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NEWS RELEASE

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FOR RELEASE January 18, 2018 at 10:00 am

Auditor of State Mary Mosiman today released a report on a special investigation of the Iowa Communications Network (ICN) for the period January 1, 2015 through January 2, 2018. Auditor Mosiman directed her staff to perform the special investigation after executive members of ICN informed her of concerns regarding the purchase of pre-owned semi-trailers containing video production equipment. Specifically, concerns were expressed regarding the procurement processes followed when acquiring the trailers, where the trailers were delivered to, and disposal of certain pieces of equipment from the trailers.

Mosiman reported the procedures performed for the special investigation identified a number of management decisions made by Richard Lumbard, ICN Executive Director, which were not in the taxpayers' best interest. Some of Mr. Lumbard's decisions resulted in unnecessary costs to taxpayers, including certain travel costs, hiring certain individuals, and payroll increases.

Mr. Lumbard is the Chief Executive Officer of the Wind and Fire Ministries (WFM) Missions Base in addition to being the ICN Executive Director. Mr. Lumbard is also associated with COH Logistics, Inc. ICN management decisions made by Mr. Lumbard for which concerns were identified include:

- hiring individuals with whom he had a previous association through WFM, including Jessica Jensen as his Executive Secretary; T.J. Boulet as an Executive Officer 2; and Danielle Steen as a temporary employee,
- instructing a vendor to deliver 2 semi-trailers purchased by ICN to property owned by WFM, and
- instructing individuals to sell equipment from a semi-trailer purchased by ICN on eBay under the vendor name of COH Logistics. Proceeds from the equipment sold, which totaled \$2,319.00, were not deposited with ICN.

Mosiman reported other ICN management decisions made by Mr. Lumbard for which concerns were identified include awarding unusually large pay raises to Ms. Jensen, including a 14.00% pay increase after 6 months of employment with ICN and a 12.01% increase the following year. In addition, Mr. Lumbard announced planned staffing changes which involved Ms. Jensen assuming a position for which she was not qualified. However, the planned changes were not implemented in accordance with Mr. Lumbard's plans after he began an extended medical leave.

Mosiman reported a number of management decisions made by Mr. Lumbard were not in the taxpayers' best interest and resulted in \$379,547.65 of improper disbursements and undeposited collections. The \$377,228.65 of improper disbursements identified includes \$63,748.66 of costs related to the pre-owned semi-trailers, \$71,186.97 paid to a vendor for leadership training sessions, \$98,600.48 of employment costs for T.J. Boulet, \$50,019.04 of costs for vehicles used by Mr. Lumbard for commuting, \$19,823.88 of payroll costs for pay raises awarded to Ms. Jensen in excess of 5%, and \$10,360.15 of travel costs incurred by Ms. Jensen. Mosiman reported Ms. Jensen disclosed she traveled to "almost all" meetings with Mr. Lumbard. Mosiman also reported attending meetings is an inherent duty of an Executive Secretary; however, traveling to almost all out of state meetings is not typical and it is not clear why Mr. Lumbard believed it was necessary or appropriate.

The improper disbursements identified also includes \$1,400.00 paid to S & R Painting and Staining, a vendor who had an association with Mr. Lumbard through WFM. The \$1,400.00 invoice from the vendor stated the vendor provided on-site painting of ceiling tiles in 2 offices located in the Broadband Information Center (BRIC). However, Mosiman reported employees who work in the BRIC disclosed the vendor did not paint the ceiling tiles on-site. The improper disbursements identified also include 4 Google Home units which Mr. Lumbard purchased on December 20, 2016 with an ICN procurement card assigned to Ms. Jensen. The Google Home units were not used for ICN operations.

The report includes recommendations to ensure compliance with personnel and procurement requirements and improvements regarding oversight of ICN operations.

Copies of the report have been filed with the Division of Criminal Investigation, the Polk County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1860-3360-0E00> and in the Office of Auditor of State.

**REPORT ON SPECIAL INVESTIGATION
OF THE
IOWA COMMUNICATIONS NETWORK

FOR THE PERIOD
JANUARY 1, 2015 THROUGH JANUARY 2, 2018**

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Auditor of State's Report

To the Members of the Iowa Telecommunications
and Technology Committee:

As a result of concerns regarding a certain purchase and other management decisions, we conducted a special investigation of the Iowa Communications Network (ICN). We have applied certain tests and procedures to financial transactions of ICN for the period January 1, 2015 through January 2, 2018, unless otherwise noted. Based on a review of relevant information and discussions with ICN officials and personnel, we performed the following procedures:


- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively, including how payroll increases and disbursements were reviewed and approved prior to distribution.
- (2) Interviewed certain ICN staff members and Commissioners to obtain an understanding of information provided to the Iowa Telecommunications and Technology Commission (ITTC) and explanations for certain procedures and transactions.
- (3) Obtained an understanding of the circumstances surrounding the purchase of 2 semi-trailers and video production equipment and examined related supporting documentation to determine if the purchase and subsequent disposal of equipment were appropriate. We also interviewed a representative of the non-profit organization from which the trailers were purchased and individuals associated with Wind and Fire Ministries, Inc., the organization which owned the property to which the trailers were delivered.
- (4) Evaluated certain payroll increases for the period January 1, 2015 through September 8, 2017 to determine propriety.
- (5) Evaluated the educational and experience qualifications of certain ICN employees and determined compliance with criteria established by the Department of Administrative Services-Human Resources Enterprise to determine propriety.
- (6) Obtained an understanding of a planned reorganization within ICN and realignment of duties which were to become effective in July 2017 and associated position changes to determine propriety.
- (7) Examined certain ICN procurement card and travel card statements to determine if purchases were supported by adequate documentation and appropriate for ICN's operations. We also examined travel costs not paid with the travel card to determine propriety.
- (8) Evaluated certain disbursements for the period October 16, 2014 through November 28, 2017, including payments to certain vendors, to determine if they were supported by proper documentation and appropriate for ICN operations. We also determined if goods and/or services from certain vendors were procured in an appropriate manner.

- (9) Interviewed a representative of Fiberutilities Network Services, LLC, a vendor which provides network maintenance services, to obtain an understanding of services provided in accordance with a contract amendment signed in May 2017.
- (10) Evaluated the use of State vehicles assigned to the ICN Executive Director to determine propriety and if the State vehicles were used in compliance with rules established by the Department of Administrative Services. We also determined the costs associated with the vehicles.

As a result of these procedures, a number of managements decisions were identified which were not in the taxpayers' best interest. Some of the decisions resulted in unnecessary costs to taxpayers, including certain travel costs, hiring certain individuals, and payroll increases. Specifically, we identified \$379,547.65 of improper disbursements and undeposited collections. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **I** 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. Copies of this report have been filed with the Division of Criminal Investigation, the Polk County Attorney's Office, and the Attorney General's Office.

We would like to acknowledge the assistance extended to us by personnel of the ICN, Iowa Telecommunications and Technology Commission, and the Division of Criminal Investigation during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State

January 4, 2018

Executive Summary

The Iowa Communications Network (ICN) is a State agency governed by the Iowa Telecommunications and Technology Commission (ITTC). ICN provides high-speed flexible broadband internet, data, video conferencing, and voice (phone) services to authorized users specified by the *Code of Iowa*, including education, healthcare, government, and public safety organizations in Iowa. Richard (Ric) Lumbard was appointed by the ITTC as the ICN Executive Director in September 2014, after having served as the acting Executive Director since April 2014.

In addition to being the ICN Executive Director, Mr. Lumbard is the Chief Executive Officer of the Wind and Fire Ministries (WFM) Missions Base. He is also associated with COH Logistics, Inc. The operations for both WFM and COH Logistics were located on property near Marion, IA owned by WFM. Mr. Lumbard also resided at the WFM property.

At a meeting held on July 17, 2017, Auditor Mosiman and staff from the Office of Auditor of State were informed of concerns regarding ICN's purchase of pre-owned semi-trailers containing video production equipment. Specifically, concerns were expressed regarding the procurement process followed when acquiring the trailers, where the trailers were delivered to, and disposal of certain pieces of equipment from the trailers. The ICN representatives explained the trailers were delivered to WFM property.

As a result of the concerns discussed, Auditor Mosiman directed staff to perform the procedures detailed in the Auditor of State's report for the period January 1, 2015 through January 2, 2018, or for extended periods as appropriate. These procedures identified a number of management decisions made by Mr. Lumbard which were not in the taxpayers' best interest along with \$379,547.65 of improper disbursements and undeposited collections. The report on the special investigation performed includes a detailed explanation of each finding; however, an overview of the findings is provided in this Executive Summary.

PROCUREMENT CONCERNS - The Department of Administrative Services (DAS) has established uniform standards and specifications for purchasing goods and services and has established rules regarding competitive bidding procedures in the Iowa Administrative Code. We identified a number of instances in which ICN did not comply with the rules and procedures established by DAS. The concerns we identified for the trailer purchase and purchases from certain vendors are summarized as follows.

Purchase of semi-trailers - As previously stated, ICN officials expressed concerns regarding the procurement process followed when ICN acquired 2 semi-trailers in June 2017. The concerns we identified are summarized below.

- Mr. Lumbard prepared a business plan for the purchase of 2 semi-trailers and a 1983 semi-tractor. The purchase and delivery costs documented in the business plan totaled \$49,800.00, which is below the \$50,000.00 threshold which requires a formal competitive procurement process be followed. Mr. Lumbard appears to have followed informal competitive procurement procedures; however, the vehicles he included in the business plan were much newer, fully equipped media production vehicles. Because the intent of the proposed trailers did not require video production equipment, the vehicles Mr. Lumbard included were not comparable.
- We determined he had a "gentleman's agreement" with the vendor that any delivery costs which caused the price of the trailers to exceed \$50,000.00 would be "expensed" and billed separately. Improperly splitting the costs associated with delivery allowed Mr. Lumbard to circumvent procurement requirements.
- Other ICN officials stated they were not in favor of the procurement of the trailers. A vote was held at a Leadership meeting to purchase a trailer, which passed as a result of the vendors who were also allowed to vote.

