2009 through 2012. The 4 employees identified were Gary Hinzman, Jean Kuehl, Bruce Vander Sanden, and John Hannaford.

As previously stated, we received telephone calls from District employees after issuance of the January 10, 2014 report regarding additional concerns. According to District employees, there were several other District employees who were paid by the District but spent their time performing functions for CCIA. As a result of this concern, we conducted interviews with certain District employees to determine their job duties for the District and if any District employees were conducting CCIA responsibilities during their work day.

On June 3, 2014, we interviewed Shari Miller to discuss her job duties for the District and any responsibilities for CCIA. According to Ms. Miller, Mr. Hinzman hired her 14 years ago to specifically work on the Children of Promise program which was administered by CCIA. Ms. Miller stated she spent 80% of her time working on functions for CCIA. She also stated the remaining 20% of her time was spent at District management meetings, assisting with Boy Scouts, and assisting with Badges for Baseball. Ms. Miller's annual average salary for the period June 11, 2001 through January 24, 2014 was approximately \$60,350.00 per year.

We discussed Ms. Miller's time attending District management meetings with the District Director, Mr. Vander Sanden; however, he was unable to provide an estimate of Ms. Miller's time. Mr. Vander Sanden also stated he was not Ms. Miller's supervisor and, as a result, he does not know what she spends her time on. During the interview with Ms. Miller, she stated she is required to attend the management meetings but does not contribute to any discussions because she is not involved with any of the District programs discussed at these meetings.

According to the District Director, Ms. Miller's salary was paid for with funds appropriated to the District and specified for youth leadership programming. By reviewing the appropriation acts, we determined the following appropriations were provided to DOC to be awarded to the Districts for youth leadership programs.

- Fiscal year 2000 - the Youth Leadership Model Program was created through Senate File (SF) 361, enacted during the 1999 Legislative Session, with a \$100,000.00 appropriation to help at-risk youth in the judicial district departments of correctional services selected by DOC. According to supplemental notes which are not included

in the appropriation acts, the program had been operated in the Sixth Community-Based Correction District Department with funding from a grant and other revenues. However, the supplemental notes do not indicate the funding was designated in any manner for the Sixth Judicial District. A copy of the appropriation language and notes is included as **Appendix 1**.

- Fiscal year 2001 – according to supplemental notes which are not included in the appropriation acts, the District’s base budget included an increase of \$100,000 from the prior year due to funding for the Youth Leadership Model Program provided to the District in the prior year.
- Fiscal years 2002 through 2004 – the appropriation acts do not mention the program or the funding. According to the District Director, it was included in the District’s base budget for those years.
- Fiscal years 2005 and 2006 – funding for the program was reduced to \$50,000.00, as documented by the appropriation acts.
- Fiscal years 2007 through 2009 – the appropriation acts require the District to maintain the program; however, funding was not specified by the appropriation acts. The District Director stated the funding was included in the District’s base budget.
- Fiscal year 2010 – the appropriation was reduced by \$50,000.00 to eliminate funding for the program.
- Fiscal years 2011 through 2014 – because funding for the program was eliminated in fiscal year 2010 there is no mention of the program.

According to District officials, CCIA started the Youth Leadership Model Program in 1994. According to Ms. Miller, CCIA received funding from United Way, the City of Cedar Rapids, the Iowa Department of Public Health, Linn County, and various donations during the period of her employment. Ms. Miller also stated CCIA’s primary expenses were for salaries of approximately 20 full-time and part-time CCIA employees annually.

The District and CCIA established annual contracts for CCIA to provide the Youth Leadership Model Program in participating school districts for fiscal years 2000 through 2012. The annual contracts between the District and CCIA for fiscal years 2000 through 2004 included a provision which stated, “The cost of this contract to the Department (District) shall not exceed \$100,000.00.” A copy of the fiscal year 2000 contract between the District and CCIA is included as **Appendix 2**. A contract was not provided for fiscal year 2005 and the contract for fiscal year 2006 did not identify a dollar amount.

For fiscal years 2007 through 2008, the District’s contracts with CCIA stated, “The Department (District) will provide \$50,000.00 to the Youth Leadership Program as directed by the Iowa Legislature” to CCIA. This reduction in the contract coincided with a \$50,000.00 reduction in the appropriation for the program. The 2009 General Assembly eliminated funding for the Youth Leadership Model Program for fiscal year 2010, but the contract between the District and CCIA still included a provision to provide \$50,000.00 to CCIA for fiscal years 2010 through 2012. According to the District Director, the District and CCIA did not have a contract to operate the program for fiscal years 2013 and 2014.

Based on our review of the contracts and other documentation, the appropriation was used by the District to fund the contract with CCIA. It is unclear why the District did not operate the program itself rather than contracting with CCIA for program operation. CCIA received funding from other sources for the program and according to the contracts, CCIA was required to provide a 75% match of funds for the program.

For the contracts available, the District was responsible for providing technical assistance; however, the contracts do not specify it was the District's responsibility to provide a Program Coordinator. As a result, it is not apparent why the District would provide a full-time Program Coordinator when it contracted with CCIA to administer the program.

In addition to reviewing the contracts, District officials provided certain invoices from CCIA and supporting documentation related to the Youth Leadership Model Program funds being provided to CCIA. Based on available supporting documentation, the District provided \$100,000.00 to CCIA for fiscal years 2000 through 2002 and \$50,000 for fiscal years 2006 and 2007. A copy of the fiscal year 2000 invoice from CCIA is included as **Appendix 3**. The District did not provide invoices from CCIA for fiscal years 2003 through 2005 and 2008 through 2012. However, the District had contracts with CCIA to administer the program for these years. Also, in our discussion with Ms. Miller, she did not indicate there were any changes to the program during those years.

According to District officials, funding remained at the District for District staff and support costs after Ms. Miller was hired in May 2001. However, based on the supporting documentation provided, the District paid CCIA \$100,000.00, the amount appropriated for the program by the General Assembly for fiscal years 2001 and 2002. As illustrated by **Appendix 3**, there is a handwritten notation on the CCIA invoice which states "appropriated funds." Based on that notation, the appropriated funds were paid to CCIA; therefore, the District would not have had funds appropriated for the program to pay Ms. Miller's salary.

Also, we attempted to obtain program expenditures from the District for the fiscal years 2001 through 2014; however, District officials were unable to provide program expenditure information. In addition, CCIA did not provide any documentation showing its expenditures related to the youth program.

Although we asked during fieldwork for the January 10, 2014 report if any other District employees were responsible for CCIA duties, we were not informed of Ms. Miller's job duties. In addition, related documentation was not provided at that time. However, after the issuance of the January 10, 2014 report, Mr. Vander Sanden changed Ms. Miller's job duties so she is no longer working on CCIA functions and all of her job duties are District related. Specifically, her duties changed in February 2014. As a result, we identified 100% of Ms. Miller's salary for the period June 11, 2001 through January 24, 2014 as an improper use of District funds. **Exhibit C** lists Ms. Miller's gross pay, employer's share of FICA, and employer's share of IPERS contributions.

We also spoke with Shelly Morelock, a District employee, who stated she was told by Mr. Hinzman that 30% of her time would be used as an in-kind match for CCIA's Second Chance Act Mentoring Grant (grant) for the period January 1, 2011 through September 30, 2012. According to Ms. Morelock, she is the Reentry Coordinator for the District, which involves providing resources and other services to offenders after release from local jails.

We obtained the grant application submitted by CCIA for the grant and job descriptions related to the grant. According to the grant application and discussions with Ms. Morelock, the purpose of the grant was to provide mentoring services to offenders prior to their release from jail. Based on the grant application, CCIA is the agency responsible for the project; however, District employees are a majority of the individuals assigned for the project implementation. According to the grant application and job descriptions, the following District positions were involved with the grant.

- Assistant Director - grant coordinator.
- District Reentry Coordinator – facilitate reentry plan development, referral to mentoring services, and coordination of pre to post services referral.

- District Supervisor II and District Executive Officer – facilitate mentor/mentee match to services and assist with mentor training and support.
- District staff – career planning with offender.

According to the U.S. Department of Justice website, the Second Chance Act Mentoring grant provides “federal grants to government agencies and nonprofit organizations to provide support strategies and services designed to reduce recidivism by improving outcomes for people returning from prisons, jails, and juvenile facilities.” It is unclear why the District did not apply for the grant because District employees were already providing services to offenders for the District’s reentry program and the grant was available to government agencies.

In addition, based on the grant application, CCIA was unable to administer the grant without assistance from the District. Specifically, clerical and program staff provided assistance to CCIA for the grant. Other Districts have administered this grant without assistance from outside parties. Using CCIA resulted in the District incurring payroll expenses for the grant without receiving any of the grant funds.

According to Ms. Morelock, she recorded 30% of her time on timesheets she completed for the CCIA grant to document her time as in-kind match for the period January 1, 2011 through September 30, 2012. Ms. Morelock’s payroll is summarized in **Exhibit D**. The District was not reimbursed for any of Ms. Morelock’s payroll costs and the District should not have performed CCIA duties.

Table 3 summarizes the salary for the 2 employees for fiscal years 2001 through 2014, the amount of time we calculated the 2 employees spent working on CCIA activities, and the amount CCIA should have reimbursed the District for the 2 employees’ payroll costs.

| Employee | Exhibit | Percentage | Period of Review | Calculated Costs [^] |
|------------------|----------|------------|---------------------|-------------------------------|
| Shari Miller | C | 100% | 06/11/01 – 01/24/14 | \$ 754,452.30 |
| Shelly Morelock | D | 30% | 01/14/11 – 09/21/12 | 42,604.00 |
| Calculated total | | | | \$ 797,056.30 |

[^] - Costs include salary and the employer’s share of FICA and IPERS contributions.

As illustrated by the **Table**, \$797,056.30 was paid by the District for the 2 employees’ salaries and related costs, even though their time was spent performing functions for CCIA or were used as an in-kind match for CCIA programs. The \$797,056.30 is included in **Exhibit A** as improper disbursements.

As previously stated, the supplemental notes to the fiscal year 2010 appropriation state there is a decrease of \$50,000.00 to eliminate funding for a youth intervention program. However, the District continued to contract with CCIA to operate the program for youth. For fiscal years 2010 through 2012, the contracts with CCIA still included the provision to provide CCIA \$50,000.00 for the program. We attempted to identify the funding source for the \$50,000.00 provided to CCIA for those years but the District’s accounting system does not include expenditures by program and District officials did not provide an explanation for the funding.

According to the District’s website, “The mission of the Community Based Corrections is to enhance community safety and facilitate positive change in adult offenders.” We confirmed with DOC officials the mission of the Districts is to provide services to adult offenders unless otherwise specified by legislation. Because funding for the youth program was discontinued, it is not clear

why the District continued the \$50,000.00 contracts with CCIA for fiscal years 2010 through 2012. By continuing fund a youth program, funds that otherwise could have been used to fund programs for adult offenders were instead used for youth. Continuing to fund the youth program detracted from the District's ability to fund programs for adult offenders. As a result, we have included the \$150,000.00 the District expended for the youth program in fiscal years 2010 through 2012 in **Exhibit A** as improper disbursements.

We also interviewed 8 additional individuals who stated they supervised AmeriCorps volunteers, which was a CCIA initiative. However, based on our review of the AmeriCorps Each One Reach One grant and discussions with officials from the Iowa Economic Development Authority, this time was allowable and appears to be reasonable. We were able to trace amounts reported from timesheets to grant reports. As a result, we have not included their time in **Exhibit A**.

Grant Cash Match Contribution

The District paid CCIA \$5,053.00 on November 26, 2014 as a contribution for a cash match requirement on a grant administered by CCIA. The grant was related to the CHoOSE program awarded to CCIA by the U.S. Department of Housing and Urban Development (HUD). A copy of the contract between the District and CCIA related to the payment is included in **Appendix 4**. As illustrated by the **Appendix**, the District was to:

- refer clients who meet the established criteria for the CHoOSE program and utilize the established CHoOSE eligibility checklist,
- collaboratively work with the Supportive Services Coordinator of the CHoOSE program and participate in team and/or Community Accountability Board (CAB) meetings specific to the client involved in the CHoOSE program,
- assist the Supportive Services Coordinator or designee in completing the Annual Progress Report and annual renewal application, and
- provide a total of \$5,053 in funding match for a return of rental assistance for criminal justice involved individuals and their families.

According to the District Director, no District employees have been involved in administration of the CHoOSE program, including assisting the Supportive Services Coordinator or participating in team and/or CAB meetings. District officials we spoke with stated they did not have a copy of the grant agreement between CCIA and HUD.

Also as illustrated by the **Appendix**, the contract stated it was effective July 1, 2014 to June 30, 2015 and was entered into on July 1, 2014. However, the contract signatures did not include the date the contract was signed. According to a District official we spoke with, the contract did not exist until the District Director instructed the payment be prepared. When we reviewed minutes of the District's Board of Directors' meetings, we determined the contract was approved at the September 5, 2014 meeting.

When asked if DOC officials were aware of the contribution, the District Director stated they were aware of the payment and did not voice any objections. The District Director also stated the communications with DOC officials were documented in e-mails. We also spoke with a DOC official who stated DOC was not aware a contribution was made to CCIA.

A copy of the e-mail string is included in **Appendix 5**. As illustrated by the **Appendix**, the initial message from the District Director was dated August 29, 2014 and requested approval of the contract before it was taken to the Board. The response from the DOC official, which was sent the following week, did not provide approval but asked a question related to the contract. The **Appendix** also illustrates approval was never mentioned in the series of e-mails provided.

When we spoke with the District Director about the e-mails, he stated he was not required to receive DOC's approval in accordance with section 905.4 of the *Code*. However, the section referred to provides the Board authority to enter into contracts for utilizing and maintaining District facilities. It also allows the Board to enter contracts, with the approval of DOC officials, for "utilization of existing local treatment and service resources, including but not limited to employment, job training, general, special, or remedial education; psychiatric and marriage counseling; and alcohol and drug abuse treatment and counseling." Because written approval by DOC officials was not received, the contract the District established with CCIA is not in accordance with section 905.4 of the *Code*.

He also stated e-mails document he valued the program at \$60,000 but the District was required to contribute only \$5,000 for housing 6 offenders. However, housing offenders in this setting is not included in the District's normal operations.

Based on the account coding for the payment, we determined it was recorded in a cost center which includes multiple funding sources, such as State appropriations, fees collected from offenders, grants, and donations. According to a District official we spoke with, because a specific funding source did not exist for the payment, the District used "miscellaneous funds" to make the contribution. Because sufficient detailed accounting records are not available, we are unable to verify the particular funds used to make the contribution.

As previously stated, providing rental assistance to offenders is not part of the District's operations. As a result, it is not clear why the District would contribute funds to CCIA for this purpose. Because the contribution to CCIA is not related to the District's operations and there is no written approval from DOC, the \$5,053.00 payment is included in **Exhibit A** as an improper disbursement.

DISTRICT OPERATIONS

As previously stated, 73% to 77% of the District's funding for fiscal years 2010 through 2014 was from State appropriations. As for any governmental funds, the use of the funds should be in the best interest of the public and in a cost effective manner.

Based on observations and discussions during our fieldwork, we identified concerns regarding the use of State appropriations, which include:

- paid time off (maximum vacation accruals and accrued balances),
- IPERS,
- ANCHOR Center,
- Hope House,
- forfeiture funds,
- District buildings, and
- vending and laundry contracts.

The following paragraphs include additional information regarding the use of State appropriations identified during fieldwork for the addendum report.

Paid Time Off

As stated in the report issued January 10, 2014, the District operates primarily on appropriations from the State and funding provided by the State for payroll costs. For example, for the fiscal year ended June 30, 2014, the District recorded \$18,725,761 of total revenues. Of this amount, \$14,394,609, or 77%, was from State appropriations. State appropriations are primarily used for payroll expenses and general operating costs.

Subsequent to the report issued on January 10, 2014, a representative of the Attorney General's Office (AG) provided verbal guidance that Districts are governmental subdivisions rather than State agencies. As a result, the District's Board of Directors has the authority to establish payroll levels, vacation and sick leave accruals, and other benefits. However, in addition to being primarily funded by State appropriations, District employees participate in state benefit programs, such as health insurance coverage, the Sick Leave Insurance Program (SLIP) and its predecessor, the State Employees Retirement Incentive Program (SERIP).