- Mr. Lumbard did not follow the other typical approval and authorization processes followed by ICN when making purchases. In addition, limited documentation was available regarding Mr. Lumbard's negotiations with the vendor.
- ICN did not receive the semi-tractor included in the costs listed in the business plan. However, at Mr. Lumbard's direction, the amount paid by ICN was not reduced.
- The 2 trailers were delivered to the WFM property, which was also Mr. Lumbard's personal residence. The trailers were purchased sight unseen and the condition of each trailer was such that they were not watertight.
- Mr. Lumbard told individuals associated with WFM the equipment included with 1 of the trailers was donated to WFM by the vendor from whom ICN purchased the trailers. However, the vendor stated none of the equipment was donated to WFM.
- Equipment from a trailer was sold on eBay by COH Logistics for \$2,319.00. None of the proceeds were remitted to ICN. Additional equipment was listed for sale on eBay by COH Logistics, but it was removed after it was identified by ICN officials who contacted individuals associated with WFM to request the equipment be removed from eBay.

S & R Painting and Staining

- Mr. Lumbard had a personal relationship with this vendor through WFM. As a result, at a minimum, Mr. Lumbard should have obtained quotes for the work performed by the vendor.
- The total of the invoices submitted to ICN by S & R Painting and Staining totaled \$4,954.00, which is just below the \$5,000.00 threshold which requires a competitive procurement process be followed.
- The \$4,954.00 paid to the vendor includes a \$1,400.00 invoice for on-site painting in 2 offices. However, the ceiling tiles above the offices were removed and taken off-site for painting by Mr. Lumbard.
- It was necessary to purchase additional equipment costing \$1,991.95, including LED desk lights and backlit keyboards, as a result of painting the room black.

Speak PR

- ICN obtained marketing services from Speak PR through a sole source contract for the period September 1, 2014 through June 2015. There are a number of firms providing similar services in Des Moines and the sole source document did not specify how the services being purchased were of such a specialized nature that only a single source could satisfactorily provide the service.
- While the sole source document indicates time was a factor in selecting the vendor, lack of proper planning is not an appropriate reason for not obtaining several bids.
- ICN issued a request for proposal (RFP) for these services for fiscal year 2017. Mr. Lumbard chose to discontinue the RFP process once it was underway and did not follow an informal or formal competitive procurement process. Instead, at Mr. Lumbard's direction, most payments to the vendor were kept under \$5,000.00 to avoid DAS procurement requirements.

Aeritae

- In accordance with Mr. Lumbard's directions, 5 agreements were established with Aeritae to facilitate deployment of a new central database/service orchestration system provided by ServiceNow. None of the agreements complied with procurement requirements.

- The original agreement was established as a sole source. The justification stated, “ServiceNow is the sole service management platform Aeritae deploys with clients.” We identified a number of vendors which can facilitate the deployment of ServiceNow.
- While the original agreement established with Aeritae was for \$402,500.00, ICN has paid the vendor approximately \$1.2 million from March 28, 2017 through November 30, 2017 without following a competitive process.

Character Genetics

- From January 15, 2015 through October 16, 2017, ICN paid Character Genetics \$71,186.97 for leadership training and coaching services. In accordance with DAS rules, these services should have been procured through a formal competitive procurement process.
- We determined Mr. Lumbard had a previous relationship with this vendor through WFM.
- Due to the unusually large amount paid to Character Genetics from January 2015 through October 2017, the benefit to the taxpayers is not clear.

Fiberutilities Network Services, LLC

- Mr. Lumbard instructed ICN staff to establish an amendment to an existing contract with Fiberutilities Network Services (FNS) to create a sales consultant position. However, the services provided by the amendment were not within the scope of the original contract.
- Because a sales consultant position was not available within ICN’s table of organization, hiring an individual through a contract amendment bypasses the controls established by DAS-Human Resources Enterprise (DAS-HRE) and monitored by the Department of Management (DOM).
- The amendment provided for bonuses or commissions which are not allowed for individuals employed by ICN for the same duties. For the time period the amendment was in effect, ICN paid FNS \$9,000.00 for bonuses or commissions even though the individual did not make any sales for ICN.
- Because the position created by the amendment was not needed, the \$51,400.00 paid to FNS was not a good use of State resources.

Procurement card and travel card

- At Mr. Lumbard’s request, a procurement card (Pcard) was assigned to Ms. Jensen and a travel card was assigned to him. The purchases made with these cards did not follow the same review and approval processes as purchases made with other Pcards and travel cards assigned to ICN employees.
- DAS policy prohibits the use of Pcards and travel cards by anyone other than the individual they are assigned to. However, Ms. Jensen used Mr. Lumbard’s travel card and Mr. Lumbard used Ms. Jensen’s Pcard.
- The purchases made with Ms. Jensen’s Pcard included 4 Google Home units for \$546.96 which were not appropriate for office use. The \$546.96 was an improper use of ICN funds.

PERSONNEL CONCERNS - We identified several concerns regarding personnel actions. These concerns are summarized as follows.

Jessica Jensen

- Ms. Jensen started at ICN on February 13, 2015 as an Executive Secretary. She was also associated with WFM operations.
- Mr. Lumbard considered Ms. Jensen, his Executive Secretary, as part of the Executive Team along with the Chief Operating Officer, Chief Financial Officer, and Chief Administrative Officer.
- After 6 months of employment at ICN, Ms. Jensen received a 14.00% salary increase and a 12.01% increase a year after that. During her employment, Ms. Jensen did not receive a promotion, however her salary increases totaled 40.24% over approximately 2.5 years. These increases exceeded increases provided to other ICN employees we tested.
- Ms. Jensen attended almost all meetings with Mr. Lumbard, including meetings held out of state. The costs for Ms. Jensen to travel out of state totaled \$10,360.15. In addition, ICN incurred \$864.00 of overtime costs for the time Ms. Jensen recorded as overtime during these trips. Ms. Jensen also recorded compensatory time during some of these trips which resulted in her receiving 59.25 hours of compensatory time off, which was valued at \$1,735.55.
- On July 11, 2017, Mr. Lumbard distributed a revised “Define the Relationship” (DTR) document which summarized organizational and staffing changes. He also announced the changes in the DTR were to be effective immediately. However, changes in the DTR included new positions which had not yet been approved by DAS.
- The staffing changes included removing all of the Chief Administrative Officer’s supervisory responsibilities and moving supervisory responsibilities to Ms. Jensen.
- The staffing changes also included moving Ms. Jensen to a Public Service Manager 1 (PSM1) position. Because DAS had not yet approved establishment of the PSM1 position, Mr. Lumbard should not have assigned the position’s duties to anyone.
- DAS has established minimum education and experience qualifications for the PSM1 position. Ms. Jensen’s education and experience did not meet the minimum standards established by DAS and DAS would not have approved her filling this position.
- Mr. Lumbard did not inform the ITTC of the planned staffing changes.

T.J. Boulet

- T.J. Boulet was hired as an Executive Officer 2 effective September 29, 2016. He did not meet the minimum qualifications established by DAS-HRE for the position. There was no documentation of DAS approving his hiring.
- Mr. Boulet had a previous relationship with Mr. Lumbard through WFM. ICN officials voiced concerns the position he was hired for was not needed.
- During his employment, ICN has incurred a total of \$98,600.48 for Mr. Boulet’s salary, termination pay, and the employer’s share of payroll costs.

Danielle Steen – Mr. Lumbard hired Danielle Steen as a temporary employee for ICN. She also served as his administrative assistant at WFM.

Ric Lumbard's benefits

- From July 1, 2014 through July 11, 2017, Mr. Lumbard used State vehicles to commute from his home near Marion, IA to the ICN office in Des Moines. Records prior to July 1, 2014 were not available. DAS rules prohibit personal use of State vehicles. ICN spent \$50,019.04 for Mr. Lumbard's use of State vehicles.
- Mr. Lumbard incurred \$1,262.48 of lodging costs in the Des Moines area.
- Neither DAS nor ICN reported the taxable benefits provided to Mr. Lumbard for the lodging and commuting benefits he received.

Unrecorded vacation days

- Using documents obtained during a search of Mr. Lumbard's residence by law enforcement officers, we identified 2 trips Mr. Lumbard took to Belize but during which he did not record vacation. We also identified 1 trip Ms. Jensen took to Belize for which she did not record vacation. We determined Mr. Lumbard and Ms. Jensen should have recorded a minimum of 5 days and 2 days of vacation, respectively, for these trips. ICN incurred a total cost of \$3,311.99 for the unrecorded vacation days.
- Because sufficient documentation was not available, we were unable to identify any additional unrecorded vacation time.

ADMINISTRATIVE ISSUES

Leadership meetings in Minnesota

- Leadership meetings were held at a resort in Whalen, MN in May and June 2016 and May 2017. The costs incurred for the events totaled \$12,865.28. ICN would have been able to hold Leadership meetings at a lesser cost within the State of Iowa.
- Vendors were allowed to vote on all proposals presented at the meetings they attended. It may not serve ICN's best interest to have this level of participation from vendors.

ITTC oversight

- The ITTC does not take an active role in the oversight of ICN operations in accordance with requirements established by the *Code of Iowa*. While the *Code* requires the ITTC to supervise the management, development, and operations of the network, the ITTC instead acted in an advisory manner.
- With the exception of the 2 non-voting ex-officio members, the Commissioners, who are acting in an advisory capacity, are paid annual salaries ranging from \$13,856.96 to \$19,631.82 and are reimbursed travel costs. However, they are not providing more guidance than Board members of other agencies' advisory boards who are not compensated for their service.

OVERALL CONCLUSION

A number of management decisions made by Mr. Lumbard were not in the taxpayers' best interest. We identified a number of instances in which he circumvented internal controls, internal ICN process, and requirements established by DAS and DOM. As a result of the circumventions, there is no assurance all goods and services were obtained through a competitive process which was fair and open.

Using the authority of his position, Mr. Lumbard created unnecessary positions, hired unqualified individuals, and awarded excessive pay increases. His actions resulted in payroll costs which were not reasonable or necessary for ICN operations.

As a result of Mr. Lumbard's actions, we identified \$379,547.65 of improper disbursements and undeposited collections. In addition to Mr. Lumbard's decisions, we determined the ITTC is not taking an active role in the oversight of ICN operations.

**Report on Special Investigation on of the
Iowa Communications Network**

Report on Special Investigation of the
Iowa Communications Network

Investigative Summary

Background Information

The Iowa Communications Network (ICN) is a State agency governed by the Iowa Telecommunications and Technology Commission (ITTC). ICN provides high-speed flexible broadband internet, data, video conferencing, and voice (phone) services to authorized users specified by the *Code of Iowa*, including education, healthcare, government, and public safety organizations in Iowa.

ICN is to be operated in accordance with Chapter 8D of the *Code of Iowa (Code)* and Chapter 751 of the Iowa Administrative Code (IAC). In accordance with section 8D.3 of the *Code*, the ITTC was established with the sole authority to supervise the management, development, and operation of the network and ensure all components of the network are technically compatible. While the management, development, and operation of the network is not subject to the jurisdiction or control of any other State agency, the *Code* section specifies ITTC is subject to the general operation practices and procedures which are generally applicable to other state agencies.

The ITTC was established by statute in 1994. As stated on ICN's website, it is the ITTC's duty to ensure the network operates in an efficient and responsible manner and provides the best economic services attainable to its authorized users consistent with the State's financial capacity.

The ITTC consists of 5 voting members who are appointed by the Governor and serve 6-year staggered terms. Appointed Commissioners are subject to approval by the Iowa Senate. In addition to the 5 voting members, the ITTC includes 2 non-voting, ex-officio members, specifically, the Auditor of State and the Chief Information Officer for the State of Iowa.

In accordance with section 8D.4 of the *Code*, the ITTC is responsible for appointing the Executive Director, subject to confirmation by the Senate. The Executive Director serves at the pleasure of the ITTC and is to be selected primarily for administrative ability and knowledge in the field, without regard to political affiliation. The Governor establishes the salary of the Executive Director within a range established by the General Assembly. The Executive Director is responsible for management, development, and operation of the ICN; execution of policy decisions of the ITTC; and other responsibilities as determined by the ITTC.

Richard (Ric) Lumbard was appointed by the ITTC as the Executive Director in September 2014. The ITTC Chairperson, Richard Bruner, notified Mr. Lumbard in a letter dated September 29, 2014 he had been selected for the position of Executive Director and the appointment would become retroactively effective September 12, 2014 upon Mr. Lumbard's acceptance of the position. ICN's website documents Mr. Lumbard was confirmed by the Senate on February 24, 2015.

Mr. Lumbard experienced a medical emergency on July 11, 2017 which resulted in an absence from his duties at ICN for an extended period of time. In his absence, Phil Groner, ICN's Chief Operating Officer, was appointed to serve as acting Executive Director. Prior to Mr. Lumbard's absence, the organizational structure in place at ICN involved an Executive Team consisting of Mr. Groner and the individuals listed in **Table 1**. The **Table** includes each individual's title used at ICN. It also includes the Department of Administrative Services (DAS) job class description for the position each individual held.

Table 1

Name	ICN Title	DAS Job Class Description
Phil Groner	Chief Operating Officer (COO)	Public Service Executive
Deb Evans	Chief Financial Officer (CFO)	Public Service Executive
Mark Johnson	Chief Administrative Officer (CAO)	Public Service Executive
Jessica Jensen	Executive Administrator	Executive Secretary

After being named the acting Executive Director, Mr. Groner contacted Auditor of State Mary Mosiman to arrange for a meeting regarding a procurement issue. As previously stated, Auditor Mosiman is an ex-officio member of the ITTC. Upon meeting with Mr. Groner and other members of the ICN Executive Team on July 17, 2017, Auditor Mosiman and staff from the Office of Auditor of State were informed of concerns regarding ICN's purchase of pre-owned semi-trailers containing video production equipment. Specifically, concerns were expressed regarding the procurement process followed when acquiring the trailers, where the trailers were delivered to, and disposal of certain pieces of equipment from the trailers. The Executive Team members explained because the video production equipment included with the trailers was not needed, they intended to dispose of it in compliance with State requirements; however, they discovered equipment from the trailers had been sold by other means. Auditor Mosiman and the audit staff were also informed the members of the Executive Team present at the meeting had contacted the ITTC Chairperson, staff from the Governor's Office, and the Attorney General's Office.

On July 18, 2017, an auditor traveled to Marion, IA to observe the trailers and inventory equipment included in them. Auditor Mosiman and audit staff met with ICN Executive Team members again on July 20, 2017 to further discuss concerns identified. As a result of the concerns discussed, Auditor Mosiman directed staff to perform the procedures detailed in the Auditor of State's report for the period January 1, 2015 through January 2, 2018, or for extended periods as appropriate.

Near the completion of our fieldwork but prior to issuance of the Auditor of State's report, Mr. Lumbard's employment was terminated effective January 4, 2018. In addition, the employment of Ms. Jensen and T.J. Boulet, an Executive Officer 2 employed by ICN, was terminated effective January 2, 2018.

Detailed Findings

These procedures identified a number of management decisions made by Mr. Lumbard which were not in the taxpayers' best interest. In addition to being the ICN Executive Director, Mr. Lumbard is the Chief Executive Officer of the Wind and Fire Ministries (WFM) Missions Base. He is also associated with COH Logistics, Inc. ICN management decisions made by Mr. Lumbard for which concerns were identified include, but are not limited to, the following:

- Hiring individuals with whom he had a previous association through WFM, including Ms. Jensen, Mr. Boulet, and Danielle Steen (as a temporary employee).
- Instructing a vendor to deliver 2 semi-trailers purchased by ICN to property owned by WFM, and instructing individuals to sell equipment from a semi-trailer purchased by ICN under the vendor name of COH Logistics on eBay. Proceeds from the equipment sold were not deposited with ICN.
- Circumventing procurement requirements.
- Awarding unusually large pay increases to Ms. Jensen.
- Establishing a supervisory position and assigning the duties associated with the position to Ms. Jensen before the position was authorized. In addition, assigning the duties to Ms. Jensen even though her education and work experience did not meet the minimum qualifications established by DAS for the position.

In addition to the \$2,319.00 of undeposited collections from the sale of equipment from the trailers, we identified \$377,228.65 of improper disbursements, including \$63,748.66 of costs related to the pre-owned semi-trailers, \$71,186.97 paid to a vendor for leadership training sessions, \$98,600.48 of employment costs for Mr. Boulet, \$50,019.04 of costs for vehicles used by Mr. Lumbard for commuting, \$19,823.88 of payroll costs for pay raises awarded to Ms. Jensen in excess of 5%, and \$10,360.15 of travel costs incurred by Ms. Jensen.

The \$379,547.65 of improper disbursements and undeposited collections identified are summarized in **Exhibit A** and a detailed explanation of each finding follows.

COMPLIANCE WITH PROCUREMENT REQUIREMENTS

The procedures performed identified several concerns regarding compliance with procurement procedures established by DAS. DAS is responsible for providing a system of uniform standards and specifications for purchasing and has established rules regarding competitive bidding procedures in the IAC. The rules for the procurement of goods and services and purchasing standards for service contracts are contained in 11-IAC-117 and 11-IAC-118. In addition, DAS has guidance regarding these requirements available on its website.

When a state agency purchases goods or services from a private entity, it is necessary to estimate how much the agency expects the goods or services to cost. The administrative rules established by DAS for making a single purchase or purchases under a 1-year contract are summarized as follows:

- If the total value of the purchase or contract is less than \$5,000.00, purchasing agents are not required to use a competitive process for selecting a vendor. However, seeking competition is recommended to ensure the best value is obtained.
- If the total value of the purchase or contract is \$5,000.00 or more but less than \$50,000.00, purchasing agents are required to use either an informal or formal competitive process for selecting a vendor.
- If the total value of the purchase or contract is \$50,000.00 or more, a formal competitive process is required to be used to select a vendor.

For services purchased under a multi-year contract, the following rules are applicable:

- If the total value of the contract, including renewals, over the years is less than \$15,000.00, purchasing agents may enter into the contract without using a competitive process. A competitive process is recommended, although not required, to ensure the best value is obtained.
- If the total value of the contract, including renewals, over the years is \$15,000.00 or more but less than \$150,000.00, purchasing agents must use either an informal or formal competitive process for selecting a vendor.
- If the total value of the contract, including renewals, over the years is \$150,000.00 or more, a formal competitive process is required to be used to select a vendor.

To complete the formal competitive process to purchase goods or services, an agency may issue a request for proposal (RFP). Although not used as frequently to purchase services as RFPs, an invitation to bid (ITB) or other formal solicitation document may also be used to purchase services. However, an agency would use an ITB instead of an RFP when price is the only factor to be used to select a vendor.