Section 70A.1 of the *Code* specifies the vacation and sick leave accrual rates and the maximum vacation accruals for State employees. District officials do not believe these accrual rates and the maximum accruals apply to District employees because they are not State employees. However, District employees participate in SLIP, which is established by section 70A.23 of the *Code*. Chapter 70A of the *Code* specifies State employees, excluding those covered under a collective bargaining agreement which provides otherwise, participate in SLIP, in addition to specifying the vacation and sick leave accrual rates and the maximum vacation accruals for State employees. However, there is no provision in the *Code* which allows non-contract District employees to participate in SLIP.

Because District employees participate in SLIP, they are considered State employees for these benefits and, therefore, the District should comply with the accrual rates and the maximum vacation accruals established in section 70A.1 of the *Code*. While District employees are participating in SLIP and SERIP, they are not accruing sick leave at the same rates as all other participants. When District employees retire and their account balance for SLIP or SERIP is determined, it includes the value of unused sick leave earned at a rate in excess of sick leave earned by State employees and employees of other Districts. It is unclear why Districts would be allowed to participate in SLIP or SERIP if they do not comply with program requirements regarding the amount of sick leave hours that can be accrued by each participant. All Districts should comply with rules of the programs or not be allowed to participate in the programs.

The First Judicial District and the Sixth Judicial District accrue sick leave at a rate greater than allowed by DAS in accordance with section 70A.1 of the *Code*. Allowing these Districts to participate when their employees accrue sick leave at a greater rate than employees of other participating entities is not an appropriate use of public funds. Because employees of these Districts are participating in SLIP and SERIP, they should be participating at the same benefit level as other participants.

As stated in the January 10, 2014 report, the District provided management employees 40 hours of vacation per year more than amounts established in section 70A.1 of the *Code*. Section 70A.1 of the *Code* establishes the amount of vacation awarded to State employees based on their years of service.

According to the former District Director we spoke with, management employees received the additional vacation hours because the employees are salaried and not eligible for overtime. This practice is in place to make it fair between union and non-union employees. However, this situation is not unique to the District. Many State employees are salaried, work more than the "typical" 40 hours per week and don't receive additional compensation in the form of overtime or additional paid time off.

According to verbal guidance provided by a representative of the AG's Office, the Districts are governmental subdivisions, not State agencies. However, according to Chapter 20 of the *Code*, District employees are included in the American Federation of State, County and Municipal Employees (AFSCME) collective bargaining agreement under a separate Appendix. However, non-union District employees are not covered by the collective bargaining agreement. As a result, there is no provision which allows non-union District employees to receive State benefits or participate in related programs.

We identified the following:

- According to a representative of DAS, only State employees, their dependents and retirees are eligible to participate in the health insurance plans offered by the State. In addition, the DAS representative stated there is not an agreement between DAS and the District to provide health insurance plans to non-union District employees. We determined non-union District employees were receiving insurance benefits and paying DAS for those related costs. As previously stated, District employees receive the same health and dental insurance benefits provided to State employees.
- During our review of the contracts between the District and CCIA for various services, such as BEP and Youth Leadership Programs, we identified a clause which stated, "the Contractor understands that under an independent contractor relationship that Correctional Services will not provide to any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, worker's compensation or any other benefits or services available to State Employees, nor will the State withhold any federal or state income taxes." In the context of the full contract, the District referred to its employees as State employees. Because District officials have told us they don't believe District employees are State employees, it is not known why the District referred to its employees as State employees in the contract,

The contract was signed by a representative of CCIA, the former District Director, the former Chairman of the District's Board of Directors, the former Deputy Director, and the former Director of the Department of Corrections. A copy of the contract is included in **Appendix 6**.

- We spoke with representatives of each District and determined 5 of the 8 Districts comply with the vacation and sick leave accrual rates established by section 70A.1 of the *Code*.
- Governmental subdivision employees do not receive State benefits.

District employees are participating in health insurance plans offered by the State and contract covered District employees are specified in employment contracts negotiated between AFSCME, IUP, and the State. Non-union District employees also participate in State benefit programs, but the Districts do not follow State policies and procedures regarding the accrual rates for their vacation and sick leave. Determination of whether or not non-union District employees should be allowed to continue to participate in the State benefit programs should be addressed by the Legislature. Until the Legislature addresses this issue, DOC should include language in its purchase of service agreements with the Districts regarding payroll amounts and benefits.

As previously stated, because District employees participate in SLIP, they are considered State employees for benefits provided to State employees in accordance with Chapter 70A of the *Code*. In addition, according to DAS officials we spoke with, only State employees are currently allowed

to participate in State benefit programs. If the Legislature allows non-State employees to participate in State benefit programs, it should also address employees of other governmental subdivisions, such as cities, counties, and school districts. If it is determined governmental subdivisions are not allowed to participate in State benefit programs, the non-union employees of the Districts should no longer be eligible to participate.

In addition to concerns regarding whether District employees are State employees, we identified additional concerns. As a result, our additional findings are summarized in the following paragraphs.

Maximum Vacation Accruals – In the report issued January 10, 2014, we identified \$40,336.06 of payments to employees for vacation used prior to it being earned. In addition, we identified \$170,178.78 related to overpayment of vacation payouts due to the District using accrual rates which exceed the rates specified in Chapter 70A of the *Code*. As previously stated, a representative of the Attorney General’s Office (AG) provided verbal guidance subsequent to the report issued on January 10, 2014 stating Districts are governmental subdivisions rather than State agencies. As a result, the District’s Board of Directors has the authority to establish payroll levels, vacation and sick leave accruals, and other benefits. However, in addition to being primarily funded by State appropriations, District employees participate in State benefit programs, such as health insurance coverage, SLIP and SERIP. Also, as previously stated, District employees are considered State employees for benefits provided in accordance with Chapter 70A of the *Code*, which includes vacation accrual rates and maximum vacation accruals because they participate in SLIP.

Additional concerns were identified after the release of the report on January 10, 2014. As a result, we applied certain tests and procedures to certain financial transactions.

During our fieldwork, the District determined certain employees’ vacation balances have been incorrectly capped. According to District representatives, employees may elect to convert sick leave and, therefore, can accumulate additional hours beyond twice their annual vacation and unscheduled holiday entitlement. However, the District did not comply with its policy, Appendix S of the AFSCME contract, and section 70A.1 of the *Code*. Rather than increase the maximum vacation accrual for only the employees who elected to convert sick leave to vacation hours, the District added hours to all employees’ maximum vacation accrual. Because the maximum vacation accruals were incorrectly determined, certain employees were allowed to accrue vacation which they were not entitled to.

We obtained and reviewed letters the District provided to employees which documented the hours which exceeded the allowed maximum vacation accrual. According to the letters dated May 13, 2014, the District was considering 3 options to correct the employee’s maximum vacation accrual. The 3 options included:

- Option 1 – Allow employees to continue to accrue vacation hours with the existing maximum accrual while giving the employees time to use their vacation hours to get below the appropriate maximum accrual before October 9, 2014. If the employees still have an excess of vacation hours on October 10, 2014, the employees will stop accruing vacation and their vacation hours on October 10, 2014 will need to be used by the end of the pay period ending January 1, 2015 or the hours will be forfeited. During the period October 10, 2014 through January 1, 2015, the employees will not accrue vacation hours until the vacation hours fall below the maximum vacation accrual.

- Option 2 – Allow employees to retro-actively convert sick leave hours to increase their maximum vacation accrual. This would be a one-time adjustment which would decrease the hours in their sick leave balance and increase their maximum vacation accrual by the number of hours needed to eliminate the excess vacation hours. This would not result in the addition of vacation hours to their vacation balance.
- Option 3 – A combination of Option 1 and Option 2. This option would allow the employee to specify the number of hours which exceed the maximum vacation accrual and make a one-time adjustment by retroactively converting sick leave for the excess vacation hours. The remaining excess of vacation hours would then need to be used by October 9, 2014, but the employee would continue to accrue vacation during this time. If there is a remaining excess of vacation hours on October 10, 2014, the employee would need to use these hours by the end of the pay period ending January 1, 2015 or the hours will be forfeited. During the period October 10, 2014 through January 1, 2015, the employee will not accrue vacation hours until the vacation hours fall below the maximum vacation accrual.

The District Director e-mailed the draft letters to a representative of DOC for suggestions, questions, and/or concerns. According to the e-mail, the District planned to begin working with the employees on June 6, 2014 to correct their vacation balances.

In addition, we obtained the District’s complete listing of all employees’ maximum vacation accruals to determine if the District’s letters were complete and accurate. During our review, we determined the District’s letters included an additional 80 maximum vacation accrual hours for management employees which is not in accordance with section 70A.1 of the *Code*. As previously stated, because District employees participate in SLIP, they are considered State employees for benefits provided to State employees in accordance with Chapter 70A of the *Code*.

According to the May 16, 2014 District Board of Director’s (Board) meeting, the District Director discussed the policy which allowed management staff an additional 40 hours of vacation annually. The District Director noted these hours affect management staff maximum vacation accruals. The Board Chair made a recommendation to the Board to remove the additional 40 hours of vacation the non-contract management staff received. Another Board member asked about the justification for keeping or removing the extra hours. According to the Board minutes, the District Director noted he “is pro-employee and listed his differences in benefits between contract and non-contract.” The Board minutes also included a list of the differences in benefits identified by the District Director.

- “All non-contract staff started paying 20% of the health insurance premiums a year ago...”
- “Staff that are non-contract lose the right to bump back into their old position if reductions occur.”
- “They quit accruing seniority for collective bargaining purposes.” (However, management employees are non-contract employees and seniority for collective bargaining purposes is not applicable.)
- “They become at-will employees.”
- “Same level pay grades for contract and non-contract are not equal as a result of the 18 month pay freeze for non-contract several years ago.”

The concerns identified by the District Director are no different than faced by management staff of State agencies.

According to Board minutes, the District Director stated, "A reduction in the compensation package for management will impact internal candidate's consideration for promotion and succession planning." In addition, the minutes stated the District Director noted he "does not feel there needs to be a major compensation incentive but he does not want a de-incentive to exist." However, according to District Policy 016-14, "Employees hired, transferred, or promoted into a management position after June 13, 2014, are not entitled to this additional accrual cap."

Based on the meeting minutes, the Board Chair stated, "The reason he is making the recommendation because it was an issue in the audit and it is an issue that the staff have brought up in a previous meeting." The Board Chair requested the District Director to talk with staff and make a recommendation at a future meeting. According to the Board minutes, 2 other Board members agreed the extra 40 hours should be removed. Another Board member stated, "The Board was looking at the budget which has been reduced and recommending increasing salaries is not feasible but maybe the extra 40 hours makes better sense." However, the discussion was tabled until the next meeting. While adding an extra 40 hours of vacation does not have an immediate impact on the budget, it does have a financial impact because management employees receive a payout of accrued vacation when they leave employment with the District. In addition, it impacts the District's operations because management employees will accomplish less work if they utilize the additional vacation hours.

On June 12, 2014, a DOC representative responded to the District Director via e-mail and stated, "It's not reasonable to extend employees 'options' to use a benefit they are not entitled to under the CBA or the code. The vacation caps need to be corrected regardless of the erroneous vacation balances reflected in the district's payroll."

On June 13, 2014, the Board held a meeting to continue discussion on non-contract management employees receiving an additional 40 hours of vacation annually. Based on the Board meeting minutes, the District Director stated, "After talking to the management team, since the cap was created by a Board approved policy, they should be able to keep the caps." The Board minutes do not indicate if Board members made comments and/or had questions following the District Director's statement. However, the Board approved non-contract management employees to continue to maintain an additional 80 hours of vacation as part of their maximum vacation accrual.

It is unclear why the management team, including the District Director, would believe it is appropriate for the management team to receive both union benefits and management benefits. Based on our experience with other governmental subdivisions, when distinctions are made between management or at-will and union covered employees, the management or at-will employees may not receive all the benefits of the union covered employees in addition to any incremental benefits provided to management employees. For example, as a result of the contract between the State and AFSCME, there are differences between benefits provided to management and non-management employees. At-will employees are not necessarily provided the same protection and benefits provided to union covered positions.

In addition, the District established and implemented a new vacation policy which allowed current management employees to retain their additional 80 vacation hours as part of their maximum vacation accrual. However, according to District Policy 016-14, "Employees hired, transferred, or promoted into a management position after June 13, 2014, are not entitled to this additional accrual cap." It does not seem reasonable or the best use of public funds to allow them to continue to receive a higher vacation accrual cap than established in section 70A.1 of the *Code*.

On June 16, 2014, the District Director e-mailed the DOC representative stating, “I plan to proceed with the board approved plan. The letters will go out to staff by the end of the day today or first thing tomorrow.”

We are aware the *Code* establishes separate Boards for each District which can develop their own policies. However, the Districts’ primary funding source is appropriations from the State of Iowa. In addition, the Districts receive supplemental funding from the State of Iowa to cover payroll expenses. Because State funds are used for District payroll costs, it is not unreasonable to expect the Districts to comply with section 70A.1 of the *Code* for non-contract employees and ensure all payments are in the best interest of the taxpayers.

Exhibit E summarizes the District’s employees who exceed the maximum vacation accrual compared to the calculation we performed based on allowable vacation accruals in accordance with section 70A.1 of the *Code* and Appendix S of the AFSCME contract. In addition, **Exhibit E** summarizes the excess vacation balances and the potential improper liability.

As illustrated by the **Exhibit**, the District calculated 1,512.17 excess vacation hours. However, using section 70A.1 of the *Code*, we calculated 2,738.03 excess vacation hours. The AOS excess vacation hours shown in **Exhibit E** are calculated based on the annual vacation accruals and the maximum vacation accrual authorized by section 70A.1 of the *Code*. In addition, the District was using Appendix S of the AFSCME contract for sick leave conversion rates for non-contract employees, which allowed non-contract employees an additional 2 hours of vacation each time the employee converted sick leave to vacation.

Exhibit E shows the District has incurred a potential liability of \$98,317.26 for the 2,738.03 vacation hours above the employees’ maximum vacation accrual. As a result, the \$98,317.26 is included in **Exhibit A** as a potential improper liability.

Table 4 summarizes the improper disbursements and the potential improper liabilities related to the improper vacation and payout amounts reported in the report issued on January 10, 2014 and this addendum report. As illustrated by the **Table**, the financial impact of improperly providing these benefits is over \$500,000.00. This amount exceeds the deficit balance for the District for the fiscal year ended June 30, 2012. The financial impact illustrated by the **Table** clearly demonstrates the additional cost to the District, regardless of the Board members’ belief that providing additional paid time off benefits to District employees does not adversely affect the District’s financial position.

| Description | Report Issued January 10, 2014 | Addendum Report | Total |
|---------------------------------------|-----------------------------------|--------------------|------------|
| Improper disbursements: | | | |
| Value of vacation used before earned | \$ 40,336.06 | - | 40,336.06 |
| Improper vacation payouts | 170,178.78 | - | 170,178.78 |
| Incorrect sick leave accrued balances | 2,088.61 | - | 2,088.61 |
| Potential improper liabilities: | | | |
| Incorrect conversion rates | 93,662.04 | - | 93,662.04 |
| Incorrect maximum vacation accruals | - | 98,317.26 | 98,317.26 |
| Incorrect accrued balances | 64,432.13 | 73,164.72 | 137,596.85 |
| Total | \$ 370,697.62 | 171,481.98 | 542,179.60 |

Accrued Balances – As previously stated, the letters sent to District employees dated May 13, 2014 included 3 options for the employees to correct their vacation balances which exceeded the maximum vacation accrual. Option 1 allowed employees to continue to accrue vacation hours while giving the employee time to use their vacation hours to get below the maximum vacation accrual before October 9, 2014.

As a result, we reviewed management employees' vacation and sick leave accrual rates for the period May 9, 2013 through September 11, 2014 to determine if the District's accrual rates were in accordance with section 70A.1 of the *Code*. We determined the District used vacation and sick leave accrual rates which exceeded those specified in section 70A.1 of the *Code* for the period May 9, 2013 through May 22, 2014. For the period May 23, 2014 through September 11, 2014, the District's accrual rates for management employees agreed with section 70A.1 of the *Code*.

Exhibit F lists 32 District management employees who earned excess vacation hours and the value of the excess hours. As illustrated by the **Exhibit**, the District accrued an additional 874.29 vacation hours for the period May 9, 2013 through September 11, 2014, which are valued at \$32,749.23. As a result, the \$32,749.23 is included in **Exhibit A** as a potential improper liability.

In addition, **Exhibit G** lists the 32 District management employee's excess sick leave hours. As illustrated by the **Exhibit**, the District accrued an additional 1,014.04 sick leave hours, which are valued at \$40,415.49. As previously stated, because District employees participate in SLIP, they are considered State employees for benefits provided to State employees in accordance with Chapter 70A of the *Code*, which includes the sick leave accrual rates. As a result, the \$40,415.49 is included in **Exhibit A** as a potential improper liability.