Informal competitive procedures available to agencies are summarized in 11-IAC-117.9 and 11-IAC-118.9. In accordance with the IAC, when utilizing an informal competitive process, “the state agency may contact the prospective providers in person, by telephone, fax, email or letter. When the state agency is not able to locate three prospective providers, the state agency must justify contacting fewer than three providers. The justification shall be included in the contract file.”

Concerns identified regarding compliance with these requirements are documented in the following paragraphs.

Purchases of Semi-Trailers

As previously stated, members of the ICN Executive Team we spoke with expressed concerns regarding the procurement process followed when ICN acquired 2 semi-trailers in June 2017. Additional concerns were also expressed regarding where the trailers were delivered to and how some of the equipment purchased with the trailers was disposed of. According to ICN officials we spoke with, the idea of procuring a trailer of this type had not been addressed prior to May 2017.

On May 4, 2017, ICN co-sponsored an event which allowed customers to experience security demonstrations and learn about security equipment suggestions. The event was held in an articulated semi-trailer described as a “mobile showcase.” The trailer included multiple touch screen monitors, access to live firewalls, and other technology products. While ICN co-sponsored the event, it was coordinated by a vendor. According to ICN officials, the event was the start of an idea of perhaps having ICN do something similar, not only to promote ICN, but to create a mobile unit which could be used for cyber training and internship opportunities and/or in the event of a disaster which required a mobile communications service center or public safety answering point (PSAP).

ICN officials also stated Mr. Lumbard located a previously owned semi-trailer in May 2017 which he believed could be used for this purpose. **Table 2** summarizes a timeline of the actions related to acquiring the 2 semi-trailers ICN ultimately purchased. Concerns regarding the procurement of the semi-trailers are summarized after the **Table**.

Table 2

Date	Description
Tuesday, 05/16/17	<p>Mr. Lumbard sent an email to a member of the ICN Executive Team with a link to a pre-owned remote video production truck for sale on eBay. In addition to the link, the email stated “Easy Conversion. We rent the cab and driver.” which may indicate Mr. Lumbard’s initial understanding was the item listed for sale was only the trailer.</p> <p>A copy of the eBay listing is included in Appendix 1. As illustrated by the Appendix, it listed a remote video production truck and the detailed description included with the post specified a 48 foot remote television production trailer built in 1990 for NBC. The description stated “Unit comes with all equipment shown in the photos.” In addition to the description, a picture of a truck attached to a white trailer, and various video production equipment, the eBay post included inventory listings of the equipment. The eBay post stated the remote video production truck was located in Auburn, CA and listed it for \$25,000.00.</p>
Wednesday, 05/17/17, through Friday, 05/19/17	<p>During a leadership meeting held in Whalen, MN from May 17 through May 19, 2017, Mr. Lumbard presented a proposal to purchase a semi-trailer. Members of the Executive Team we spoke with stated a truck was not mentioned as part of the discussion and a specific trailer was not identified.</p> <p>They also reported certain vendors in attendance at the meeting voted for purchasing a trailer. In addition, with the exception of Ms. Jensen, Executive Team members voted against the purchase of a trailer. A representative of an ICN vendor who also attended the leadership meeting, but abstained from voting, stated 3 Executive Team members were not in favor of the purchase. However, the motion to purchase a trailer, which was discussed toward the end of the meeting’s proceedings, passed by 1 vote.</p>
Sunday, 05/21/17	<p>From an email string involving Mr. Lumbard, we identified a message sent on Sunday, May 21, 2017, between individuals associated with the organization which had listed the truck and trailer for sale on eBay. The message identified Mr. Lumbard and requested he be provided certain information “so the state can set us up as a vendor.” As a result, it is apparent Mr. Lumbard began the process of negotiating for the purchase of the remote video production truck listed in Appendix 1 before returning to the office on the Monday following the Leadership meeting.</p> <p>The email string also included a request from Mr. Lumbard on Tuesday, May 23, 2017, for the legal name and birthdate of the truck driver so ICN could procure airline tickets from Cedar Rapids to Sacramento for the driver’s return to California. This message documents Mr. Lumbard was aware the items being purchased included a truck and a trailer.</p>
Tuesday, 05/23/17	<p>Mr. Lumbard received and sent several emails regarding the trailer on Tuesday, May 23, 2017. Specifically, we identified the following:</p> <ul style="list-style-type: none"> • A few minutes before and after noon, Mr. Lumbard received 3 emails from the seller of the white trailer, each of which included a photo of the exterior of a blue semi-trailer. In addition, shortly before noon Mr. Lumbard responded to an email from the seller with the message “Do you have any easy pictures of the interior for my engineering chief to look at?” Mr. Lumbard received a prompt response the vendor would provide them in the afternoon with a copy of the floorplan also. We spoke with Scott Pappan, the engineering chief Mr. Lumbard referred to. He confirmed he looked at a photo of

	<p>the exterior of the trailer. A picture of the exterior of the blue trailer is included in Appendix 2.</p> <ul style="list-style-type: none"> • Shortly after noon, Mr. Lumbard received an email with the original invoice for the white trailer attached. A copy of the invoice is included in Appendix 3. As illustrated by the Appendix, it was for a 1983 truck costing \$25,000 and a 1990 trailer for which there was not a charge. • At 1:48 pm, Mr. Lumbard sent an email to an ICN financial staff member providing vendor information with the notation "This is for a pending purchase we will be issuing PO [purchase order] and PAYMENT for hopefully yet this week." • At 3:14 pm, Mr. Lumbard received an email from the vendor which stated internal pictures were not readily available, but a photo of the exterior was attached to the email along with a copy of the trailer's floorplan. The email also stated "It is currently not a working truck, but is still rack ready with complete environmental and power." • At 5:23 pm, Mr. Lumbard received an email from the vendor with photos of the interior of the blue trailer. At 5:30 pm, Mr. Lumbard sent the vendor an email which stated "Please call me when you have 10 seconds to discuss blue" [trailer].
Wednesday, 05/24/17	<p>At approximately 8:15 am, Mr. Lumbard forwarded pictures of the blue trailer's interior and exterior to Mr. Groner via email. There was not a message included with the emails.</p> <p>Mr. Lumbard later received an email from the vendor which stated "Ric, We are able to sell you the blue trailer if you like. Price is \$21K." Mr. Lumbard replied, "We will proceed in that direction. I do need the finished Transportation price package for the original trailer and a transportation package for Big Blue." As a result, it is apparent a decision had been made to acquire a second trailer from the vendor. The vendor replied, "You'll have those tomorrow."</p>
Friday, 05/25/17	<p>A \$49,800.00 invoice dated May 25, 2017 included the 1983 truck, the 1990 white trailer, the 1985 blue trailer, and preparation, transportation, and delivery fees for all 3 vehicles to Iowa. A copy of the invoice is included in Appendix 4.</p>
Wednesday, 05/31/17	<p>Version 1 of the "Project: Broadband Anywhere" Business Plan was dated May 31, 2017. Ms. Evans stated she received the business plan from Mr. Lumbard. A copy of the business plan is included in Appendix 5 and is discussed in detail in the paragraphs following this timeline. As illustrated by page 9 of the Business Plan included in the Appendix, the individual costs from the May 25, 2017 invoice were listed.</p> <p>At 3:21 pm, Mr. Lumbard sent an email to the vendor which stated, "We have all things submitted." The email also specified the following:</p> <ol style="list-style-type: none"> 1. Business Case had been approved. 2. AFE [Authorization for Expenditure] has been submitted and approved. 3. NTTG [the vendor] has been added as approved vendor. 4. PO [purchase order] is being generated to accompany the invoice for payment. 5. Invoice has been submitted for payment in the amount of \$49,800.00. 6. Payment will be issued and we will overnight the check as soon as it arrives. 7. Transportation may occur anytime following check arrival. 8. Titles will be sent to ICN the day equipment arrives in Iowa.
Thursday, 06/01/17	<p>A \$49,500.00 check was issued to the seller on June 1, 2017. The remaining \$300.00 was issued on June 5, 2017. According to a notation in the State's accounting system, the \$300.00 was "missed on original payment."</p>
Friday, 06/02/17	<p>Mr. Lumbard received an email from the vendor which stated, "Attached is the new invoice for the trailers and truck. Please shred the previous 2 invoices." A copy of the \$49,800.00 invoice attached to the email is included in Appendix 6. As illustrated by Appendices 3, 4, and 6, the total cost did not change, but the revised invoice dated June 2, 2017 did not include any preparation, transportation, and delivery fees.</p>
Tuesday, 06/20/17	<p>The seller stated the first trailer was delivered to a property in Linn County, IA which was owned by WFM on June 20, 2017. Based on receipts provided by the seller, the date is reasonable. Upon inquiry, the seller specified the blue trailer was delivered first.</p>
Monday, 06/26/17	<p>The second trailer was delivered to the same property on June 26, 2017.</p>

As illustrated by **Table 2**, the time from when the initial email was sent by Mr. Lumbard identifying a potential trailer for purchase to the time a payment was issued for 2 trailers, a truck, and video equipment was from May 16, 2017 to June 1, 2017. This is an unusually short time frame for a unique purchase of this nature.

The **Table** also illustrates the trailers were delivered to property owned by WFM near the end of June. According to a website for WFM Missions Base, “Structurally, Wind and Fire Ministries (WFM) is located on the land called the WFM Missions Base.” The website lists the address for “Wind and Fire Missions Base/Parsonage” as 3243 Wind and Fire Drive, Marion, IA. This is the address the trailers were delivered to. It is also the home address listed for Mr. Lumbard on documents in his ICN personnel records. The WFM Missions Base website also states Mr. Lumbard is the Chief Executive Officer of the WFM Missions Group. In addition, it states he and his wife “are founders and senior leaders of the WFM Missions Base.”