District employees receive vacation payouts of unused vacation at the time of their retirement or when the employees leave employment with the District. In addition to vacation payouts, District employees participate in SLIP upon retirement. This initiative is exclusive to State employees receiving health insurance benefits. While District employees are participating in the program, the District is not following the rules of the program applicable to all other participating agencies. When District employees retire and their SLIP account balance is determined, the balance includes the value of unused sick leave earned at a rate in excess of sick leave earned by State employees or employees of other Districts. If the 32 employees listed in **Exhibit G** were eligible to retire and participate in SLIP at the date the balances were calculated, their cumulative SLIP balance would exceed the maximum hours other SLIP participants could have earned by 1,014.04 hours. It is unclear why the District would be allowed to participate in SLIP if it does not comply with program requirements regarding the amount of sick leave hours that can be accrued by its employees.

Iowa Public Employees' Retirement System (IPERS)

During our fieldwork, we determined certain District employees received bonuses and/or benefit payouts for which IPERS contributions were made. We obtained a listing of all lump-sum payments issued to employees, which included bonuses, vacation payouts, and sick leave payouts, for the period January 1, 1996 through May 16, 2014.

According to the IPERS Member Handbook, covered wages do not include:

- Lump-sum payments for accrued sick leave or accrued vacation, or another similar program.
- Payments made as an incentive for early retirement.
- Payments made upon dismissal or severance.
- All bonuses. However, bonuses (excluding retirement bonuses and sign on bonuses) were included in covered wages prior to 2008).

Exhibit H summarizes all bonuses, vacation payouts, and position buy-out payments for which IPERS contributions were improperly made. As illustrated by the **Exhibit**, we identified 66 transactions for which IPERS contributions were improperly made. The employer’s share of the contributions total \$4,516.73. Of the 66 transactions, 61 were related to vacation payouts during the period December 20, 1996 through August 29, 2007. Of the remaining 5 transactions, 3 were sign on bonuses, 1 was a position buy-out and the District did not properly calculate IPERS for 1 payment.

The \$4,516.73 of improper IPERS contributions is included in **Exhibit A** as improper disbursements.

ANCHOR Center

The ANCHOR Center is a residential treatment center for parolees and probationers with mental health issues. According to District officials, the ANCHOR center opened during April 2015 as an inpatient facility and currently provides outpatient services.

During our fieldwork, a concern was identified regarding the funds received from State appropriations to build and operate the ANCHOR Center. The Legislature originally appropriated funds for fiscal year 2007. The appropriation language documents the legislative intent of the funding was to construct a residential treatment facility rather than an outpatient facility.

We obtained and reviewed related legislative actions and determined the amount of State funds appropriated to the District by the Legislature for building and operating the ANCHOR Center for the period July 1, 2007 through June 30, 2014. **Table 5** summarizes the funding received for the ANCHOR Center and the legislative action to provide funding.

Table 5

| Fiscal Year | Legislative Action | Amount |
|--------------------|---------------------------|---------------------|
| 2007 | House File 2782 | \$ 1,000,000 |
| 2008 | House File 911 | 1,300,000 |
| 2008 | Senate File 575 | 508,221 |
| 2008 | Senate File 601 * | (200,000) |
| 2009 | House File 2660 | 1,500,000 |
| 2009 | House File 2660 * | (200,000) |
| 2009 | House File 414 * | (218,496) |
| 2010 | Senate File 475 * | (400,000) |
| 2014 | Senate File 447 | 543,129 |
| Total | | \$ 3,832,854 |

* - Legislative actions resulted in a reduction of ANCHOR Center funding.

As illustrated by the **Table**, the District received \$3,832,854 of State appropriations for the ANCHOR Center. According to the legislation, \$2,300,000 was for design and construction of the ANCHOR Center. The purpose of the ANCHOR Center was to provide a 20-bed residential facility for offenders with a mental health or dual diagnosis need. The remaining \$1,532,854 was for operational expenses related to the ANCHOR Center.

The following timeline summarizes events related to the construction and operation of the ANCHOR Center. In addition, the timeline includes notations during District Board meetings regarding the ANCHOR Center for the period August 19, 2011 through September 5, 2014.

- October 25, 2006 – The District contracted with an architect for the design of the new 26 bed mental health facility.
- September 11, 2007 – The District contracted with a contractor for the construction of the mental health facility.
- June 30, 2009 – The District reverted \$846,958.35 of ANCHOR Center funds.
- July 2009 – The District opened the ANCHOR Center for outpatient services.
- November 28, 2011 – The District is pursuing additional funding to open the residential side of the ANCHOR Center.
- May 17, 2013 – The Legislature is still considering funding the ANCHOR Center.
- June 21, 2013 – The District approved purchasing drinking water from Culligan for the ANCHOR Center because the District did not install drinking fountains in the building when it was constructed.
- August 23, 2013 – Discussion of opening the ANCHOR Center and the District was working on plans for opening the building.
- September 20, 2013 – The District continued to work on opening the ANCHOR Center. The District is currently working on policies and processes.
- October 18, 2013 – Discussion of opening the ANCHOR Center and hiring residential officers for the ANCHOR Center.
- November 15, 2013 – The District Director reported the ANCHOR Center opening will occur after the first of the year.
- February 21, 2014 – The Division Manager reported the kitchen in the ANCHOR Center needed some upgrades.
- March 4, 2014 – The District contracted with an architect for the ANCHOR center kitchen remodel.
- March 21, 2014 – The District contracted with a contractor for the kitchen remodel and basketball court.
- April 4, 2014 – The District Director reported the District is attempting to move forward with the opening of the residential part of the ANCHOR Center. The District provided hiring justifications to DOC for approval.
- May 16, 2014 – Discussion of why the District was spending money on a basketball court at the ANCHOR Center. According to the District Director, the District provides recreational activities for each of the residential facilities. Recreation will be a necessary programming component for the populations the District serves at the ANCHOR Center. In addition, the remodeling project for the ANCHOR Center and how the residential officer positions are on hold for the moment were discussed.
- June 13, 2014 – ANCHOR Center updates: sent a staff e-mail, letter to legislators, and still on hold pending DOC approval.
- August 8, 2014 – Approval of positions for the ANCHOR Center residential are still pending with DOC.

- September 5, 2014 – The District received permission from DOC to open the ANCHOR Center. The District is working on expediting the process for residential officer positions to transfer from existing residential facilities to the ANCHOR Center.
- October 20, 2014 – The District was approximately half way through offering internal transfers to current residential officers.

We obtained and reviewed detailed general accounting ledgers for the ANCHOR Center to determine the reasonableness of the expenses. Based on the vendors, the amounts they were paid, and the timing of the payments, we did not identify any unusual disbursements in the ledgers.

As stated previously, the Legislature’s intent from the inception of funding the ANCHOR Center was to construct a residential facility. However, the Anchor Center provided only outpatient services when the facility opened in July 2009. Also, remodeling was needed in 2014 prior to opening the center as a residential facility. We were unable to identify specific management decisions which resulted in the need to remodel the original construction in order for it to support a residential facility. However, it is apparent the original construction was not designed in a manner sufficient to support a residential facility as was the Legislature’s directive. It is not clear why the \$2.3 million appropriated by the Legislature during fiscal years 2007 and 2008 was not sufficient to construct a facility which would function as intended by the Legislature.

Hope House

Hope House is a residential facility located in Coralville which offers short-term housing for offenders under supervision in the community. According to the District’s website, Hope House provides services for male work releasees, 2nd and 3rd offense drunk drivers, and probationers as ordered by the District Court. In addition, Hope House provides services to male Federal offenders.

During our fieldwork, a concern was identified regarding the accounting practices for the funds received and disbursed from Hope House. We reviewed accounting records maintained at Hope House to determine if there were written policies and procedures for establishing loans to residents, collecting on loans, writing off uncollectible loans and maintaining supporting documentation. In addition, we reviewed accounting records to determine if the loans to residents were allowable and appropriate based on the residents’ need.

We identified a policy titled “Resident Loan Fund” which stated the Residential Manager maintains a loan fund to assist residents of the facility. The policy addresses the process for establishing a loan with a resident, recording repayments on the loan, and depositing the collections. According to the District’s policy, residents are required to complete a “Residential Loan Request” form; however, a District representative stated the forms are not completed. Instead, verbal requests are made. In addition, we determined loans were periodically written off, but the District has not established a policy which addresses writing off uncollectible loans and maintenance of records.

Accepting verbal requests rather than a completed Residential Loan Request form does not provide adequate documentation for the District’s record keeping. Providing funds to residents based on a verbal request is a poor management practice. In addition, not having a policy allows decisions regarding writing off uncollectible loans to be made without proper oversight.

During our fieldwork, we reviewed the images of checks written on the account for the period March 31, 2010 through April 30, 2014. We identified 584 checks totaling \$33,839.99 which were all issued to “Cash.” Of the 584 checks, 425 had a single signature and were cashed by the same employee. Because sufficient records were not maintained, we were unable to determine if the employee improperly issued and redeemed the checks for their own benefit.

We also identified 82 checks with dual signatures which were cashed by one of the check signers. For the remaining 77 checks, we were unable to determine who cashed the checks because the images of the backs of the checks were not provided or the signature was not legible. As a result, we cannot determine the propriety of these disbursements.

In addition, we were unable to determine if the loans issued from Hope House were allowable and appropriate due to the lack of supporting documentation. We were also unable to determine if the proceeds were used for the purpose described. Based on these factors and because there were no controls over the redemption of checks by the individuals who prepared the checks, we are unable to determine an amount to include in **Exhibit A**.

Forfeiture Funds

The District has established a forfeiture fund which includes amounts seized from offenders by probation and parole officers. According to District officials, the District's High Risk Unit officers periodically conduct home visits to determine an offender's compliance with probation terms. During the visits, cash or other paraphernalia may be seized.

We attempted to confirm all collections of forfeiture funds from the Drug Enforcement Administration and the District's High Risk Unit were properly deposited to the District's checking account. However, because a listing is not maintained for all forfeiture funds collected, we were unable to determine if all forfeiture funds collected were properly deposited. In addition, we reviewed all disbursements of forfeiture funds to determine if the funds were spent in accordance with Chapter 809A of the *Code*.

During our fieldwork, we identified the following:

- 20 of the 69 forfeiture files did not have supporting documentation related to seizures.
- 9 of the 69 forfeitures did not breakdown the cash seized by denomination at the time of arrest.
- Cash received through forfeitures or seizures was not deposited in a timely manner. However, the District is not able to control the time elapsed between the court proceedings and the deposit.
- 2 of the 69 forfeitures were not included in the District's listing.
- No listing of property in the evidence room was maintained.
- A listing of individuals who have keys to the evidence room was not maintained.

Based on our review of the District's accounting records, forfeiture funds were spent on training for High Risk Unit officers, ammunition, vehicles, and uniforms for High Risk Unit officers which are allowable in accordance with Chapter 809A of the *Code*. In addition, we were able to determine all funds collected by the District were properly deposited in the District's checking account.

District Buildings

We confirmed all District buildings are in the name of the District and are maintained by the District. Maintenance of District buildings is paid for by the District's general operating funds. As previously stated, State funds are the primary component of the District's funding.

Vending and Laundry Contracts

We obtained and reviewed contracts and contract amendments between the District and CCIA for vending and laundry machines. According to a contract dated October 20, 1993, CCIA agreed to provide vending services for the District, including candy/snack, soft drinks, laundry, and telephone services. In addition, in accordance with the contract, CCIA would reimburse the District at a rate of \$9.06 per square foot based on the square feet for the soft drink, candy/snack, telephones, and washer/dryer in each District building. The District agreed to provide necessary utilities for operation of the vending machines. This agreement was to be reviewed on an annual basis. Based on a total of 304 square feet for all buildings, CCIA agreed to reimburse the District \$2,754.24 per year for the period August 1, 1993 through July 30, 1994.

On March 23, 2007, there was a contract amendment to approve a square footage rate increase from \$9.06 to \$9.56 per square foot for the 375 square feet rented from the District. In addition, the contract amendment extended the term of the agreement to December 31, 2007. As a result, CCIA agreed to pay the District \$3,585.00 annually based on the new rate.

In March 2010, the square footage increased from 375 to 391 square feet, which resulted in an increase in the annual payment to \$3,737.96. This payment remained the same for the period December 31, 2010 through June 30, 2013. According to a District representative, the District and CCIA did not have a contract for these services for fiscal year 2014 but the services continued. CCIA paid the District \$3,737.96 for the year ended June 30, 2014.

We obtained and reviewed CCIA and District accounting records for the period January 1, 2010 through June 30, 2014 to determine if CCIA properly reimbursed the District in accordance with the contract and CCIA's collections from the vending, laundry, and telephone services. **Table 6** summarizes the payments to the District compared to CCIA's collections from the vending, laundry, and telephone services for the period January 1, 2010 through June 30, 2014.

| As of December 31, | Amount Paid to District | CCIA Vending Collections |
|-------------------------------|--|---|
| 2010 | \$ 3,737.96 | 36,967.82 |
| 2011 | 3,737.96 | 37,007.13 |
| 2012 | 3,737.96 | 41,934.94 |
| 2013 | 3,737.96 | N/A |
| 2014* | 3,737.96 | N/A |
| Total | \$ 18,689.80 | 115,909.89 |

* - Through June 30, 2014.

N/A - Financial statements were not available for 2013 and 2014.

As illustrated by the **Table**, CCIA received \$115,909.89 in vending revenue for the period December 31, 2010 through December 31, 2012. Because we were unable to determine the amount CCIA spent to maintain the equipment and ensure vending machines were kept full, we were unable to determine CCIA's net profit. As illustrated by the **Table**, CCIA made annual payments in accordance with the contract.

It is not unreasonable for the District to establish contracts for vending and laundry services; however, the contracts should have been awarded in a competitive manner rather than awarded directly to CCIA. In addition, we determined other Districts either maintained the vending machines themselves or contracted with a vending services business. In those cases, the Districts either received all or a percentage of the profits. Also, we determined other Districts had coin operated laundry machines which were maintained by the Districts. In addition, no other District used an entity which was not in the business of providing vending services to provide those services.

It is unclear why the District would contract with CCIA, an entity which does not provide vending or laundry services, to provide these services, particularly since CCIA then contracted with other parties to provide the actual services. Having CCIA provide vending and laundry services resulted in incurring an unnecessary expense which benefited CCIA and provided no obvious benefit to the District. This relationship reduced the funds the District may have collected. Had the District not contracted with CCIA for these services and provided these services directly like other Districts, the District's financial position may have been enhanced.

STATUS OF PRIOR AUDIT FINDINGS

During our fieldwork, we discussed with the District Director any policy changes or new policies implemented to address the findings identified in the January 10, 2014 report. A summary of corrective actions taken by the District for the findings identified in the report issued on January 10, 2014 is listed below.

1. Oversight – According to a District Board response dated February 21, 2014, a new format of reporting to the Board has been created. The new format is a spreadsheet which includes revenue and expense descriptions along with current month and year to date amounts. In addition, the administrative team reviews the financials at least twice a month and the management team reviews the financials quarterly. We reviewed the reports prepared; however, we were unable to determine the level of review performed by District officials.
2. Job Duties – According to the District Board response dated February 21, 2014, District staff are no longer supervising or managing any CCIA grant programs. However, according to the District Director in June 2014, 3 District employees performed job duties during the night and during weekends as a second job for CCIA.
3. Vacation and Sick Leave Accruals – On February 27, 2014, the District Director sent a memo to non-contract District employees stating all staff will accrue sick leave as set forth by the new Sick Leave policy effective immediately. During our fieldwork, we determined the sick leave accrual rates in the District's new policy agree with section 70A.1 of the *Code*.

In addition, we reviewed the vacation policy established by the District. During our fieldwork, the vacation policy had not been changed, but the District was in the process of changing the policy. On August 8, 2014, the District adopted a new vacation policy. We reviewed the policy and determined the new vacation accrual rates agree with section 70A.1 of the *Code*.

However, the policy states, "Management employees that held their position as of June 13, 2014 are entitled to an additional eighty (80) hours added to their accrual cap. Employees hired, transferred or promoted into a management position after June 13, 2014 are not entitled to this additional accrual cap." Section 70A.1 of the *Code* specifies the maximum vacation accrual and does not allow for the accumulation of additional hours. According

to the District Director, the additional hours are an incentive for non-contract management employees; however, non-contract management employees receive higher salaries which would be considered an incentive.

District officials do not believe the maximum vacation accruals established by section 70A.1 of the *Code* apply to District employees because they are not State employees. However, District employees participate in SLIP, which is established by section 70A.23 of the *Code*. Chapter 70A.23 of the *Code* specifies State employees, excluding those covered under a collective bargaining agreement which provides otherwise, participate in SLIP in addition to specifying the vacation and sick leave accrual rates and the maximum vacation accrual for State employees. Because District employees participate in SLIP, they are considered State employees for these benefits and, therefore, the District should comply with the accrual rates and the maximum vacation accrual established in section 70A.1 of the *Code*. As a result, we determined all non-contract management employees should not accrue 80 hours of vacation in excess of the maximum vacation accrual specified in section 70A.1 of the *Code*. However, the District has only discontinued this practice for individuals newly hired to management. Existing management personnel continue to accrue the additional 80 hours of vacation.

4. Compensatory Time – As stated in the report issued on January 10, 2014, the District discontinued this practice. In addition, the District Board’s response dated February 21, 2014 stated the compensatory time practice has stopped.
5. Health and Dental Insurance Benefits - As stated in the report issued on January 10, 2014, the District discontinued this practice in July 2013. In addition, the District Board’s response dated February 21, 2014 stated the practice was stopped in June 2013.
6. FEMA Grant – We attempted to discuss the status of this finding with the District Director; however, the District Director was unable to provide an update. There was no District Board response to this finding.
7. District Grants – The District has not taken any corrective action regarding this finding.
8. Office Space Rent – According to the District Board’s response dated February 21, 2014, CCIA has moved from the Wenzel Center. During our fieldwork, CCIA moved from the District complex to an offsite location which is not owned by the District.
9. Capital Assets – Vehicles – The District has reduced its fleet of vehicles from 47 to 28 by selling 19 vehicles. We reviewed capital asset listings and confirmed the 19 vehicles were sold and were no longer included on the District’s capital asset listing.
10. Travel Claims – According to the District Board’s response dated February 21, 2014, the policy was under review. However, the District will ensure all out of state travel is approved by the Board and sent to DOC for approval.
11. Cell Phones – According to a District representative, there are no CCIA cell phones on the District’s cell phone plans as of March 2013. We reviewed cell phone bills and determined the District does not have any CCIA cell phones on its cell phone plans.

Based on discussions with District officials and our review of supporting documentation, the District has implemented changes to certain findings. However, other District policies have not sufficiently addressed concerns identified in the report issued on January 10, 2014, such as management employees being able to accrue 80 hours of vacation in excess of the maximum vacation accrual specified in section 70A.1 of the *Code*.

CONCLUSION

As a result of our review, we identified the following items for further consideration by the Governor, the General Assembly, the Department of Corrections, and the District to help ensure the operation of the District is as cost effective and efficient as possible.

As previously stated, a representative of the Attorney General's Office (AG) provided verbal guidance in September 2014 that Districts are governmental subdivisions rather than State agencies. However, for fiscal years 2010 through 2014, 73% to 77% of the District's funding was from State appropriations. According to a DOC official and in accordance with section 8.33 of the *Code*, Districts are required to revert any unused funds from the State appropriations at the end of each fiscal year. Also, as required by the purchase of service agreements DOC establishes with each District, the Districts are required to report any amount reverted to DOC.

While the AG representative has provided verbal guidance regarding the Districts being classified as governmental subdivisions, there is still a significant amount of ambiguity regarding the District's level of autonomy. The ambiguity is a result of how the District operates, how it is funded, and how it is perceived by the public and the offenders it serves. In addition, the District is treated differently than other governmental subdivisions, such as cities, counties, and school districts.

Additional factors which impact the ambiguity of the District include, but are not limited to:

- In addition to annual State appropriations, the Districts received supplemental appropriations during fiscal years 2010 through 2012 which were specifically for unfunded salary increases. Also, DOC reallocated over \$650,000 of state appropriations from correctional institutions and 5 Districts to the Sixth Judicial District at the end of fiscal year 2012 to help alleviate a significant deficit.
- The Districts are not completely funded by State appropriations. The remaining funding sources include federal funds, local funds, and fees. However, a number of State agencies, including the Department of Human Services, the Department of Transportation, Iowa Workforce Development, and the Department of Natural Resources, have similar funding sources.
- The Sixth Judicial District was appropriated \$2.3 million for construction of a residential facility and approximately \$1.5 million for the operation of the facility. While the Legislature has not funded residential facilities in other Districts, it is not uncommon for the Legislature to appropriate funding for the construction and maintenance of State institutions, such as correctional and human services institutions.
- The Districts are included in the Comprehensive Annual Financial Report for the State of Iowa and included in the budgeting process completed by the General Assembly.
- Legislation established the community based corrections program in the early 1970's. In 1977, legislation created the Judicial District Department of Correctional Services. At that time, employees were not State employees and did not receive State benefits. In 1983, the General Assembly reorganized the structure of State government. The reorganization included splitting the Department of Corrections from the Department of Social Services. Certain services previously performed by the Department of Social Services, such as adult parole and work release, were assigned to the Judicial Districts. At the same time, certain State employees were reassigned from the Department of Social Services to the Districts. However, the employees were allowed to maintain their "State employee status" and continue to receive State benefits.

- Contract employees at the Districts are included in the AFSCME collective bargaining agreement and are specified as a separate “class” of employees in an Appendix of the agreement. Specifically, a DOC official provided a summary of payroll positions as of April 9, 2015 which showed approximately 87% of all District employees are contract-covered and, therefore, are provided State employee benefits. However, there is no specific provision allowing non-union covered District employees to receive State benefits. Of the 8 Districts, 5 follow section 70A.1 of the *Code* regarding the amount of vacation and sick leave awarded to State employees based on their years of service. However, the remaining 3 award paid leave to their non-union employees in amounts which exceed the limits of section 70A.1 of the *Code*.
- No other governmental subdivisions, such as cities, counties and school districts, receive State employee insurance benefits.
- DAS provides oversight of all State employees who participate in benefit programs, such as health insurance, dental insurance, and SLIP. However, DAS does not provide oversight of District employees who participate in these programs.
- For certain areas, DOC provides periodic and on-going oversight, instruction, monitoring, and approvals to Districts. This includes approval of FTEs, budgets, and pay increases above the maximums established for certain employees.
- Districts are considered State agencies for purposes of Chapter 669 of the *Code*, State Tort Claims.
- A contract established between the Sixth Judicial District and CCIA included a clause which stated, “the Contractor [CCIA] understands that under an independent contractor relationship that Correctional Services will not provide to any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, worker’s compensation or any other benefits or services available to State Employees, nor will the State withhold any federal or state income taxes.”
- Based on our interviews with officials of the 8 Districts, most responded they consider themselves to be State employees.

As a result of the ambiguity regarding the status of the Districts, the General Assembly should consider clarifying how the Districts should be classified. If the General Assembly determines the Districts are to be considered State agencies, policies and procedures should be established which ensure the Districts comply with all State policies and procedures, including the policies for benefits, pay scales and benefit accrual rates. In addition, the General Assembly should consider requiring Districts be added to the State’s centralized accounting and payroll systems.

A concern brought to our attention regarding the classification of the Districts as State agencies is there would no longer be any local control of how District funds are used. However, being a State agency would not prohibit a local board from determining the programming and services which best serve their community. While local boards would have to comply with State rules, as they currently do, they would have discretion on the mix of programs and services provided in their communities. This is no different than current State agencies with Boards or Commissions which provide oversight and guidance.

However, if the General Assembly determines the Districts are not State agencies, they should not be allowed to participate in State benefit programs unless governmental subdivisions are specifically allowed to participate per legislative action. In addition, if the General Assembly determines the Districts are not State agencies, DOC should no longer reallocate funds from

correctional institutions to any of the Districts. It would not be appropriate to reallocate funds appropriated for a State agency's operations to an entity which is not a State agency.

Regardless of the determination made by the General Assembly, because State funding is the primary funding source, DOC should continue to provide oversight of the Districts. The purchase of service agreements DOC establishes with each District should include, or continue to include, the following items:

- Budget guidelines - Tracking and reporting mechanisms which allow for timely detection of areas of concern.
- Pay scales – Continue to establish reasonable pay scales.
- Accrual rates for paid time off – Acknowledge contract employees receive benefits in compliance with AFSCME bargaining agreements and specify maximum accrual rates for non-contract employees. DOC should specify in the agreements all accrual rates and benefits are to comply with maximums established by DAS.
- Bonuses – Address the allowability of bonuses paid with State funds.
- Allowability of disbursements – Specify all disbursements, including benefits, are to be reasonable, in the best interest of the public, and ensure efficient and economical operations of the District. In addition, the agreements should provide for a system for monitoring each District's disbursements.
- Any other applicable State rules and procedures.
- Accounting systems – Specify all Districts are required to use uniform accounting and payroll systems to aid in budgeting, monitoring, and financial reporting.

Based on the procedures we performed and the observations we made, we identified a number of concerns regarding decisions made and actions taken by management personnel and Board members of the Sixth Judicial District.

Management personnel and the Board have a fiduciary responsibility to exercise authority over the District's funds, efficiently and effectively achieve the District's mission, provide oversight of the District's operations and maintain the public trust. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity. In addition, the Board is responsible for taking appropriate action when employees do not comply with established procedures.

As stated in the report issued on January 10, 2014, the Board was previously provided inconsistent and inaccurate financial information. More detailed financial information is currently presented in a timely manner to the Board. However, we were told when we requested specific financial records on several occasions the District's accounting system was not set up in a manner which allowed for collection of all program-related costs. As a result, the Board cannot be provided complete, accurate cost information for programs.

In addition, many of the financial difficulties encountered by the District were caused by management decisions in which CCIA played a role. Specifically, paying for expenses for CCIA and allowing CCIA to play an unnecessary role in the District's operations resulted in an additional layer of costs for certain programs and the District's overall operations. In addition, the Board authorized pay increases to non-union management employees and provided additional benefits when there were not sufficient funds for the pay increases. The District's Board and management employees need to exercise a more active role in ensuring District funds are used in the most economical and efficient manner possible.

Recommended Control Procedures

As part of our review, we reviewed the procedures used by the District to allocate payroll, process claim, administer grants, and prepare reports. 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 Sixth Judicial District's internal controls.

- A. Oversight - The Board has a fiduciary responsibility to exercise authority over the District's funds, efficiently and effectively achieve the District's mission, provide oversight of the District's operations and maintain the public trust. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity. In addition, the Board is responsible for taking appropriate action when employees do not comply with procedures established by the Department of Corrections.

Based on our observations and the procedures performed, we determined the Board failed to exercise proper fiduciary oversight.

District officials have a fiduciary responsibility to report timely and accurate financial and operating information to the Board, exercise authority over District funds, efficiently and effectively achieve the District's mission and maintain the public trust. We identified a number of decisions made by District officials which negatively impacted the District's financial condition, some of which were presented to the Board for approval. Other decisions do not appear to have been presented to the Board. For example, we determined:

- Because vacation and sick leave were accrued at higher rates for management employees, the District's financial position was negatively impacted and the higher accrual rates will continue to impact the District's financial health.
- In the report issued on January 10, 2014, we identified 4 employees for whom the District paid salaries even though each employee spent a portion of their day working on CCIA responsibilities. During fieldwork for the addendum report, we identified 4 additional employees who also performed CCIA responsibilities but were paid by the District. Had the District sought reimbursement from CCIA for these employees, the District's financial condition would have improved.
- CCIA provided services, such as vending and laundry services, and administered programs, such as BEP, which resulted in an unnecessary layer which benefited CCIA and provided limited benefits to the District.

Each of these factors is an illustration of poor management decisions implemented by officials of the District and/or Board members. The poor management decisions, 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 the District and its related organization, CCIA. The lack of appropriate fiduciary oversight which allowed implementing increased paid time off accruals caused the District to go further into a deficit position.

Recommendation – Adequate fiduciary oversight is essential and should be an ongoing effort by all members of the Board. In the future, the Board should exercise due care and require and review pertinent information and documentation prior to making decisions affecting the financial health of the District and District operations.

Appropriate policies and procedures should be adopted, implemented and monitored to ensure compliance with established and improved policies and procedures. In addition, procedures should be implemented to ensure all District costs are paid for with District funds and the District does not pay for costs incurred by or on behalf of CCIA.

B. Job Duties - After reviewing job descriptions for several key employees within the District and CCIA, we identified the following:

- Several District employees are administering programs for CCIA.
- These employees do not maintain timesheets which document how their time is allocated between the District and CCIA. The District is not reimbursed by CCIA for the time spent by District employees on CCIA projects.

Recommendation - The District should implement procedures to ensure timesheets are completed, reviewed, and maintained.

In addition, the District and CCIA should continue implementing policies and procedures to ensure independence is established by separating the staffing, financial transactions and records of the District and CCIA. In February 2014, the District discontinued allowing District employees to administer CCIA grants/programs and functions.

C. Vacation and Sick Leave Accruals – The District operates primarily on appropriations from the State of Iowa and funding provided by the State for payroll costs. While most State employees' payroll is processed by DAS, each District processes payroll for its employees. Processing payroll includes determining net pay, accruing vacation and sick leave benefits and ensuring employees contribute the appropriate amount for their health, dental, and other benefits.

We determined the District has established policies which allow management employees to earn vacation and sick leave at a rate greater than non-management employees, State employees and employees of other Districts. This practice continued until June 2014.

In addition, the District identified several employees' maximum vacation accruals were not properly calculated. During our review, we also determined management employees were still allowed to accumulate an additional 40 hours of vacation. As a result, the maximum vacation accrual for several management employees was not properly calculated in accordance with section 70A.1 of the *Code*. However, the District implemented a policy which states employees hired, transferred, or promoted into a management position after June 13, 2014 are not entitled to the additional accrual cap.

We also determined the District deducted IPERS on vacation payouts and bonuses, which are not considered IPERS covered wages.

Recommendation – District officials should ensure paid time off for employees is accrued at the appropriate rate for all employees, including existing management employees. Specifically, all District employees should accrue vacation and sick leave at

the proper authorized rates and not exceed the maximum vacation accruals. In addition, District officials should consult with the appropriate parties to determine how to properly adjust the current leave balances of management employees which have not been properly calculated.

In addition, the District should review the IPERS handbook to ensure IPERS is deducted only from appropriate and allowable wages. Also, the District should consult with IPERS representatives to determine how to properly adjust for IPERS deductions from payments which were not IPERS covered wages.

D. Forfeiture Funds – The District has a High Risk Unit which is involved in the collection of forfeiture funds. During our review of forfeiture funds, we identified the following:

- 20 of the 69 forfeiture files did not have supporting documentation related to seizures.
- 9 of the 69 forfeitures did not breakdown the cash seized by denomination at the time of arrest.
- Cash received through forfeitures or seizures was not deposited in a timely manner. However, the District is not able to control the time elapse between the court proceedings and the deposit.
- 2 of the 69 forfeitures were not included on the District’s listing.
- No listing of property located in the evidence room was maintained.
- A listing of individuals who have keys to the evidence room was not maintained.

Recommendation – The District should ensure all forfeitures and seizures have detailed supporting documentation which includes a breakdown of cash obtained at the time of arrest. In addition, the District should ensure all forfeitures and/or seizures are deposited in a timely manner and recorded in the District’s accounting system.

Also, the District should develop a listing of all property forfeited or seized in the evidence room. The District should establish policies and procedures for individuals who have access to the evidence room.

E. Batterer’s Education Program (BEP) – Prior to October 2012, the District allowed CCIA to administer BEP. During our review, we determined the following:

- The District did not obtain copies of BEP financial records from CCIA when the District began administering BEP.
- The District received \$30,000 in BEP funds from CCIA in 2012 when the District began administering BEP. However, the District miscoded the \$30,000 of BEP funds as a CCIA reimbursement. As a result, the District’s beginning balance was misstated by \$30,000.
- CCIA charged indirect overhead expenses related to BEP. Indirect overhead expenses included DCS clerical, administration, and data processing fees.

- Supporting documentation was not available to determine why the District decided to merge the Linn County BEP and the Johnson County BEP.

Recommendation – The District should ensure the program is operated in the most efficient and effective manner as possible and accurate balances are maintained to ensure proper tracking of BEP funds.

In addition, the District should ensure all supporting documentation is obtained and maintained.

F. Hope House – During our review of Hope House, we identified the following:

- Residents are not completing “Residential Loan Request” forms.
- There are no written policies and procedures for writing off uncollectible loans.
- There are no formal written policies and procedures regarding the use of Hope House loan funds.
- Lack of segregation of duties – the same individual prepared checks, posted, and cashed checks. In addition, the same individual established accounts and paid down the loans recorded on District software.