According to Executive Team members we spoke with, they were aware the trailers were delivered to Mr. Lumbard’s home. They stated Mr. Lumbard told them he wanted the trailers delivered to Marion because ICN did not have space in the Des Moines area to store them. In addition, Ms. Jensen stated having the trailers at Mr. Lumbard’s home allowed him to be able to work on them during the weekends “while he could pull off [equipment] and see what was in there.” As previously stated, Executive Team members reported they were aware equipment from the trailers would be disposed of. The Executive Team members also stated they had not shipped anything of comparable value to Mr. Lumbard’s home previously. We did not identify any additional equipment shipped to Mr. Lumbard’s residence during our testing.

As previously stated, the trailers were “rack ready” and included video production equipment, some of which was mounted in racks within the trailers. Other equipment was simply placed in the trailers. Also as previously stated, Mr. Lumbard experienced a medical emergency on July 11, 2017 which resulted in an absence from his duties at ICN for an extended period of time. In Mr. Lumbard’s absence, members of the Executive Team and ICN staff members began the process of determining what equipment was in the trailers and preparing to dispose of it.

According to ICN officials we spoke with, their intent was to dispose of the video production equipment in the same manner as they dispose of other ICN equipment which is no longer needed. Specifically, they planned to follow procedures established by DAS to list the equipment for sale through GovDeals, which provides online auction services to State agencies to sell assets, equipment, and supplies. The procedures established by DAS for disposal of equipment also state there is no authority “to donate item(s) to charitable organizations” and specifies that departments’ requests to donate items to a charitable organization should be submitted to an individual employed by DAS for approval on a case-by-case basis. We spoke with the DAS employee responsible for receiving requests for making donations of unwanted equipment. She stated no one from ICN had contacted her during 2017 regarding a request to donate items.

To begin the process of disposing of the video production equipment, an ICN staff member contacted the Administrative Officer of WFM, Danielle Steen, on July 12, 2017 for a listing of the equipment in the trailers. In addition to being the Administrative Officer of WFM, Ms. Steen was a temporary employee hired by ICN through the temporary services agency, Aureon, for several duties, including preparing an inventory of the trailers purchased by ICN after they arrived at the WFM property. Based on the timesheet submitted by Ms. Steen, she spent 56 hours from Monday, June 26, 2017 through Friday, July 14, 2017 preparing inventory listings. A timesheet Ms. Steen prepared for Aureon shows she worked 14 hours, from 9:00 am to 11:00 pm on Tuesday, July 11, 2017. The timesheet was approved by Ms. Jensen. ICN paid \$1,108.80 for the 56 hours reported by Ms. Steen.

Ms. Steen emailed an inventory list to the ICN staff member on Thursday, July 13, 2017. The ICN staff member used the list to start researching the value of the equipment the same day. While searching for information regarding the value of the equipment, the ICN staff member determined equipment specifically listed on the inventory obtained from Ms. Steen had been listed on eBay by COH Logistics. The information readily available on eBay also specified the equipment listed was located in Marion, IA.

As a result, the ICN staff member reviewed other items available for sale in the “COH Logistics store” on eBay and identified other items listed on the inventory obtained from Ms. Steen. **Appendix 7** includes copies of a portion of the eBay listings identified by the ICN staff member. The ICN staff member also located information online which specified COH Logistics Inc. was established as a domestic corporation in the State of Nevada on February 21, 2012 but was no longer active. The information also specified Mr. and Mrs. Lumbard were associated with COH Logistics. In addition, when we visited the WFM property, we determined a portion of the building appeared to be used by COH Logistics. Specifically, we observed a window which had the name “COH Logistics” adhered to it. The window looked into a separate room.

As previously stated, Ms. Steen provided an inventory listing of equipment in one of the trailers to an ICN staff member on July 13, 2017. The listing was sent in an email. However, Ms. Steen sent the staff member a follow-up email on July 14, 2017 stating “My apologies, I sent you the wrong list yesterday. I have attached the correct inventory list.” We were able to confirm some of the items listed in the July 14, 2017 email from Ms. Steen matched the manufacturer and model number of some of the equipment included in the inventory lists obtained from eBay for the white trailer. As a result, it appears the inventory listing Ms. Steen provided on July 13, 2017 was for the blue trailer. During a meeting we had with Ms. Steen on October 17, 2017, she stated the items in the blue trailer had been donated to WFM. ICN officials also stated Ms. Steen had stated to them in July that equipment in the blue trailer had been donated to WFM.

On July 14, 2017, the ICN staff member sent an email to Ms. Steen confirming the points discussed with her during a phone call that day. Specifically, the email listed the following:

- “The inventory list for the White trailer is accurate and that trailer and equipment belong to the ICN.
- The equipment in the White trailer is still installed and Ric [Mr. Lumbard] has someone in mind to decommission and uninstall the equipment prior to offering it for disposal.
- The inventory list for the Blue trailer is to be disregarded, because the equipment was donated to Wind & Fire Ministries.
- The Blue trailer itself belongs to the ICN.
- Access to the trailers should be coordinated through Jessica Jensen.”

On Friday, July 14, 2017, after learning items listed for sale on eBay by COH Logistics appeared to be from the trailers, ICN officials instructed Ms. Steen be contacted to request the equipment listed for sale by COH Logistics be removed from the eBay listing(s). ICN officials stated they do not know who actually listed the items for COH Logistics or removed them from eBay, but they were able to confirm the items were removed from eBay by Monday, July 17, 2017.

In addition, ICN officials contacted the vendor of the trailers on July 17, 2017 to determine if any of the equipment included in the trailers delivered to WFM was intended to be donated to any organization. According to ICN officials, the vendor stated it was his understanding all of the equipment was to be State property.

After speaking with the vendor, ICN officials contacted the Governor’s Office, the Attorney General’s Office, and the Office of Auditor of State on July 17, 2017. During a follow-up meeting with representatives of the Office of Auditor of State on July 20, 2017, ICN officials also disclosed the payment issued by ICN on June 1, 2017 was for 2 trailers, a truck, and transportation costs, in accordance with the invoice from the vendor dated June 2, 2017. However, after the payment was sent to the vendor, it was learned the truck was not in a condition that would allow it to be delivered to Iowa. Mr. Groner stated when Mr. Lumbard told him the truck would not be delivered, he asked how that impacted the payment. Mr. Groner stated Mr. Lumbard told him it changed nothing because the value of the equipment purchased was worth more than what ICN gave for it. ICN officials expressed concern they had issued a payment which, in light of subsequent events, was not supported by an accurate invoice.

We spoke with Mr. Bruner, the Chairperson of the ITTC, regarding the purchase of the trailers. Mr. Bruner stated he was not aware ICN had purchased the trailers until Mr. Lumbard announced it at the all-employee meeting held on July 11, 2017. He also stated he had not heard anything about them prior to the meeting. He stated his reaction to the announcement was to question how they were going to be used and who was going to be responsible for them. He stated the information Mr. Lumbard provided about the trailers during the meeting was “brief.”

After reviewing available documentation and interviewing individuals regarding the purchase of the trailers, the following additional concerns were identified.

Consensus regarding purchase – As stated in **Table 2**, a leadership meeting was held in Whalen, MN from May 17 through May 19, 2017. The meeting was referred to as the 2017-2018 Secluded Strategy Session. Mr. Lumbard presented a proposal to purchase a semi-trailer during this meeting.

The packet of materials provided to each ICN Leadership member attending the meeting included a memo from Mr. Lumbard outlining the basic premises of the event. The memo also specified 15 would be attending the event. A cabin and a cottage were reserved at the resort for lodging. The packet of materials included room assignments for the 15 invited guests. By reviewing the room assignments, we determined the individuals attending the Secluded Strategy Session included ICN Leadership members, a representative of Fiberutilities Network Services (FNS), and 2 representatives of Aeritae. However, individuals we interviewed also specified a representative of Speak PR also attended the event.

The packet of materials also included a page titled “Roberts Rules of Order Made Simple.” Individuals we interviewed stated the format of the meeting involved making motions, discussing the motion if there was a 2nd, then voting on the motion. Individuals stated all those attending had an “equal” vote on all motions, even the representatives of FNS, Aeritae, and Speak PR, who are vendors of ICN rather than ICN Leadership members. However, individuals we spoke with also stated the representative of FNS abstained from voting. When we spoke with the FNS representative, he stated he didn’t vote because he felt it wasn’t appropriate for him to sway a management vote.

According to Executive Team members, the motion to purchase a trailer was “general” in nature and involved pursuing the potential and options to acquire 1 trailer for the purpose of making it a cyber command and/or promotional use vehicle. In addition, during the discussion of the motion, Mr. Lumbard asked Speak PR representatives an approximate cost to “wrap the trailer” to identify it as an ICN vehicle. The option of purchasing a tractor and second trailer was not included in the motion. The possibility of purchasing these items was first addressed during Mr. Lumbard’s negotiations with the seller.

The individuals we interviewed also consistently reported the members of the Executive Team, with the exception of Ms. Jensen, voted against the motion to purchase a trailer. An Executive Team member explained the motion was made toward the end of the meeting and he felt the Leadership had already committed to a number of initiatives for the year. He stated he felt the purchase may be appropriate sometime in the future, but not at that point.