Recommendation – The District should develop and implement written policies and procedures regarding the use of Hope House loan funds and the process for writing off uncollectible loans. In addition, the District should review its internal control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including Board members.

G. Youth Leadership Model Program – During our review, we determined the following:

- The District did not track all expenses and revenues related to the youth program.
- The District continued to fund contracts with CCIA for youth program administration after funding for the program was eliminated by the General Assembly.
- Supporting documentation was not available for the period of review.

Recommendation – The District should ensure all revenues and expenses related to a particular program are tracked and maintained at the District’s office. In addition, the District should ensure the mission of the District is achieved by using available funding to provide services to adult offenders, unless otherwise directed by the General Assembly.

Also, the District should ensure all supporting documentation is obtained and maintained.

Exhibits

**Addendum to a
Report on a Review
of the
Sixth Judicial District
Department of Correctional Services**

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Summary of Findings
For the period July 1, 2008 through June 30, 2014

| Description | Exhibit/ Table/Page | Amount |
|---|--------------------------------|-------------------------------|
| Improper disbursements: | | |
| IPERS | Exhibit H | \$ 4,516.73 |
| CCIA costs paid by the District: | | |
| BEP payroll (calculated) | Exhibit B | 230,017.47 |
| Payroll (calculated) | Table 3 | 797,056.30 |
| Youth Leadership Model Program contract | Page 16 | 150,000.00 |
| Grant cash match contribution | Page 17 | 5,053.00 |
| Subtotal of CCIA costs paid by the District | | <u>1,182,126.77</u> |
| Total improper disbursements | | <u><u>\$ 1,186,643.50</u></u> |
| Potential improper liabilities: | | |
| Incorrect vacation accrual ceilings | Exhibit E | \$ 98,317.26 |
| Incorrect accrued balances: | | |
| Vacation | Exhibit F | 32,749.23 |
| Sick leave | Exhibit G | 40,415.49 |
| Total potential liabilities | | <u>\$ 171,481.98</u> |
| Estimated potential savings: | | |
| Batterer's Education Program | Page 11 | <u><u>\$ 285,000.00</u></u> |

Exhibit B

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Lori Traeger's Payroll Paid by the District
For the period July 1, 2008 through June 30, 2014

| Pay Date | Gross Pay^ | FICA 7.65% | IPERS* | Total |
|-----------------|-------------------|-------------------|---------------|--------------|
| 08/24/01 \$ | 669.76 | 51.24 | 38.51 | 759.51 |
| 09/07/01 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 09/21/01 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 10/05/01 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 10/19/01 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 11/02/01 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 11/16/01 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 11/30/01 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 12/14/01 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 12/28/01 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 01/11/02 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 01/25/02 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 02/08/02 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 02/22/02 | 956.80 | 73.20 | 60.76 | 1,090.76 |
| 03/08/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 03/22/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 04/05/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 04/19/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 05/03/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 05/17/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 05/31/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 06/14/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 06/28/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 07/12/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 07/26/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 08/09/02 | 994.57 | 76.08 | 63.16 | 1,133.81 |
| 08/23/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 09/06/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 09/20/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 10/04/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 10/18/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Lori Traeger's Payroll Paid by the District
For the period July 1, 2008 through June 30, 2014

| Pay Date | Gross Pay^ | FICA 7.65% | IPERS* | Total |
|-----------------|-------------------|-------------------|---------------|--------------|
| 11/01/02 | 994.56 | 76.08 | 63.15 | 1,133.79 |
| 11/15/02 | 1,024.40 | 78.37 | 65.05 | 1,167.82 |
| 11/29/02 | 1,024.40 | 78.37 | 65.05 | 1,167.82 |
| 12/13/02 | 1,024.40 | 78.37 | 65.05 | 1,167.82 |
| 12/27/02 | 1,024.40 | 78.37 | 65.05 | 1,167.82 |
| 01/10/03 | 1,024.40 | 78.37 | 65.05 | 1,167.82 |
| 01/24/03 | 1,024.40 | 78.37 | 65.05 | 1,167.82 |
| 02/07/03 | 1,024.40 | 78.37 | 65.05 | 1,167.82 |
| 02/21/03 | 1,024.40 | 78.37 | 65.05 | 1,167.82 |
| 03/07/03 | 1,065.38 | 81.50 | 67.65 | 1,214.53 |
| 03/21/03 | 1,065.38 | 81.50 | 67.65 | 1,214.53 |
| 04/04/03 | 1,065.38 | 81.50 | 67.65 | 1,214.53 |
| 04/18/03 | 1,065.38 | 81.50 | 67.65 | 1,214.53 |
| 05/02/03 | 1,065.38 | 81.50 | 67.65 | 1,214.53 |
| 05/16/03 | 1,065.38 | 81.50 | 67.65 | 1,214.53 |
| 05/30/03 | 1,065.38 | 81.50 | 67.65 | 1,214.53 |
| 06/13/03 | 1,065.38 | 81.50 | 67.65 | 1,214.53 |
| 06/27/03 | 1,065.38 | 81.50 | 67.65 | 1,214.53 |
| 07/11/03 | 1,086.69 | 83.13 | 69.00 | 1,238.82 |
| 07/25/03 | 1,086.69 | 83.13 | 69.00 | 1,238.82 |
| 08/08/03 | 1,086.68 | 83.13 | 69.00 | 1,238.81 |
| 08/22/03 | 1,086.68 | 83.13 | 69.00 | 1,238.81 |
| 09/05/03 | 1,086.68 | 83.13 | 69.00 | 1,238.81 |
| 09/19/03 | 1,086.69 | 83.13 | 69.00 | 1,238.82 |
| 10/03/03 | 1,086.68 | 83.13 | 69.00 | 1,238.81 |
| 10/17/03 | 1,086.68 | 83.13 | 69.00 | 1,238.81 |
| 10/31/03 | 1,086.68 | 83.13 | 69.00 | 1,238.81 |
| 11/14/03 | 1,086.68 | 83.13 | 69.00 | 1,238.81 |
| 11/28/03 | 1,086.69 | 83.13 | 69.00 | 1,238.82 |
| 12/12/03 | 1,086.68 | 83.13 | 69.00 | 1,238.81 |

Exhibit B

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Lori Traeger's Payroll Paid by the District
For the period July 1, 2008 through June 30, 2014

| Pay Date | Gross Pay^ | FICA 7.65% | IPERS* | Total |
|-----------------|-----------------------|-----------------------|---------------|--------------|
| 12/26/03 | 1,086.68 | 83.13 | 69.00 | 1,238.81 |
| 01/09/04 | 1,086.68 | 83.13 | 69.00 | 1,238.81 |
| 01/23/04 | 1,086.68 | 83.13 | 69.00 | 1,238.81 |
| 02/06/04 | 1,086.69 | 83.13 | 69.00 | 1,238.82 |
| 02/20/04 | 1,086.68 | 83.13 | 69.00 | 1,238.81 |
| 03/05/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 03/19/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 04/02/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 04/16/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 04/30/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 05/14/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 05/28/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 06/11/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 06/25/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 07/09/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 07/23/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 08/06/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 08/20/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 09/03/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 09/17/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 10/01/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 10/15/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 10/29/04 | 1,135.58 | 86.87 | 72.11 | 1,294.56 |
| 11/12/04 | 1,186.69 | 90.78 | 75.35 | 1,352.82 |
| 11/26/04 | 1,186.69 | 90.78 | 75.35 | 1,352.82 |
| 12/10/04 | 118.67 | 9.08 | 7.54 | 135.29 |
| 12/24/04 | 1,305.36 | 99.86 | 82.89 | 1,488.11 |
| 01/07/05 | 1,186.69 | 90.78 | 75.35 | 1,352.82 |
| 01/21/05 | 1,210.42 | 92.60 | 76.86 | 1,379.88 |
| 02/04/05 | 1,210.42 | 92.60 | 76.86 | 1,379.88 |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Lori Traeger's Payroll Paid by the District
For the period July 1, 2008 through June 30, 2014

| Pay Date | Gross Pay^ | FICA 7.65% | IPERS* | Total |
|-----------------|-------------------|-------------------|---------------|--------------|
| 02/18/05 | 1,210.42 | 92.60 | 76.86 | 1,379.88 |
| 03/04/05 | 1,210.42 | 92.60 | 76.86 | 1,379.88 |
| 03/18/05 | 1,210.42 | 92.60 | 76.86 | 1,379.88 |
| 04/01/05 | 1,210.42 | 92.60 | 76.86 | 1,379.88 |
| 04/15/05 | 1,210.42 | 92.60 | 76.86 | 1,379.88 |
| 04/29/05 | 1,210.42 | 92.60 | 76.86 | 1,379.88 |
| 05/13/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 05/27/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 06/10/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 06/24/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 07/08/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 07/22/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 08/05/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 08/19/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 09/02/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 09/16/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 09/30/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 10/14/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 10/28/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 11/11/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 11/25/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 12/09/05 | 1,264.89 | 96.76 | 80.32 | 1,441.97 |
| 12/23/05 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 01/06/06 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 01/20/06 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 02/03/06 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 02/17/06 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 03/03/06 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 03/17/06 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 03/31/06 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |

Exhibit B

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Lori Traeger's Payroll Paid by the District
For the period July 1, 2008 through June 30, 2014

| Pay Date | Gross Pay^ | FICA 7.65% | IPERS* | Total |
|-----------------|-----------------------|-----------------------|---------------|--------------|
| 04/14/06 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 04/28/06 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 05/12/06 | 1,264.90 | 96.76 | 80.32 | 1,441.98 |
| 05/26/06 | 1,321.82 | 101.12 | 83.94 | 1,506.88 |
| 06/09/06 | 1,321.82 | 101.12 | 83.94 | 1,506.88 |
| 06/23/06 | 1,321.82 | 101.12 | 83.94 | 1,506.88 |
| 07/07/06 | 1,321.82 | 101.12 | 83.94 | 1,506.88 |
| 07/21/06 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 08/04/06 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 08/18/06 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 09/01/06 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 09/15/06 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 09/29/06 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 10/13/06 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 10/27/06 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 11/10/06 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 11/24/06 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 12/08/06 | 1,348.25 | 103.14 | 85.61 | 1,537.00 |
| 12/22/06 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 01/05/07 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 01/19/07 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 02/02/07 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 02/16/07 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 03/02/07 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 03/16/07 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 03/30/07 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 04/13/07 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 04/27/07 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 05/11/07 | 1,348.26 | 103.14 | 85.61 | 1,537.01 |
| 05/25/07 | 1,535.72 | 117.48 | 97.52 | 1,750.72 |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Lori Traeger's Payroll Paid by the District
For the period July 1, 2008 through June 30, 2014

| Pay Date | Gross Pay[^] | FICA 7.65% | IPERS* | Total |
|-----------------|------------------------------|-------------------|------------------|-------------------|
| 06/08/07 | 1,535.74 | 117.48 | 97.52 | 1,750.74 |
| 06/22/07 | 1,535.73 | 117.48 | 97.52 | 1,750.73 |
| 07/06/07 | 1,535.73 | 117.48 | 97.52 | 1,750.73 |
| 07/20/07 | 1,581.81 | 121.01 | 100.44 | 1,803.26 |
| 08/03/07 | 1,581.81 | 121.01 | 100.44 | 1,803.26 |
| 08/17/07 | 1,581.80 | 121.01 | 100.44 | 1,803.25 |
| 08/31/07 | 1,581.80 | 121.01 | 100.44 | 1,803.25 |
| 09/14/07 | 1,581.80 | 121.01 | 100.44 | 1,803.25 |
| 09/28/07 | 1,581.80 | 121.01 | 100.44 | 1,803.25 |
| 10/12/07 | 1,581.80 | 121.01 | 100.44 | 1,803.25 |
| 10/26/07 | 1,581.80 | 121.01 | 100.44 | 1,803.25 |
| 11/09/07 | 1,581.80 | 121.01 | 100.44 | 1,803.25 |
| 11/23/07 | 1,652.98 | 126.45 | 104.96 | 1,884.39 |
| 12/07/07 | 1,652.98 | 126.45 | 104.96 | 1,884.39 |
| 12/21/07 | 1,652.98 | 126.45 | 104.96 | 1,884.39 |
| 01/04/08 | 1,652.98 | 126.45 | 104.96 | 1,884.39 |
| 01/18/08 | 1,652.98 | 126.45 | 104.96 | 1,884.39 |
| 02/01/08 | 1,652.98 | 126.45 | 104.96 | 1,884.39 |
| Total | \$ 201,773.68 | 15,435.48 | 12,808.31 | 230,017.47 |

[^] - For the period August 2001 to February 2008, Ms. Traeger worked on BEP 80% of her time. Therefore, we included only 80% of her gross salary.

* - IPERS contribution rates ranged from 5.75% to 6.05% for the period August through February 2008.

**Addendum to a
Report on a Review
of the
Sixth Judicial District
Department of Correctional Services**

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Shari Miller's Payroll Paid by the District
For the period July 1, 2008 through June 30, 2014

| Fiscal Year | Payroll Dates | Bi-Weekly Pay | Number of Pay Periods | Total Pay | FICA 7.65% | IPERS* | Total |
|--------------------|----------------------|----------------------|------------------------------|----------------------|-------------------|------------------|-------------------|
| FY01 | 06/11/01 - 06/30/01 | \$ 1,263.20 | 1.00 | \$ 1,263.20 | 96.63 | 72.63 | 1,432.46 |
| FY02 | 07/01/01 - 11/23/01 | 1,300.80 | 10.00 | 13,008.00 | 995.11 | 747.96 | 14,751.07 |
| FY02 | 11/24/01 - 06/30/02 | 1,351.20 | 16.00 | 21,619.20 | 1,653.87 | 1,243.10 | 24,516.17 |
| FY03 | 07/01/02 - 10/24/02 | 1,351.20 | 8.00 | 10,809.60 | 826.93 | 621.55 | 12,258.08 |
| FY03 | 10/25/02 - 11/23/02 | 1,391.74 | 2.00 | 2,783.48 | 212.94 | 160.05 | 3,156.47 |
| FY03 | 11/24/02 - 06/30/03 | 1,447.41 | 16.00 | 23,158.56 | 1,771.63 | 1,331.62 | 26,261.81 |
| FY04 | 07/01/03 - 11/23/03 | 1,476.36 | 10.00 | 14,763.60 | 1,129.42 | 848.91 | 16,741.93 |
| FY04 | 11/24/03 - 06/30/04 | 1,542.80 | 16.00 | 24,684.80 | 1,888.39 | 1,419.38 | 27,992.57 |
| FY05 | 07/01/04 - 11/23/04 | 1,542.80 | 10.00 | 15,428.00 | 1,180.24 | 887.11 | 17,495.35 |
| FY05 | 11/24/04 - 12/31/04 | 1,612.23 | 3.00 | 4,836.69 | 370.01 | 278.11 | 5,484.81 |
| FY05 | 01/01/05 - 06/30/05 | 1,644.47 | 13.00 | 21,378.11 | 1,635.43 | 1,229.24 | 24,242.78 |
| FY06 | 07/01/05 - 11/23/05 | 1,644.47 | 10.00 | 16,444.70 | 1,258.02 | 945.57 | 18,648.29 |
| FY06 | 11/24/05 - 06/30/06 | 1,718.48 | 16.00 | 27,495.68 | 2,103.42 | 1,581.00 | 31,180.10 |
| FY07 | 07/01/06 - 11/23/06 | 1,752.85 | 10.00 | 17,528.50 | 1,340.93 | 1,007.89 | 19,877.32 |
| FY07 | 11/24/06 - 06/30/07 | 1,831.73 | 16.00 | 29,307.68 | 2,242.04 | 1,685.19 | 33,234.91 |
| FY08 | 07/01/07 - 08/23/07 | 1,886.69 | 4.00 | 7,546.76 | 577.33 | 456.58 | 8,580.67 |
| FY08 | 08/24/07 - 02/16/08 | 2,056.49 | 13.00 | 26,734.37 | 2,045.18 | 1,617.43 | 30,396.98 |
| FY08 | 02/17/08 - 06/30/08 | 2,149.04 | 9.00 | 19,341.36 | 1,479.61 | 1,170.15 | 21,991.12 |
| FY09 | 07/01/08 - 02/16/09 | 2,213.51 | 17.00 | 37,629.67 | 2,878.67 | 2,389.48 | 42,897.82 |
| FY09 | 02/17/09 - 06/30/09 | 2,313.12 | 9.00 | 20,818.08 | 1,592.58 | 1,321.95 | 23,732.61 |
| FY10 | 07/01/09 - 02/16/10 | 2,313.12 | 17.00 | 39,323.04 | 3,008.21 | 2,614.98 | 44,946.23 |
| FY10 | 02/17/10 - 06/30/10 | 2,417.21 | 9.00 | 21,754.89 | 1,664.25 | 1,446.70 | 24,865.84 |
| FY11 | 07/01/10 - 06/30/11 | 2,417.21 | 26.00 | 62,847.46 | 4,807.83 | 4,367.90 | 72,023.19 |
| FY12 | 07/01/11 - 12/31/11 | 2,465.55 | 14.00 | 34,517.70 | 2,640.60 | 2,785.58 | 39,943.88 |
| FY12 | 01/11/12 - 05/25/12 | 2,490.40 | 10.00 | 24,904.00 | 1,905.16 | 2,009.75 | 28,818.91 |
| FY12 | 05/26/12 - 06/30/12 | 2,602.47 | 3.00 | 7,807.41 | 597.27 | 630.06 | 9,034.74 |
| FY13 | 07/01/12 - 12/31/12 | 2,654.40 | 13.00 | 34,507.20 | 2,639.80 | 2,991.77 | 40,138.77 |
| FY13 | 01/01/13 - 05/25/13 | 2,680.80 | 11.00 | 29,488.80 | 2,255.89 | 2,556.68 | 34,301.37 |
| FY13 | 05/26/13 - 06/30/13 | 2,801.44 | 2.00 | 5,602.88 | 428.62 | 485.77 | 6,517.27 |
| FY14 | 07/01/13 - 01/24/14 | 2,801.44 | 15.00 | 42,021.60 | 3,214.65 | 3,752.53 | 48,988.78 |
| Total | | | | \$ 659,355.02 | 50,440.66 | 44,656.62 | 754,452.30 |

* - IPERS rates are 5.75%, 6.05%, 6.35%, 6.65%, 6.95%, 8.07%, 8.67%, and 8.93% for January 1, 2000 through June 30, 2014.

Exhibit D

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Susan Morelock's Payroll Paid by the District
For the period July 1, 2008 through June 30, 2014

| Deposit Date | 30% of Gross Pay[^] | FICA 7.65% | IPERS* | Total |
|---------------------|-------------------------------------|-------------------|---------------|--------------|
| 01/14/11 | \$ 802.56 | 61.40 | 55.78 | 919.74 |
| 01/28/11 | 802.56 | 61.40 | 55.78 | 919.74 |
| 02/11/11 | 802.56 | 61.40 | 55.78 | 919.74 |
| 02/25/11 | 802.56 | 61.40 | 55.78 | 919.74 |
| 03/11/11 | 802.56 | 61.40 | 55.78 | 919.74 |
| 03/25/11 | 802.56 | 61.40 | 55.78 | 919.74 |
| 04/08/11 | 802.56 | 61.40 | 55.78 | 919.74 |
| 04/22/11 | 802.56 | 61.40 | 55.78 | 919.74 |
| 05/06/11 | 802.56 | 61.40 | 55.78 | 919.74 |
| 05/20/11 | 802.56 | 61.40 | 55.78 | 919.74 |
| 06/03/11 | 802.56 | 61.40 | 55.78 | 919.74 |
| 06/17/11 | 802.56 | 61.40 | 55.78 | 919.74 |
| 07/01/11 | 802.56 | 61.40 | 64.77 | 928.73 |
| 07/15/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 07/29/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 08/12/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 08/26/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 09/09/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 09/23/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 10/07/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 10/21/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 11/04/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 11/18/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 12/02/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 12/16/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 12/30/11 | 818.58 | 62.62 | 66.06 | 947.26 |
| 01/13/12 | 826.80 | 63.25 | 66.72 | 956.77 |
| 01/27/12 | 826.80 | 63.25 | 66.72 | 956.77 |
| 02/10/12 | 826.80 | 63.25 | 66.72 | 956.77 |
| 02/24/12 | 826.80 | 63.25 | 66.72 | 956.77 |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Susan Morelock's Payroll Paid by the District
For the period July 1, 2008 through June 30, 2014

| Deposit Date | 30% of Gross Pay[^] | FICA 7.65% | IPERS* | Total |
|---------------------|-------------------------------------|-------------------|-----------------|------------------|
| 03/09/12 | 826.80 | 63.25 | 66.72 | 956.77 |
| 03/23/12 | 826.80 | 63.25 | 66.72 | 956.77 |
| 04/06/12 | 826.80 | 63.25 | 66.72 | 956.77 |
| 04/20/12 | 826.80 | 63.25 | 66.72 | 956.77 |
| 05/04/12 | 826.80 | 63.25 | 66.72 | 956.77 |
| 05/18/12 | 826.80 | 63.25 | 66.72 | 956.77 |
| 06/01/12 | 826.80 | 63.25 | 66.72 | 956.77 |
| 06/15/12 | 826.80 | 63.25 | 66.72 | 956.77 |
| 06/29/12 | 826.80 | 63.25 | 66.72 | 956.77 |
| 07/13/12 | 843.36 | 64.52 | 73.12 | 981.00 |
| 07/27/12 | 843.36 | 64.52 | 73.12 | 981.00 |
| 08/10/12 | 843.36 | 64.52 | 73.12 | 981.00 |
| 08/24/12 | 843.36 | 64.52 | 73.12 | 981.00 |
| 09/07/12 | 843.36 | 64.52 | 73.12 | 981.00 |
| 09/21/12 | 843.36 | 64.52 | 73.12 | 981.00 |
| Total | \$ 36,883.38 | 2,821.63 | 2,898.99 | 42,604.00 |

[^] - According to Ms. Morelock, she recorded 30% of her time on timesheets she completed for the CCIA grant for the period January 1, 2011 through September 30, 2012. As a result, 30% of her gross salary was used to determine CCIA costs paid by the District.

* - IPERS rates were 6.95%, 8.07%, and 8.67% from January 1, 2011 through September 30, 2012.

**Addendum to a
Report on a Review
of the
Sixth Judicial District
Department of Correctional Services**

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Value of Excess Vacation Accruals
For the period July 1, 2008 through June 30, 2014

| Employee | Excess Hours per | | Hourly Rate | Calculated Potential Liability |
|---------------------|------------------|-----------------|-------------|--------------------------------|
| | District | AOS | | |
| Mark Achey | 122.79 | 204.79 | \$ 39.74 | 8,138.35 |
| Barry Allen | 36.11 | 36.11 | 30.90 | 1,115.80 |
| Bob Anderson | - | 127.85 | 39.74 | 5,080.76 |
| Sam Black | - | 96.33 | 41.61 | 4,008.29 |
| Julie Burke | 93.94 | 93.94 | 32.23 | 3,027.69 |
| Diane Charnowski | 120.08 | 120.08 | 23.17 | 2,782.25 |
| Randy Cole | - | 128.00 | 39.74 | 5,086.72 |
| Julie Costello | 15.62 | 15.62 | 16.53 | 258.20 |
| Cynthia Dennis | 47.80 | 141.80 | 39.74 | 5,635.13 |
| Jodi Ealy | 107.84 | 107.84 | 26.70 | 2,879.33 |
| Greg Fitzpatrick | - | 128.00 | 45.27 | 5,794.56 |
| Wendy Fowler | 79.68 | 83.68 | 24.73 | 2,069.41 |
| Brody Frame | 55.68 | 135.68 | 32.23 | 4,372.97 |
| Cathy Franzenburg | - | 44.90 | 39.74 | 1,784.33 |
| Jodi Hendrickson | 15.90 | 15.90 | 32.23 | 512.46 |
| Susan Juilfs | 41.03 | 41.03 | 36.06 | 1,479.54 |
| Jolene Keller | 76.51 | 76.51 | 22.48 | 1,719.94 |
| Sharee Lind | - | 119.31 | 29.99 | 3,578.11 |
| Cindy Martin | 31.74 | 31.74 | 32.23 | 1,022.98 |
| James Moses | 0.67 | 0.67 | 32.23 | 21.59 |
| Brian Mullinnix | 122.92 | 122.92 | 28.00 | 3,441.76 |
| Victory Peterson | 45.98 | 47.21 | 23.17 | 1,093.86 |
| Shannon Ryan | - | 30.24 | 39.74 | 1,201.74 |
| Juan Santiago | 24.45 | 24.45 | 37.24 | 910.52 |
| Gabe Schaapveld | 57.36 | 57.36 | 29.19 | 1,674.34 |
| Melanie Steffens | 127.28 | 207.28 | 39.74 | 8,237.31 |
| Michael Stransky | 10.98 | 10.98 | 21.51 | 236.18 |
| Rhonda Tang | 78.00 | 100.00 | 39.74 | 3,974.00 |
| Doug Their | 130.56 | 130.56 | 32.23 | 4,207.95 |
| Bruce Vander Sanden | 21.25 | 129.25 | 55.03 | 7,112.63 |
| Greg Wright | 48.00 | 128.00 | 45.77 | 5,858.56 |
| Total | 1,512.17 | 2,738.03 | | \$ 98,317.26 |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Value of Excess Vacation Hours
For the period July 1, 2008 through June 30, 2014

| Employee | Per January 10, 2014 report | | |
|-------------------|------------------------------------|------------|-------------------|
| | Vacation Balance per | | |
| | District | AOS | Difference |
| Mark Achey | 563.10 | 221.19 | 341.91 |
| Jerry Allen | 121.72 | (118.52) | 240.24 |
| Bob Anderson | 594.85 | 212.75 | 382.10 |
| Michelle Azevedo | - | - | - |
| Sam Black | 576.23 | 273.17 | 303.06 |
| Angela Brubaker | 36.47 | (129.30) | 165.77 |
| Randy Cole | 649.65 | 341.36 | 308.29 |
| Cynthia Dennis | 574.72 | 227.45 | 347.27 |
| Greg Fitzpatrick | 643.71 | 403.16 | 240.55 |
| Wendy Fowler | 391.66 | 336.62 | 55.04 |
| Cathy Franzenburg | 405.69 | 9.70 | 395.99 |
| Dave Garner | 350.96 | 16.48 | 334.48 |
| Melinda Lamb | 203.28 | (78.90) | 282.18 |
| Brenda Larkey | 209.97 | (33.35) | 243.32 |
| Sharee Lind | 615.21 | 283.34 | 331.87 |
| Kim McIrvin | 253.14 | 56.06 | 197.08 |
| Robert Metzger | 95.68 | (123.00) | 218.68 |
| Shari Miller | 213.12 | (16.34) | 229.46 |
| Bobbie Peters | 55.91 | (298.29) | 354.20 |
| Brenda Powers | 408.96 | 302.48 | 106.48 |
| Todd Roberts | 283.51 | 87.37 | 196.14 |
| Damon Robinson | - | - | - |
| Shannon Ryan | 474.36 | (80.06) | 554.42 |
| Carolyn Scheer | 497.07 | 247.75 | 249.32 |
| Deb Schmidt | 117.46 | 122.07 | (4.61) |

| As of September 11, 2014 | | | Incremental | Hourly | Value |
|---------------------------------|------------|-------------------|--------------------|---------------|--------------|
| Vacation Balance per | | | | | |
| District | AOS | Difference | Change | Rate | |
| 503.57 | 128.91 | 374.66 | 32.75 | \$ 39.74 | 1,301.49 |
| 212.28 | (61.84) | 274.12 | 33.88 | 39.74 | 1,346.39 |
| 574.33 | 127.94 | 446.39 | 64.29 | 39.74 | 2,554.88 |
| 26.44 | 14.52 | 11.92 | 11.92 | 26.32 | 313.73 |
| 502.51 | 156.33 | 346.18 | 43.12 | 41.61 | 1,794.22 |
| 30.87 | (210.02) | 240.89 | 75.12 | 23.00 | 1,727.76 |
| 538.48 | 320.52 | 217.96 | (90.33) | 39.74 | (3,589.71) |
| 549.52 | 166.61 | 382.91 | 35.64 | 39.74 | 1,416.33 |
| 640.63 | 512.50 | 128.13 | (112.42) | 45.27 | (5,089.25) |
| 381.88 | 322.84 | 59.04 | 4.00 | 24.73 | 98.92 |
| 511.78 | 56.94 | 454.84 | 58.85 | 39.74 | 2,338.70 |
| 471.24 | 71.64 | 399.60 | 65.12 | 39.74 | 2,587.87 |
| 290.68 | (34.62) | 325.30 | 43.12 | 47.87 | 2,064.15 |
| 279.74 | (6.70) | 286.44 | 43.12 | 29.99 | 1,293.17 |
| 646.74 | 271.75 | 374.99 | 43.12 | 29.99 | 1,293.17 |
| 323.42 | 83.22 | 240.20 | 43.12 | 39.74 | 1,713.59 |
| 87.08 | (190.12) | 277.20 | 58.52 | 43.64 | 2,553.81 |
| 188.75 | (83.83) | 272.58 | 43.12 | 36.60 | 1,578.19 |
| - | (379.95) | 379.95 | 25.75 | 43.69 | 1,125.02 |
| - | (130.26) | 130.26 | 23.78 | 33.73 | 802.10 |
| 206.35 | (35.91) | 242.26 | 46.12 | 39.51 | 1,822.20 |
| 142.94 | 130.62 | 12.32 | 12.32 | 37.51 | 462.12 |
| 506.01 | (76.34) | 582.35 | 27.93 | 39.74 | 1,109.94 |
| 688.40 | 404.90 | 283.50 | 34.18 | 39.47 | 1,349.08 |
| 177.24 | 181.85 | (4.61) | - | 20.91 | - |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Value of Excess Vacation Hours
For the period July 1, 2008 through June 30, 2014

| Employee | Per January 10, 2014 report | | |
|---------------------|------------------------------------|------------|-------------------|
| | Vacation Balance per | | |
| | District | AOS | Difference |
| Kelly Schultz | 202.13 | (36.57) | 238.70 |
| Melanie Steffens | 584.28 | 277.71 | 306.57 |
| Laura Strait | 295.77 | 54.60 | 241.17 |
| Rhonda Tang | 436.57 | 301.58 | 134.99 |
| Theresa Tometich | 640.10 | (145.25) | 785.35 |
| Bruce Vander Sanden | 506.68 | 133.26 | 373.42 |
| Greg Wright | 459.52 | 432.00 | 27.52 |
| Total | | | <u>8,180.96</u> |

| As of September 11, 2014 | | | | | |
|---------------------------------|------------|-------------------|--------------------|---------------|---------------------|
| Vacation Balance per | | | Incremental | Hourly | Value |
| District | AOS | Difference | | | |
| 304.97 | 23.15 | 281.82 | 43.12 | 33.38 | 1,439.35 |
| 577.54 | 236.97 | 340.57 | 34.00 | 39.74 | 1,351.16 |
| 326.05 | 41.76 | 284.29 | 43.12 | 39.74 | 1,713.59 |
| - | (59.32) | 59.32 | (75.67) | 39.74 | (3,007.13) |
| - | (836.82) | 836.82 | 51.47 | 39.74 | 2,045.42 |
| 623.43 | 238.38 | 385.05 | 11.63 | 55.03 | 640.00 |
| 576.00 | 448.00 | 128.00 | 100.48 | 45.77 | 4,598.97 |
| | | <u>9,055.25</u> | <u>874.29</u> | | <u>\$ 32,749.23</u> |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Value of Excess Sick Leave Hours
For the period July 1, 2008 through June 30, 2014

| Employee | Per January 10, 2014 report | | |
|-------------------|--|------------|-------------------|
| | Sick Leave Balance per District | AOS | Difference |
| Mark Achey | 1,852.00 | 1,458.74 | 393.26 |
| Jerry Allen | 1,376.70 | 1,149.68 | 227.02 |
| Bob Anderson | 1,782.00 | 1,478.70 | 303.30 |
| Michelle Azevedo | - | - | - |
| Sam Black | 2,236.50 | 1,673.15 | 563.35 |
| Angela Brubaker | 689.66 | 693.34 | (3.68) |
| Randy Cole | 2,562.50 | 1,953.30 | 609.20 |
| Cynthia Dennis | 2,201.85 | 1,628.15 | 573.70 |
| Greg Fitzpatrick | 2,558.90 | 1,757.70 | 801.20 |
| Wendy Fowler | 1,161.25 | 873.17 | 288.08 |
| Cathy Franzenburg | 1,695.25 | 1,276.05 | 419.20 |
| Dave Garner | 2,190.50 | 1,527.70 | 662.80 |
| Melinda Lamb | 202.96 | 207.98 | (5.02) |
| Brenda Larkey | 1,189.10 | 950.60 | 238.50 |
| Sharee Lind | 1,449.25 | 1,151.80 | 297.45 |
| Kim McIrvin | 940.50 | 875.78 | 64.72 |
| Robert Metzger | 240.88 | 242.72 | (1.84) |
| Shari Miller | 75.79 | 72.11 | 3.68 |
| Bobbie Peters | 1,460.00 | 1,052.80 | 407.20 |
| Brenda Powers | 2,089.00 | 1,535.10 | 553.90 |
| Todd Roberts | 587.80 | 585.96 | 1.84 |
| Damon Robinson | - | - | - |
| Shannon Ryan | 1,384.00 | 964.80 | 419.20 |
| Carolyn Scheer | 1,867.75 | 1,462.55 | 405.20 |
| Deb Schmidt | 752.36 | 734.84 | 17.52 |