As previously stated, during the discussion of the motion to purchase a trailer, Mr. Lumbard asked Speak PR representatives an approximate cost to “wrap the trailer.” As a result, the trailer could have been viewed as a promotional tool for the ICN. A member of the Executive Team we spoke with stated he was concerned about using the trailer as a promotional tool and was concerned a good use for the trailer had to be clear.

While the members of the Executive Team voted against purchasing the trailer, the motion passed by 1 vote. According to Ms. Jensen, she kept a “motions deck” which resulted from the meeting. She thought the deck included the count of the votes for and against each motion. However, Ms. Jensen reported she was not able to locate the deck when we requested to review it. As a result, we are not able to review any documentation associated with the motion and subsequent vote.

Because vendors were allowed to vote on the motion and the motion passed by a single vote, it is apparent the vendors' votes had an impact on the outcome of the motion. It is not clear why Mr. Lumbard felt it was appropriate to include vendors in a strategy meeting where ICN Leadership staff were making decisions regarding initiatives for the upcoming year and provide the vendors a voice in the decision making process. Allowing representatives of vendors to vote on matters that may have a financial impact on ICN and which may also potentially impact the vendor's business with ICN is a clear conflict of interest.

Compliance with procurement procedures – During our discussions with ICN staff members, we obtained an understanding of the process typically followed when making purchases for ICN's operations. The process can vary slightly based on the scope of purchase; however, for a purchase similar to that of procuring the trailers, Ms. Evans stated a business plan would be developed and submitted to her for approval prior to procuring the item or service. After the business plan is approved, an Authorization For Expenditure (AFE) is prepared, reviewed, and authorized. In addition, a purchase order is prepared or a formal procurement process is followed, depending on the cost of the planned purchase.

As previously stated, the IAC requires state agencies use formal competition for the procurement of any good or service or group of goods or services for general use costing \$50,000.00 or more. Formal competition involves obtaining formal requests for bids or proposals. Informal competition may be used for the purchase of any good or service or group of goods or services of general use costing less than \$50,000.00. Informal requests for bids or proposals may be completed electronically, by telephone or fax, or by other means determined by the state agency.

As stated in **Table 2**, Mr. Lumbard submitted the business plan to the CFO on May 31, 2017, which is the same day he emailed the vendor that the business plan had been approved. Ms. Evans stated the business plan for the trailer, which is included in **Appendix 5**, was the only business plan submitted by Mr. Lumbard during his period as Director. The payment for the trailers was issued on June 1, 2017. The compressed time frame between submission of the business plan and issuance of the payment does not allow for the independent review and approval process established by ICN. It also did not allow for approval or discussion of the proposal by the ITTC. The compressed time frame indicates the business plan and AFE were prepared merely as formalities to process the purchase in compliance with Mr. Lumbard's directive.

As illustrated by **Appendix 5**, the 11 page business plan includes 7 pages of floor plans and photos of the trailers proposed to be purchased. Page 10 of the business plan states "Due to the amount, informal bid comparisons were made." Pages 10 and 11 include pictures of vehicles described as comparable. The remaining page included a 1-sentence overview and brief descriptions of the proposed applications of the proposed trailers and a brief explanation of the opportunity to purchase trailers from a closing non-profit organization located in California.

We identified several concerns based on our review of the business plan Mr. Lumbard prepared. Specifically, most of the items listed in the business plan as comparable items were fully equipped media production trailers which were much newer than the proposed trailers. In addition, the Executive Team members we spoke with stated the video equipment was to be stripped from the trailers because ICN did not need it for the proposed projects of establishing a mobile communications disaster support vehicle and a mobile cyber training and education vehicle. As a result, it was not appropriate to compare the proposed purchases to fully loaded video production vehicles.

While Executive Team members explained they were aware the proposed trailers were equipped and "rack ready" with video production equipment, they knew the type of equipment in the trailers was not of use to ICN for the trailers' intended uses. As a result, Mr. Lumbard proposed they sell the equipment which came with the trailers and use the proceeds to help retrofit the trailers to their intended uses. However, the only mention of the equipment in the business plan Mr. Lumbard prepared was the statement "A non-profit in Sacramento California is closing its

doors and liquidating is [sic] mobile fleet of training and communication equipment equipped trucks and trailers.” This statement makes it appear the equipment may be of use to the ICN for the trailers’ intended use as a mobile communications disaster support vehicle and a mobile cyber training and education vehicle.

As illustrated by the business plan included in **Appendix 5**, the purchase price of the proposal totaled \$49,800.00, which is just below the \$50,000.00 cutoff and allowed an informal bid process. However, as stated in **Table 2**, the invoice dated May 25, 2017 was replaced with the invoice dated June 2, 2017. While the total cost did not vary between the 2 invoices, the description of the goods and services provided did. Specifically, the May 25, 2017 invoice stated the \$49,800.00 cost included preparation, transportation, and delivery fees in addition to the cost of the trailers and truck. However, the preparation, transportation and deliver services were not specified in the June 2, 2017 invoice. We did not identify an email from Mr. Lumbard or any other documentation which requested a revised invoice; however, we are unable to determine if a revision was verbally requested. As a result, we were unable to determine a reason for the changed description which omitted the preparation, transportation, and delivery fees.

In addition to the \$49,800.00 paid by ICN in June, a \$4,821.92 invoice was received via an August 1, 2017 email. A copy of the invoice is included in **Appendix 8**. As illustrated by the **Appendix**, the invoice was dated July 31, 2017 and included transportation costs such as truck rental, driver wages, fuel, lodging, and meals. Based on information from the vendor and dates of the receipts, the wages, fuel, lodging, and meals were costs associated with delivering the second trailer to Marion on June 26, 2017. As a result, the total purchase cost of the trailers, including transportation for both trailers was \$54,621.92 and a formal procurement process should have been followed.

Ms. Evans received the email communication from the vendor on August 1, 2017 in response to a request for additional information regarding transportation charges for the trailers. In the email, the vendor stated the following regarding the costs: “This was agreed upon when we hit the \$50K cap ex limit, and as this was an expense it would be excluded from the capital spent and added as an expense. This was purely a verbal ‘gentlemen’s’ agreement.” Because Mr. Lumbard was the only ICN representative to have worked on procuring the trailers, it is clear the agreement was between him and the vendor.

According to ICN Executive Team members, the vendor had previously explained he did not have any documentation of the agreements he established with Mr. Lumbard. Based on the vendor’s understanding, it appears Mr. Lumbard had previously explained to the vendor he needed to remain under a \$50,000.00 limit and any additional costs would “be expensed.” Due to the condition of Mr. Lumbard’s health, we were unable to obtain any additional information from him regarding the vendor’s statements. However, it is clear based on the available documentation Mr. Lumbard had the vendor submit split invoices which allowed him to circumvent the competitive procurement policy. Had the vendor submitted a single invoice for total costs of the transaction, including all delivery costs, the total would have exceeded \$50,000.00.

Lack of documentation – As previously stated, Mr. Lumbard received 3 invoices related to the purchase of the trailers. The first invoice, dated May 23, 2017, included only the 1983 truck and 1990 white trailer for a total cost of \$25,000.00. The second invoice, dated May 25, 2017 totaled \$49,800.00 and included the truck, white trailer, blue trailer, and transportation costs to be paid by ICN. The third invoice was dated June 2, 2017 and listed the 1983 truck, 1990 white trailer, and 1985 blue trailer. The invoice did not list any transportation costs, but specified “Total Amount of all items listed above” was \$49,800.00. Copies of the 3 invoices are included in **Appendices 3, 4, and 6**, respectively.

Also as illustrated in **Table 2**, Mr. Lumbard handled all negotiations regarding the purchase. The only documentation available regarding the negotiations are email messages which do not provide sufficient detail to document all of the discussions between Mr. Lumbard and the vendor.

In addition to the 3 invoices, ICN requested a final revised invoice from the vendor which specified ICN did not purchase a 1983 truck. A copy of the final invoice is included in **Appendix 9**. In the email Ms. Evans received from the vendor on August 1, 2017, the vendor stated:

“Regarding the tractor: It was added as a bonus as we were interested in simply getting rid of it. The state of California wanted \$6K to allow it to be licensed in this state. As you might know vehicle licensing in California is extremely high and to bring the licensed [sic] up to date (it was parked for a couple years) was were [sic] the \$6K was going. So the thought was to simply have it licensed in your state, which would have been legal I’m told, but we were told that restrictions on your end wouldn’t allow a non-state employee (our driver) to drive it. At that point we had put \$500 into the tractor to get it ready to travel. It was going to need more investment before it left. So even though we had thrown in the tractor at no additional charge originally, we then offered to throw in additional equipment, which was accepted by Ric.”

The vendor’s statement the truck (tractor) was “added as a bonus as we were interested in simply getting rid of it” is not consistent with the original eBay post listed in **Appendix 1** or the invoice dated May 23, 2017 and included in **Appendix 3**. As illustrated by **Appendices 1** and **3**, respectively, the eBay listing specified a remote video production truck and the invoice from the vendor included a 1983 semi (Autocar, Model AT64F) for \$25,000.00.

The vendor also stated in the August 1, 2017 email:

“There was no separate invoice for the additional equipment. At the time we were under a strict timeline to vacate our building and we had limited volunteer help so we had made it clear that we wouldn’t be able to provide an exact bill of lading. The agreement reached said that the white trailer (the one marked SS2) would be delivered exactly as shown in the photos on our website, That we did and even added some additional equipment before the tractor issue prompted even more equipment to be thrown in.”

Mr. Lumbard did not ensure a complete listing of the equipment included with the trailers he negotiated for was received from the vendor. He accepted the vendor’s verbal statements that he was adding equipment “at no cost” to ICN. Our testing of the inventories available from the vendor’s website, obtained from Ms. Steen, and prepared by ICN staff (including equipment observed by staff from the Office of Auditor of State) confirmed none of the listings were completely consistent with each other. Because some equipment may have been sold or otherwise disposed of before ICN staff could make direct observations, we are unable to definitively determine what equipment was in the trailers when they were delivered to WFM property.

Condition of the trailers and delivery location – When we spoke with the vendor, he stated no one from ICN observed the trailers or truck prior to purchase. However, he stated he provided extensive photos to Mr. Lumbard. During our review of Mr. Lumbard’s ICN emails, we confirmed he received photos of the interior and exterior of the trailers. Additional photos were also available on the vendor’s website for the white trailer.

An auditor from the Office of Auditor of State traveled to the WFM property near Marion, IA on July 18, 2017 along with certain ICN staff members to perform an inventory of the equipment in the trailers. Based on observations of the trailers by the auditor while at WFM in July, the trailers were not in as good of condition as they appeared to be in the photos. While at WFM, it was determined neither trailer was water tight and the articulated slide on the white trailer would not operate. We are unable to determine if the photos provided by the vendor were taken prior to long term storage of the trailers or if the trailers’ condition was impacted by some other factor.

Because the slide on the white trailer was extended and could not be retracted, the trailer could not be moved until it was repaired. As a result, ICN incurred a cost to make the adjustments necessary to retract the slide for transportation. ICN also incurred a transportation fee to move the trailers from the WFM property to Camp Dodge in the Des Moines area once arrangements were made to store the trailers in an appropriate location. Specifically, ICN incurred \$2,492.42 of costs for repairs to retract the slide for transportation and transportation of the trailers from WFM property to the Des Moines area. Once in the Des Moines area, ICN officials made arrangements to have the slide on the white trailer repaired for normal operation which cost an additional \$5,525.52.

In addition to not observing the equipment prior to purchase, ICN provided payment to the vendor before the trailers left California to be delivered to Iowa. As a result, there was not an opportunity to make any necessary adjustments to the price paid as a result of not receiving the truck and/or the poorer condition of the trailers.

In accordance with DAS policy number 230.550, any expense not specifically identified by DAS “MUST have prior approval to be paid in advance of receiving the goods/service.” However, the policy also states, in part, “Prior approval will be allowed only under the following circumstances: a) If prepayment is required in order for the State to receive the good/service.” According to an ICN staff member we spoke with, ICN did not request approval from DAS.

We reviewed an email Mr. Lumbard received on May 23, 2017 from the representative of the Attorney General’s Office who provided assistance to the ICN and ITTC at the time. The email explained the attorney’s concerns regarding the State’s liability if the trailers were paid for prior to taking possession of them. In the email, the attorney asked if the seller would agree to “some basic contract language specifying that Iowa does not take ownership of the vehicle until delivery and making them [the seller] liable for any damage caused during the drive [to deliver the trailers]?” As illustrated by **Table 2**, Mr. Lumbard arranged for titles to be sent to ICN the day equipment arrived in Iowa; however, we did not identify any provision Mr. Lumbard established for the seller to be liable for any damage caused during the drive.

As previously stated, the Executive Team members were aware the trailers were delivered to Mr. Lumbard’s home. They stated Mr. Lumbard told them he wanted the trailers delivered to WFM property in Marion because ICN did not have space in the Des Moines area to store the trailers. However, based on discussions we have had with WFM officials and documentation we have observed regarding the posting of equipment from the blue trailer on eBay, it is clear the trailers were delivered to WFM property to facilitate removal and disposal of the equipment included in the trailers. While ICN did not own space in the Des Moines area to store the trailers, a member of the Executive Team was able to identify an appropriate location in the Des Moines area within a short time period after the Executive Team contacted the Governor’s Office and other officials about their concerns regarding the trailers.

Disposition of the video production equipment – As previously stated, Executive Team members we spoke with stated, when the Director initially proposed purchasing the pre-owned trailer he located on eBay, he also proposed the sale of the video production equipment included with the trailer to help offset the cost of retrofitting the trailers for ICN’s intended use. The business plan he prepared regarding the purchase did not address the video equipment or the potential to help reduce the net cost of the purchase by proceeds from the sale of the equipment. However, it was the understanding of the Executive Team members ICN staff members would dispose of the video production equipment in the same manner ICN disposes of other unneeded surplus equipment.

Also as previously stated, while preparing to dispose of the equipment included with the trailers, an ICN staff member determined items from the inventory listing he had been provided by Ms. Steen on July 13, 2017 matched items for sale on eBay by COH Logistics. We compared items listed in the “COH Logistics store” captured from eBay by the ICN staff member with the inventory list Ms. Steen prepared for the blue trailer and identified 13 types of products which

were included on both listings. For some products, there were multiple units on the inventory listing and listed for sale on eBay. However, because the listing of items for sale on eBay by COH Logistics was captured at a certain point in time, additional products previously or subsequently listed by COH Logistics may not have been included. As a result, with the assistance of a special agent from the Iowa Division of Criminal Investigation (DCI), we obtained from eBay a complete listing of all items COH Logistics listed for sale and sold on eBay.

With the exception of a pair of shoes listed on March 26, 2016, all of the items in the listing obtained from eBay can be categorized as video production equipment. Specifically, the video production equipment listed for sale by COH Logistics included video cables, single channel compressor limiters, MIDI controllers, an audio convertor, digital broadcast delays, multi-viewers, quad systems, and camera lenses. **Table 3** lists some of the items included in COH Logistics' store on eBay. For some of the items, the quantity listed for sale on eBay was 2 or more. Each of the items listed in **Table 3** were also included in the inventory prepared by an ICN employee for the blue trailer.

Table 3

Manufacturer	Model	Description	eBay Price per Unit
Canon	J21ax7.8B3	Zoom Lens	\$ 1,500.00
Canon	J18x9B3	Zoom Lens	150.00
Canon^	J8X6B IRS	Zoom Lens	300.00
evertz	HD 951OUC	HDTV Converter	200.00
evertz	8010TM	SDI Time Code Master	180.00
For-A	MV-40E	Multi Viewer	100.00
For-A	DCC-700	Digital Color Corrector	100.00
For-A	MV-40F	Multi Viewer	100.00
Panasonic	WJ-420	Quad System	50.00
Panasonic	WJ-MS424	Quad System	50.00
t.c. electronic	D22	Digital Broadcast Delay	360.00
Xintekvideo	SDI900M	SDI Color Corrector/video processor	350.00
Xintekvideo	SDI900MX	SDI Color Corrector/video processor	350.00

^ - Listed on eBay with a Panasonic PVC Pro camera; listed as a single lens on the trailer inventory.

The video production equipment was listed for sale on eBay at various times beginning on June 21, 2017. As stated in **Table 2**, the seller stated the first trailer was delivered to WFM on June 20, 2017. Receipts provided by the seller document the second trailer was delivered on June 26, 2017. According to the seller, the blue trailer was delivered first.

Additional items were listed or relisted on eBay periodically through July 13, 2017. The information from eBay also specified the sale period for a number of items was terminated between 3:58 pm and 4:02 pm on Friday, July 14, 2017. Nothing remained for sale on eBay by COH Logistics after this time. As stated previously, ICN officials instructed Ms. Steen be contacted on Friday, July 14, 2017 to request the equipment listed for sale by COH Logistics be removed from the eBay listing(s). ICN officials stated they do not know who actually listed the items for COH Logistics or removed them from eBay.

During an interview with Ms. Jensen, she stated Mr. Lumbard would have been the one who made the decision to list items from the trailer(s) purchased by ICN on eBay. She also stated she was aware Mr. Lumbard had talked about posting items for sale on eBay prior to his medical leave, but she didn't know the items were actually posted until after that time. She also specified when he talked about posting the items for sale, she didn't know if he meant for items to be sold "for the State or the other stuff."

Using the information DCI obtained directly from eBay, we determined 15 items of the video production equipment listed on eBay by COH Logistics were sold. **Table 4** lists the items sold by COH Logistics. While some of the items sold were included in the inventory listings we have for the trailers, not all of them were. As stated previously, the vendor and Ms. Steen stated the inventory listings they provided were not complete. In addition, the inventories taken by ICN employees were taken after items were sold on eBay, as a result, they are also not complete.

Table 4

Date Sold	Description	Unit Price	Quantity	Total Sales Price
06/22/17	DBX 160X Single Channel compressor Limiter	\$ 165.00	1	\$ 165.00
06/22/17	DBX 160X Single Channel compressor Limiter	165.00	3	495.00
07/01/17	DBX 160X Single Channel compressor Limiter	165.00	1	165.00
07/02/17	DBX 160X Single Channel compressor Limiter	125.00	2	250.00
07/04/17	DBX 160X Single Channel compressor Limiter	165.00	1	165.00
07/06/17	DBX 160X Single Channel compressor Limiter	165.00	2	330.00
07/07/17	AKAI Professional Apc 20 Ableton MIDI Controller	104.00	1	104.00
07/10/17	DBX 160X Single Channel compressor Limiter	165.00	1	165.00
07/11/17	Canon J20ax8B3 IRS 1X12	80.00	1	80.00
07/13/07	Belden-9451 RED 2 Conductor Paired Microphone	100.00	1	100.00
07/14/17	Panasonic DVCPro w/ Canon J8x6Br IRS 8X lens	300.00	1	300.00
Total			15	\$ 2,319.00

As previously stated, the first trailer was delivered to the WFM property on June 20, 2017 and video production equipment was initially listed by eBay on COH Logistics on June 21, 2017. Specifically, it was listed between 8:54 pm and 9:31 pm on June 21, 2017. As a result, it is reasonable to expect all the video production items sold by COH Logistics were from the trailers purchased by ICN even though they were not all included in the inventory listings.