| As of September 11, 2014 | | | Incremental | Hourly | Value |
|---------------------------------|------------|-------------------|--------------------|---------------|--------------|
| Sick Leave Balance per | | | | | |
| District | AOS | Difference | Change | Rate | |
| 1,960.00 | 1,488.62 | 471.38 | 78.12 | \$ 39.74 | 3,104.49 |
| 1,512.70 | 1,274.52 | 238.18 | 11.16 | 39.74 | 443.50 |
| 1,782.00 | 1,419.54 | 362.46 | 59.16 | 39.74 | 2,351.02 |
| 87.64 | 91.72 | (4.08) | (4.08) | 26.32 | (107.39) |
| 2,372.50 | 1,739.75 | 632.75 | 69.40 | 41.61 | 2,887.73 |
| 689.66 | 700.77 | (11.11) | (7.43) | 23.00 | (170.89) |
| 2,602.50 | 1,923.90 | 678.60 | 69.40 | 39.74 | 2,757.96 |
| 2,329.85 | 1,670.75 | 659.10 | 85.40 | 39.74 | 3,393.80 |
| 2,694.90 | 1,824.30 | 870.60 | 69.40 | 45.27 | 3,141.74 |
| 1,081.25 | 742.01 | 339.24 | 51.16 | 24.73 | 1,265.19 |
| 1,599.25 | 1,184.89 | 414.36 | (4.84) | 39.74 | (192.34) |
| 2,226.50 | 1,438.30 | 788.20 | 125.40 | 39.74 | 4,983.40 |
| 346.96 | 359.42 | (12.46) | (7.44) | 47.87 | (356.15) |
| 1,329.10 | 1,059.44 | 269.66 | 31.16 | 29.99 | 934.49 |
| 1,561.25 | 1,260.64 | 300.61 | 3.16 | 29.99 | 94.77 |
| 1,104.50 | 1,008.62 | 95.88 | 31.16 | 39.74 | 1,238.30 |
| 304.88 | 314.16 | (9.28) | (7.44) | 43.64 | (324.68) |
| 39.00 | 42.76 | (3.76) | (7.44) | 36.60 | (272.30) |
| 1,556.00 | 1,119.22 | 436.78 | 29.58 | 43.69 | 1,292.35 |
| 2,167.44 | 1,550.55 | 616.89 | 62.99 | 33.73 | 2,124.65 |
| 739.80 | 745.40 | (5.60) | (7.44) | 39.51 | (293.95) |
| 1,151.17 | 1,157.25 | (6.08) | (6.08) | 37.51 | (228.06) |
| 1,348.00 | 877.95 | 470.05 | 50.85 | 39.74 | 2,020.78 |
| 1,891.75 | 1,453.28 | 438.47 | 33.27 | 39.47 | 1,313.17 |
| 884.36 | 843.08 | 41.28 | 23.76 | 20.91 | 496.82 |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Value of Excess Sick Leave Hours
For the period July 1, 2008 through June 30, 2014

| Employee | Per January 10, 2014 report | | |
|---------------------|------------------------------------|------------|-------------------|
| | Sick Leave Balance per | | |
| | District | AOS | Difference |
| Kelly Schultz | 216.75 | 218.59 | (1.84) |
| Melanie Steffens | 1,319.50 | 1,066.54 | 252.96 |
| Laura Strait | 1,408.31 | 1,115.03 | 293.28 |
| Rhonda Tang | 1,681.00 | 1,267.32 | 413.68 |
| Theresa Tometich | 1,739.40 | 1,400.95 | 338.45 |
| Bruce Vander Sanden | 2,402.40 | 1,716.00 | 686.40 |
| Greg Wright | 922.22 | 893.62 | 28.60 |
| Total | | | <u>9,251.31</u> |

| As of September 11, 2014 | | | | | |
|---------------------------------|------------|-------------------|--------------------|---------------|---------------------|
| Sick Leave Balance per | | | Incremental | Hourly | |
| District | AOS | Difference | Change | Rate | Value |
| 320.75 | 330.03 | (9.28) | (7.44) | 33.38 | (248.35) |
| 1,427.50 | 1,143.38 | 284.12 | 31.16 | 39.74 | 1,238.30 |
| 1,508.31 | 1,207.87 | 300.44 | 7.16 | 39.74 | 284.54 |
| 1,793.00 | 1,358.64 | 434.36 | 20.68 | 39.74 | 821.82 |
| 1,803.40 | 1,435.37 | 368.03 | 29.58 | 39.74 | 1,175.51 |
| 2,522.40 | 1,766.60 | 755.80 | 69.40 | 55.03 | 3,819.08 |
| 1,086.22 | 1,026.46 | 59.76 | 31.16 | 45.77 | 1,426.19 |
| | | <u>10,265.35</u> | <u>1,014.04</u> | | <u>\$ 40,415.49</u> |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Value of Improper IPERS Deductions
For the period July 1, 2008 through June 30, 2014

| Employee | Check Date | Vacation Hours | Hourly Rate | Gross Amount |
|---------------------|-----------------------|---------------------------|------------------------|-------------------------|
| Mary Evans | 12/20/96 | 40.00 | \$ 23.11 | 924.40 |
| Michael Meeks | 03/28/97 | 40.00 | 25.38 | 1,015.20 |
| Stephen Street | 03/28/97 | 40.00 | 24.23 | 969.20 |
| Gerald Hinzman | 04/25/97 | 40.00 | 33.66 | 1,346.40 |
| Debra Drahos | 05/09/97 | 40.00 | 18.31 | 732.40 |
| Roberta Peters | 07/18/97 | 40.00 | 26.14 | 1,045.60 |
| Steven Konarske | 08/01/97 | 40.00 | 23.74 | 949.66 |
| Cynthia Engler | 08/29/97 | 40.00 | 24.96 | 998.40 |
| Gail Juvik | 08/29/97 | 40.00 | 24.96 | 998.40 |
| Larry Wilken | 11/07/97 | 40.00 | 23.80 | 952.00 |
| Mary Evans | 12/19/97 | 40.00 | 23.80 | 952.00 |
| Michael Meeks | 03/27/98 | 40.00 | 26.14 | 1,045.60 |
| Bruce Vander Sanden | 05/22/98 | 40.00 | 20.55 | 821.94 |
| Debra Drahos | 05/22/98 | 40.00 | 18.86 | 754.40 |
| Gerald Hinzman | 05/22/98 | 40.00 | 34.67 | 1,386.80 |
| Roberta Peters | 07/17/98 | 40.00 | 26.92 | 1,076.80 |
| Steven Konarske | 07/31/98 | 40.00 | 24.51 | 980.40 |
| Cynthia Engler | 08/28/98 | 40.00 | 25.71 | 1,028.40 |
| Gail Juvik | 08/28/98 | 40.00 | 25.71 | 1,028.40 |
| Larry Wilken | 11/06/98 | 40.00 | 24.51 | 980.40 |
| David Garner | 02/12/99 | 40.00 | 22.20 | 887.88 |
| Michael Meeks | 03/26/99 | 40.00 | 26.92 | 1,076.80 |
| Gerald Hinzman | 05/07/99 | 40.00 | 39.20 | 1,568.00 |
| Bruce Vander Sanden | 06/04/99 | 40.00 | 22.22 | 888.93 |
| Debra Drahos | 06/04/99 | 40.00 | 19.43 | 777.30 |

| Employer's Share of IPERS Contributions * | Description of Payment^ |
|--|------------------------------------|
| 53.15 | Vacation payout |
| 58.37 | Vacation payout |
| 55.73 | Vacation payout |
| 77.42 | Vacation payout |
| 42.11 | Vacation payout |
| 60.12 | Vacation payout |
| 54.61 | Vacation payout |
| 57.41 | Vacation payout |
| 57.41 | Vacation payout |
| 54.74 | Vacation payout |
| 54.74 | Vacation payout |
| 60.12 | Vacation payout |
| 47.26 | Vacation payout |
| 43.38 | Vacation payout |
| 79.74 | Vacation payout |
| 61.92 | Vacation payout |
| 56.37 | Vacation payout |
| 59.13 | Vacation payout |
| 59.13 | Vacation payout |
| 56.37 | Vacation payout |
| 51.05 | Vacation payout |
| 61.92 | Vacation payout |
| 90.16 | Vacation payout |
| 51.11 | Vacation payout |
| 44.69 | Vacation payout |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Value of Improper IPERS Deductions
For the period July 1, 2008 through June 30, 2014

| Employee | Check Date | Vacation Hours | Hourly Rate | Gross Amount |
|-----------------------|-------------------|-----------------------|--------------------|---------------------|
| Stephen Street | 07/16/99 | 40.00 | 26.91 | 1,076.40 |
| Gail Juvik | 07/30/99 | 40.00 | 26.48 | 1,059.26 |
| Roberta Peters | 08/13/99 | 40.00 | 27.72 | 1,108.80 |
| Sharee Lind | 08/13/99 | 40.00 | 17.36 | 694.40 |
| Steven Konarske | 08/13/99 | 40.00 | 25.24 | 1,009.60 |
| Cynthia Engler | 08/27/99 | 40.00 | 26.48 | 1,059.26 |
| Catherine Franzenburg | 09/24/99 | 40.00 | 23.17 | 926.86 |
| Larry Wilken | 11/19/99 | 40.00 | 25.25 | 1,009.82 |
| David Garner | 12/17/99 | 40.00 | 24.01 | 960.25 |
| Nancy Blackwell | 12/17/99 | - | - | 250.00 |
| Linda Floyd | 12/17/99 | - | - | 100.00 |
| Michael Meeks | 03/10/00 | 40.00 | 27.72 | 1,108.80 |
| Gerald Hinzman | 05/05/00 | 40.00 | 40.38 | 1,615.04 |
| Bruce Vander Sanden | 05/19/00 | 40.00 | 24.03 | 961.38 |
| Roberta Peters | 07/28/00 | 40.00 | 28.56 | 1,142.40 |
| Sharee Lind | 07/28/00 | 40.00 | 17.89 | 715.60 |
| Stephen Street | 08/11/00 | 40.00 | 27.27 | 1,090.80 |
| Cynthia Engler | 08/25/00 | 40.00 | 27.27 | 1,090.80 |
| Gail Juvik | 08/25/00 | 40.00 | 27.27 | 1,090.80 |
| Steven Konarske | 08/25/00 | 40.00 | 26.01 | 1,040.40 |
| Catherine Franzenburg | 09/22/00 | 40.00 | 25.06 | 1,002.40 |
| Larry Wilken | 11/17/00 | 40.00 | 26.01 | 1,040.40 |
| David Garner | 12/15/00 | 40.00 | 25.71 | 1,028.40 |
| Mary Evans | 12/29/00 | 40.00 | 26.01 | 1,040.40 |
| Michael Meeks | 04/06/01 | 40.00 | 28.56 | 1,142.40 |
| Mary Foreman | 04/06/01 | - | - | 500.00 |
| Bruce Vander Sanden | 05/18/01 | 40.00 | 25.75 | 1,029.83 |
| Gerald Hinzman | 06/15/01 | 40.00 | 41.59 | 1,663.60 |
| Roberta Peters | 07/27/01 | 40.00 | 29.41 | 1,176.40 |
| Gail Juvik | 08/24/01 | 40.00 | 28.09 | 1,123.53 |

| Employer's Share of IPERS Contributions * | Description of Payment^ |
|--|------------------------------------|
| 61.89 | Vacation payout |
| 60.91 | Vacation payout |
| 63.76 | Vacation payout |
| 39.93 | Vacation payout |
| 58.05 | Vacation payout |
| 60.91 | Vacation payout |
| 53.29 | Vacation payout |
| 58.06 | Vacation payout |
| 55.21 | Vacation payout |
| 14.38 | Sign On Bonus |
| 5.75 | Sign On Bonus |
| 63.76 | Vacation payout |
| 92.86 | Vacation payout |
| 55.28 | Vacation payout |
| 65.69 | Vacation payout |
| 41.15 | Vacation payout |
| 62.72 | Vacation payout |
| 62.72 | Vacation payout |
| 62.72 | Vacation payout |
| 59.82 | Vacation payout |
| 57.64 | Vacation payout |
| 59.82 | Vacation payout |
| 59.13 | Vacation payout |
| 59.82 | Vacation payout |
| 65.69 | Vacation payout |
| 28.75 | Sign On Bonus |
| 59.22 | Vacation payout |
| 95.66 | Vacation payout |
| 67.64 | Vacation payout |
| 64.60 | Vacation payout |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Improper IPERS Contributions
For the period July 1, 2008 through June 30, 2014

| Employee | Check Date | Vacation Hours | Hourly Rate | Gross Amount |
|-----------------------|-------------------|-----------------------|--------------------|---------------------|
| Cynthia Engler | 09/07/01 | 40.00 | 28.09 | 1,123.53 |
| Catherine Franzenburg | 09/21/01 | 40.00 | 26.84 | 1,073.77 |
| Larry Bergrud | 11/02/01 | 40.00 | 28.09 | 1,123.53 |
| Larry Wilken | 11/16/01 | 40.00 | 28.97 | 1,158.80 |
| Stephen Street | 04/05/02 | 40.00 | 29.71 | 1,188.40 |
| Michael Meeks | 05/03/02 | 40.00 | 31.11 | 1,244.40 |
| Stephen Street | 12/27/02 | 40.00 | 30.60 | 1,224.00 |
| Connie Stewart | 07/11/03 | - | - | 11,250.00 |
| Larry Wilken | 09/17/04 | - | - | - |
| Lisa Camacho | 07/07/06 | 40.00 | 15.25 | 609.93 |
| Catherine Franzenburg | 08/29/07 | 40.00 | 19.81 | 792.43 |
| Total | | | | |

* - IPERS rates are 5.75% and 6.05% for December 1, 1996 to June 30, 2007 and July 1, 2007 to June 30, 2008, respectively.

^ - Each vacation payout listed was described in the District's accounting system as a "vacation conversion."

| Employer's Share of IPERS Contributions * | Description of Payment^ |
|--|------------------------------------|
| 64.60 | Vacation payout |
| 61.74 | Vacation payout |
| 64.60 | Vacation payout |
| 66.63 | Vacation payout |
| 68.33 | Vacation payout |
| 71.55 | Vacation payout |
| 70.38 | Vacation payout |
| 646.88 | Position buy out |
| 154.02 | Improper IPERS calculation |
| 35.07 | Vacation payout |
| 47.94 | Vacation payout |
| <u>\$ 4,516.73</u> | |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Staff

This review was performed by:

Annette K. Campbell, CPA, Director
Melissa J. Knoll-Speer, Senior Auditor II
Brandon J. Vogel, Senior Auditor II
Ryan T. Jelsma, Senior Auditor


Tamera S. Kusian, CPA
Deputy Auditor of State

Appendix

**ADDENDUM TO A
REPORT ON A REVIEW
OF THE
SIXTH JUDICIAL DISTRICT
DEPARTMENT OF CORRECTIONAL SERVICES**

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Copy of 1999 General Assembly Session Supplemental Notes

1999 Session for FY 2000

| PG LN | Senate File 361 | Explanation |
|-------|---|--|
| 1 28 | agent, five state patrol officers, one division of criminal | Division of Criminal Investigation (DCI) criminalist, and one Division of Narcotics Enforcement technical staff position. |
| 1 29 | investigation investigator, and one division of narcotics | |
| 1 30 | enforcement technical support employee. | |
| 1 31 | Sec. 2. YOUTH LEADERSHIP MODEL. There is appropriated | General Fund appropriation to the Department of Corrections. DETAIL: This is a new appropriation of \$100,000 for the establishment of youth leadership model programs to help at-risk youth. The program has operated in the Sixth Community-Based Correction District Department with funding from a grant and other revenues. Currently, volunteer University of Iowa athletes serve as role models for at-risk youth. |
| 1 32 | from the general fund of the state to the Iowa department of | |
| 1 33 | corrections for the fiscal year beginning July 1, 1999, and | |
| 1 34 | ending June 30, 2000, the following amount, or so much thereof | |
| 2 1 | as is necessary, to be used for the purpose designated: | Permits the Department of Corrections to recruit high school and college students to work with at-risk children. The recruited students should excel in intellectual ability, leadership, athletics, or the arts. |
| 2 2 | 1 For youth leadership model programs to help at-risk youth | |
| 2 3 | 2 in the judicial district departments of correctional services | |
| 2 4 | 3 selected by the department: \$ 100,000 | |
| 2 5 | The department of corrections shall establish criteria for | Requires the Governor's Alliance on Substance Abuse to subgrant on a reimbursement basis \$60,000 from moneys received by the Alliance under the federal Edward Byrne Memorial State and Local Law Enforcement Assistance Program. The funds are to be used to establish two additional drug court pilot programs. |
| 2 6 | judicial district departments of correctional services to | |
| 2 7 | apply for and receive moneys from the department for | |
| 2 8 | assistance in implementing a youth leadership model program. | |
| 2 9 | As a part of the program, the judicial district department | |
| 2 10 | of correctional services may recruit, to work with at-risk | |
| 2 11 | children, college or high school students in the judicial | |
| 2 12 | district, regardless of gender, recommended by their | |
| 2 13 | respective schools as good role models, including, but not | |
| 2 14 | limited to, students who possess ability in one or more of the | |
| 2 15 | following areas: intellectual ability, leadership ability, | |
| 2 16 | athletic ability, visual arts ability, or performing arts | |
| 2 17 | ability. | |
| 2 18 | Sec. 3. DRUG COURT PILOT PROGRAMS. The governor's | |
| 2 19 | alliance on substance abuse shall subgrant on a reimbursement | |
| 2 20 | basis from moneys received by the alliance under the federal | |
| 2 21 | Edward Byrne memorial state and local law enforcement | |
| 2 22 | assistance program to the department of corrections for the | |
| 2 23 | fiscal year beginning July 1, 1999, and ending June 30, 2000, | |
| 2 24 | the following amount, or so much thereof as is necessary, to | |
| 2 25 | be used for the purpose designated: | |

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Copy of FY2000 Contract for Professional Services

SIXTH JUDICIAL DISTRICT DEPARTMENT OF CORRECTIONAL SERVICES
CONTRACT FOR PROFESSIONAL SERVICES

This contract is entered into on the 30th day of June 1999, between the Sixth Judicial District Department of Correctional Services (hereinafter called "Department"), and the Community Corrections Improvement Association of Cedar Rapids, (hereinafter called "Contractor"). The purpose of this contract is to establish the terms under which the parties will cooperate to provide the services outlined in this contract.

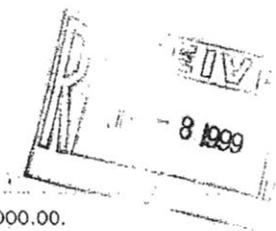
This contract shall be in effect from July 1, 1999 until June 30, 2000. In the event that modifications are necessary during this time period, such modifications shall be effective only by mutual agreement, be signed and dated by both parties, contain an agreed upon effective date, and be approved by the Board of Directors of the Sixth Judicial District Department of Correctional Services. The Department may terminate this agreement with thirty (30) days notice to the Contractor for lack of funding that is available. In that event the Contractor may terminate this contract with thirty (30) days notice setting forth the reason for such termination.

I. CONTRACTORS OBLIGATIONS

- A. The Contractor will continue to provide the Youth Leadership Program in participating school districts within the Sixth Judicial District. The Contractor is responsible to provide technical assistance and liaison with the respective school districts, community partners and corporate sponsors. The Contractor will provide 75% matching funds for the Youth Leadership Program.

II. DEPARTMENT OBLIGATIONS

- A. Provide office space.
- B. Provide referrals to the program.
- C. The Department will assist in recruiting volunteers for the program.
- D. The Department will aid in providing technical assistance.
- E. The cost of this contract to the Department shall not exceed \$100,000.00.



III. OTHER PROVISIONS

- A. Payments may be withheld in whole or in part in the event of failure by the Contractor to comply with the terms of the contract.
- B. The Contractor understands the Department will not provide to any individual retirement groups, group life insurance, group health and dental insurance, vacation or sick leave, worker's compensation or other benefits and services available to state employees, nor will the Department withhold any federal or state income taxes. The Contractor understands that all tax returns required by the Internal Revenue Service and the State of Iowa, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Contractor, and information as to contract income will be provided by the Department to the Internal Revenue Service and the Iowa Department of Revenue.
- C. The contract shall be governed by the laws of the State of Iowa.
- D. Contract costs will not exceed \$100,000.00.

Pat Cobb 7/8/99
 Pat Cobb, President Date
 Community Corrections Improvement Assn.
Larry Brimeyer 7-6-99
 Larry Brimeyer, Deputy Director Date
 Department of Correctional Services

William G. Faches
 William G. Faches, Chairman Date
 Board of Directors
 Sixth Judicial District
 Department of Correctional Services

(contractccia-yip.com)

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Copy of Selected CCIA Invoice for Youth Leadership Program

COMMUNITY CORRECTIONS IMPROVEMENT ASSOCIATION
951 29th Ave. SW
Cedar Rapids, Iowa 52404

Sixth Judicial District
Department of Correctional Services
951 29th Avenue SW
Cedar Rapids, IA 52404

INVOICE

July 19, 1999

Contract for the Youth Leadership Program \$100,000.00 FY00

pe
7/22/99

Please remit to: Community Corrections Improvement Association
951 29th Ave. SW
Cedar Rapids, Iowa 52404
319-398-3675

Appropriated Funds

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Copy of Contract for Services for CHoOSE Program

**Sixth Judicial District Department of Correctional Services
and
Community Corrections Improvement Association

CONTRACT FOR SERVICES: CHoOSE Program**

This contract is entered into on the 1st day of July, 2014, between The Sixth Judicial District, DCS (hereinafter called "Contractor") and Community Corrections Improvement Association (CCIA). The purpose of this contract is to establish the terms under which the parties will cooperate to provide the programs outlined in this contract.

This contract will be in effect from July 1, 2014 until June 30, 2015. In the event that modifications to contract are necessary during this time period, such modifications shall be made only by mutual agreement, be signed and dated by both parties, and contain an agreed upon effective date. The Community Corrections Improvement Association may terminate this agreement with thirty days notice to the Contractor for lack of available funding. In that event, the effective date and the reasons must be provided to the contractor in writing. The contractor may terminate this contract with thirty (30) days notice setting forth in writing the reason for such termination.

PURPOSE: The CHoOSE program is a HUD funded grant that has been awarded to CCIA as a collaborative program with the Sixth Judicial District Department of Correctional Services. The grant provides for housing opportunities and rental assistance for six (6) individuals and their families who are facing homelessness/are homeless and involved in the criminal justice system and are likely on correctional supervision with the Sixth Judicial District Department of Correctional Services. The total award for the ChoOSE program is \$76,687.

I. CONTRACTOR'S OBLIGATIONS

- A. The Sixth Judicial District Department of Correctional Services (DCS) shall provide the following services for the Community Corrections Improvement Association:
1. Refer clients who meet the established criteria for the CHoOSE program and utilize the established CHoOSE eligibility checklist
 2. Collaboratively work with the Supportive Services Coordinator of the CHoOSE program and participate in team and/or Community Accountability Board (CAB) meetings specific to the client involved in the CHoOSE program
 3. Assist the Supportive Services Coordinator or designee in completing the Annual Progress Report and annual renewal application
 4. Provide a total of \$5053 in funding match for a return of rental assistance for criminal justice involved individuals and their families as set out below.

II. COMMUNITY CORRECTIONS IMPROVEMENT ASSOCIATION OBLIGATIONS:

- A. The Community Corrections Improvement Association shall provide the following:
1. Housing opportunities and rental assistance for up to six (6) individuals and their families who are facing homelessness or are homeless (and meet other specified criteria-see eligibility checklist/referral form for specifics) and are on correctional supervision in Linn and Johnson

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Copy of Contract for Services for CHOOSE Program

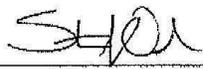
Counties. The families may also be eligible to receive bus passes and household items purchased through the grant funds.

2. Review and evaluate referrals from DCS staff and then work with HACAP to get the intake completed
3. Collaboratively work with and engage DCS staff, HACAP and client to establish program expectations and to discuss accomplishments and concerns if they arise
4. Coordination of services for clients and their families participating in the CHOOSE program, including the establishment of an individualized service plan which will be communicated with the DCS staff working with that client.
5. Grant and Fiscal Management of the CHOOSE program

III. Other Provisions

- A. The Sixth Judicial District Department of Correctional Services will provide payment to the Community Corrections Improvement Association in the amount of \$5053, for the execution of the above stated obligations, upon receipt of an invoice sent to the following:
Greg Wright
951 29th Avenue SW
Cedar Rapids, IA 52404
- B. The contract shall be governed by the laws of the State of Iowa.


Allan Thoms, Board of Directors Chair
Sixth Judicial District Department of Correctional Services


Chair, Board of Directors
Community Corrections
Improvement Association

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Copy of E-Mails between District Director and DOC official

Melissa,

Please see below the email communication between the 6th DCS and Central office. I cannot say with 100% certainty that we did not get permission but this email is all I have. The 6th DCS ran this by DOC Central office even though it was not a requirement.

Also see attached the 6th DCS board minutes from September 2014. I think it would be important to review Chapter 905.4 Duties of the board to get a complete understanding of the process.

Please let me know if you have any questions about the benefits of the program or any other questions,

Bruce Vander Sanden
6th Judicial District Department of Correctional Services
Director
319-398-3675 (work)
319-329-1119 (cell)

"The problems of the world cannot possibly be solved by skeptics or cynics whose horizons are limited by the obvious realities. We need men who can dream of things that never were."

John F Kennedy (1917-1963); 35th US President

From: Vander Sanden, Bruce [DOC]
Sent: Tuesday, September 02, 2014 1:38 PM
To: Bartruff, Jerry [DOC]
Subject: RE: request for approval/support

Jerry,

They may eventually transition to Lundby but the program does not place anyone in Lundby. They also get the assistance of a non-corrections caseworker. The program assist clients in both Linn and Johnson Co. let me know if you have any other questions.

thanks

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Copy of E-Mails between District Director and DOC official

Bruce Vander Sanden
6th Judicial District Department of Correctional Services
Director
[319-398-3675](tel:319-398-3675) (work)
[319-329-1119](tel:319-329-1119) (cell)

"The problems of the world cannot possibly be solved by skeptics or cynics whose horizons are limited by the obvious realities. We need men who can dream of things that never were."

John F Kennedy (1917-1963); 35th US President

From: Bartruff, Jerry [DOC]
Sent: Tuesday, September 02, 2014 12:56 PM
To: Vander Sanden, Bruce [DOC]
Subject: RE: request for approval/support

Bruce,

I am considering your request for approval and have a question. Is it likely that the six offenders and their families that could receive housing assistance would reside in the Lundby Townhomes? Thanks.

From: Vander Sanden, Bruce [DOC]
Sent: Friday, August 29, 2014 2:56 PM
To: Bartruff, Jerry [DOC]
Subject: request for approval/support
Importance: High

Jerry,

I have attached a contract that we would like to get our approval on before taking it to the board. in a nutshell, this program can only be awarded to a non-profit. CCIA applied but the benefit goes to six of our clients that receive the housing assistance. In the past, CCIA has paid the \$5000 cash match. For obvious reasons they will not do this anymore. the staff that have clients in the program consider it a valuable resource and we want to keep it. I value the program at \$60,000 but will be getting an exact amount soon. I know it is close to that figure. \$5000 for housing for 6 offenders for a year is a great resource. Please let me know if you have any questions or concerns. Thanks and have a great weekend.

Bruce Vander Sanden
6th Judicial District Department of Correctional Services
Director
[319-398-3675](tel:319-398-3675) (work)
[319-329-1119](tel:319-329-1119) (cell)

"The problems of the world cannot possibly be solved by skeptics or cynics whose horizons are limited by the obvious realities. We need men who can dream of things that never were."

John F Kennedy (1917-1963); 35th US President

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Copy of FY2007 Contract for Professional Services

CONTRACT FOR PROFESSIONAL SERVICES

COPY

This contract is entered into on the 1st day of July, 2006 between the Community Corrections Improvement Association (hereinafter called "Contractor"), and the Sixth Judicial District Department of Correctional Services (hereinafter called "Correctional Services"). The purpose of this contract is to establish the terms under which the parties will cooperate to provide Batterer's Education Programming services outlined in this contract.

This agreement shall be in effect from July 1, 2006 through June 30, 2007. In the event that modifications are necessary during this time period, such modifications shall be made only by mutual agreement, shall be signed and dated by both parties, and contain an agreed upon effective date. Correctional Services may terminate this contract in whole or on part by sending written notice to the contractor stating the date and reasons for the termination if Correctional Services determines that the Contractor has failed to comply with the terms and conditions of this contract or funds are unavailable to support the contract. The Contractor may terminate this contract with thirty (30) days written notice setting forth the reason for such termination.

I. CONTRACTOR'S OBLIGATIONS:

- A. The Contractor shall perform the following services for the Sixth Judicial District Department of Correctional Services:
 - 1. Provide payroll and accounting services and appropriate insurance coverage for BEP programs by program site.
 - 2. Provide training of group facilitators.
 - 3. Complete evaluations on each group facilitators.
 - 4. Assist with the coordination and support of research re: group effectiveness and data collection.
 - 5. Collection of client fees to defray program costs. Upon showing of cause, may waive fee or collect a lesser amount.
- B. The Contractor will protect and hold harmless Correctional Services and the Iowa Department of Corrections from liability arising from any actions, errors or omission of the Contractor providing services under this contract. Correctional Services will hold the Contractor harmless from any liability arising from any actions, errors, or omissions of Correctional Services to program participants.
- C. The Contractor shall maintain all books, documents, payrolls, papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of this contract and for five years thereafter for inspections by any authorized representative of the Department or State Government. If any litigation, claim, or audit is started before the expiration of the five-year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved. The Department, by any authorized representative, shall have the right at all reasonable times, to inspect or otherwise evaluate the work performed or being performed under this contract.

Addendum to a Report on a Review of the
Sixth Judicial District
Department of Correctional Services

Copy of FY2007 Contract for Professional Services

CONTRACT FOR PROFESSIONAL SERVICES

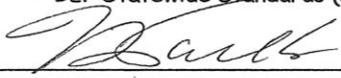
- D. Any other services provided by the Contractor to these clients, or any other mutual clients, will not be the responsibility of Correctional Services.

II. CORRECTIONAL SERVICES OBLIGATIONS:

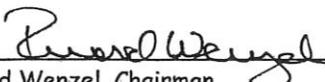
- A. Correctional Services will provide a Program Coordinator and part-time clerical support for the Batterer's Educational Program.
- B. Interview and hire group facilitators.
- C. Provide supervision of group facilitators.
- D. Correctional Services shall not be responsible for expenses of the Contractor.

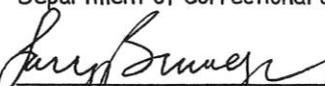
III. OTHER PROVISIONS:

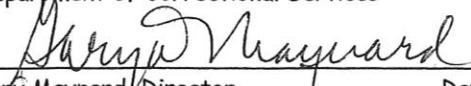
- A. The parties agree that the Contractor, and any agents and employees of the Contractor, shall act in an independent capacity and not as officers or employees of Correctional Services. The Contractor understands that under an independent contractor relationship that Correctional Services will not provide to any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, worker's compensation or other benefits and services available to State employees, nor will the State withhold any federal or state income taxes. The Contractor understands that all tax returns required by the Internal Revenue Code and the State of Iowa, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Contractor, and information as to contract income will be provided by the State of Iowa to the Internal Revenue Service and the Iowa Department of Revenue.
- B. The contract shall be governed by the laws of the State of Iowa and in accordance with BEP Statewide Standards (see attached).


 _____ 6-9-06
 Thomas A. Parks, Vice-President Date
 Community Corrections Improvement Assn.


 _____ 6-12-06
 Gerald R. Hinzman, District Director Date
 Sixth Judicial District
 Department of Correctional Services


 _____ 5/19/06
 Richard Wenzel, Chairman Date
 Board of Directors
 Sixth Judicial District
 Department of Correctional Services


 _____ 12-16-06
 Larry Brimeyer, Deputy Director Date
 Department of Corrections


 _____ 12-13-06
 Gary Maynard, Director Date
 Department of Corrections