As illustrated by the **Table**, 15 items removed from the trailers purchased by ICN were sold by COH Logistics for \$2,319.00. Because ICN was not able to recover these items along with the other items recovered from the WFM property, the \$2,319.00 collected by COH for the items sold is included in **Exhibit A** as undeposited collections.

When we spoke with Ms. Steen on October 17, 2017, she stated, based on her understanding, “the blue truck was donated to us [WFM] so he [Mr. Lumbard] was going to try to sell what he could.” She also indicated the donation was made by the vendor from whom ICN purchased the trailers. While Ms. Steen stated she understood the blue trailer had been donated to WFM, ICN Executive Team members understood both trailers were owned by ICN. In addition, as previously stated, an ICN staff member sent Ms. Steen an email on July 14, 2017 confirming his understanding of a phone conversation he had with her earlier that day. In that email, he confirmed she stated the blue trailer itself belonged to ICN. According to Ms. Evans, Ms. Steen also told her Mr. Lumbard said the equipment was to be donated to WFM.

During our interview with Ms. Steen, she also stated she had removed equipment and placed it in the “family room” of a building owned by WFM. However, in the email Ms. Evans received from the vendor on August 1, 2017, the vendor stated, “all equipment that arrived was intended by us to be owned by ICN.” Because Mr. Lumbard was on medical leave during our testing, we were unable to determine why he told Ms. Steen the equipment from the blue trailer had been donated to WFM.

Total costs associated with the trailers – Table 5 summarizes costs incurred to date by ICN related to the trailers. However, the **Table** does not include the cost for repairs being done in Des Moines to return the slide on the white trailer to a normal operating condition.

Table 5

Description	Cost
Paid to vendor in California for 2 trailers and some delivery costs (not documented)	\$ 49,800.00
Additional payment to vendor for additional delivery costs	4,821.92
Subtotal for purchase and delivery	54,621.92
Paid to Aureon temp agency for Ms. Steen's time inventorying trailers	1,108.80
Cost to retract slide on white trailer and transport 2 trailers from WFM to Des Moines	2,320.00
Truck rental to transport equipment to Des Moines	172.42
Cost to repair slide on white trailer	5,525.52
Total paid to date	<u>\$ 63,748.66</u>

The semi-trailers do not serve a clear purpose for ICN operations and their purchase was not in compliance with procurement requirements. In addition, the trailers were delivered to Mr. Lumbard's personal residence and equipment removed from the trailers were sold for the benefit of an organization Mr. Lumbard is associated with. As a result, the \$63,748.66 of related costs paid to date for the trailers is included in **Exhibit A** as improper disbursements.

Summary of concerns – A brief listing of the primary concerns identified regarding the purchase of the trailers is summarized below.

- According to ICN officials, an event held on May 4, 2017 was the catalyst to an idea of possibly acquiring a semi-trailer which could be used for cyber training and internship opportunities and/or as a mobile communications service center or PSAP. Mr. Lumbard began negotiating to purchase a trailer from an eBay listing by May 21, 2017 and on May 24, 2017 committed to purchasing 2 trailers from the vendor found on eBay. This is an extremely short time frame for a unique purchase of this nature.
- As the Executive Director, Mr. Lumbard was authorized to make decisions for the agency; however, he decided to purchase 2 trailers despite 3 members of the Executive Team voicing their opposition to such a purchase at the time.

Mr. Lumbard initially made a motion for the purchase of a trailer at the Leadership meeting held in Minnesota. Representatives of selected ICN vendors also attended the meeting and were allowed to vote on all motions along with ICN officials. The vote to purchase a trailer passed as a result of ICN vendors who voted in favor of the motion. Allowing representatives of vendors to vote on matters that may have a financial impact on ICN and which may also potentially impact the vendor's business with ICN appears as a conflict of interest.

- The cost of purchase and delivery of the trailers totaled \$54,621.92. However, the transaction was split by the vendor at Mr. Lumbard's request in order to allow the purchase to appear to be less than the \$50,000.00 threshold which would have required a competitive procurement process be followed in accordance with DAS requirements.

In addition, after ICN issued a warrant to the vendor for the purchase of 2 trailers and a truck, it was determined the truck would not be delivered to ICN. Mr. Lumbard told a member of the Executive Team not receiving the truck would not impact the payment already made because the value of the trailers was more than what ICN had paid.

- The business plan submitted by Mr. Lumbard was prepared after he committed to purchasing 2 trailers without following the typical approval and authorization process. The "comparables" listed in the business plan were not equivalent or

similar in nature to the condition of the trailers purchased, nor were they commensurate with the proposed uses of trailers by ICN. In addition, the business plan did not address plans to dispose of video equipment.

- The trailers were purchased sight unseen and the condition of each trailer was such that they were not watertight. As a result, it would not be appropriate to install electronic equipment in them without significant repairs.
- The trailers were delivered to property not owned by the State of Iowa. Instead they were delivered to the property where Mr. Lumbard resided. The property is located in Marion, IA and was owned by WFM.
- While ICN paid for the trailers and all equipment within them, Mr. Lumbard reportedly told individuals associated with WFM the equipment included with the blue trailer was donated to WFM by the vendor from whom ICN purchased the trailers. Mr. Lumbard instructed his WFM administrative assistant, who was also a temporary employee hired by ICN, to inventory and remove equipment from the blue trailer. ICN paid \$1,108.80 for the individual to inventory both trailers.
- Some of the equipment included with the trailers was sold on eBay by COH Logistics, an organization affiliated with WFM and Mr. Lumbard. COH Logistics was paid \$2,319.00 for the items sold. Additional equipment was listed for sale on eBay by COH Logistics, but removed after it was identified by ICN officials who contacted individuals associated with WFM to request the equipment be removed from eBay.

S & R Painting and Staining

During an interview with Ms. Jensen, she stated she and Mr. Lumbard painted the ceiling of the Broadband Information Center (BRIC) black. According to ICN's website, the BRIC is a location within ICN which "allows for key network and information systems to be monitored with real-time visual presence and collaboration between ICN and other agencies, such as the Chief Information Officer (OCIO) and the Iowa Department of Public Safety (DPS)." An explanation for painting the ceiling in the BRIC was not provided, other than Mr. Lumbard wanted it painted black. While painting the BRIC a darker color may have improved observation of video screens in the BRIC, the need to paint it black was not clear because there are no windows in the BRIC which provide natural light.

When asked if she and the Director painted the BRIC on their own, Ms. Jensen stated they did, with the exception of the portion over 2 offices in the BRIC. She also stated they did not paint it during typical office hours because it had to be done when no one was in the BRIC. She stated they painted it at night, but was not able to specify which night.

When asked if painting the BRIC was an appropriate use of Mr. Lumbard's time, she explained he had asked an ICN staff member "continuously" to contact DAS to arrange for painting, but because it was not done, he did it himself. When we spoke with the ICN staff member identified by Ms. Jensen, he stated he had not been instructed by Mr. Lumbard to arrange for painting nor had plans to paint the BRIC been discussed with him.

As previously stated, Ms. Jensen stated she and Mr. Lumbard painted the BRIC with the exception of the portion over 2 offices. We determined the vendor hired for that portion was S & R Painting and Staining (S & R) of Marion, IA. We reviewed the documents associated with the payment prepared for S & R for the painting services and determined, in addition to the painting over the offices, S & R billed ICN for painting the ceiling tiles in the 32-foot by 46-foot portion of the BRIC and for staining certain furniture. The projects billed to ICN by S & R are summarized in **Table 6**.

Table 6

Invoice Number	Invoice Date	Description of Services	Amount
02477A	11/10/16	Painting of Ceiling Tiles 32' x 46' (State to de-install, transport and install)	\$ 1,884.00
02477B	10/18/16	On-Site Painting of Ceiling tiles in two Offices (Includes travel, time, material and clean up)	1,400.00
02477C	11/10/16	Strip and Re-stain Conference Table and Desk (State to de-install, transport and install)	950.00
02477D	11/10/16	Refinished 4 office furniture pieces per request of Jessica Jensen (State to de-install, transport and install)	720.00
Total			<u>\$ 4,954.00</u>

As illustrated by the **Table**, the invoice for painting the ceiling tiles for the 32' by 46' area of the BRIC stated "State to de-install, transport and install." The invoices for stripping, re-staining, and refinishing ICN furniture also stated "State to de-install, transport and install." According to Ms. Jensen, she helped Mr. Lumbard take the ceiling tiles out of the BRIC, and Mr. Lumbard delivered them to the vendor in Marion. She also stated she was on a medical leave during the period the furniture was refinished. However, as illustrated by the **Table**, invoice number 02477D specified 4 furniture pieces were refinished "per request of Jessica Jensen."

Ms. Jensen was not able to specify the location the ceiling tiles were taken to; however, the address shown on the invoices for the services is 3040 County Home Rd. In addition, each invoice was signed by D.J. Steen. According to Ms. Jensen, Mr. Steen is associated with WFM. In addition, according to the Linn County Assessor's website, the property at 3040 County Home Rd was owned by WFM from September 2011 until September 12, 2017. As a result, it is clear there was a relationship between Mr. Lumbard and D.J. Steen, who signed the invoices from S & R.

As illustrated by the **Table**, invoice number 02477B included costs for travel to Des Moines from Marion. This is a cost which would not have been incurred had the painting been done by DAS or a vendor from the Des Moines area. During our interview with Ms. Jensen, she stated Mr. Lumbard "hired a company just to do over the 2 offices because I couldn't get on the ladder and maneuver that, that much." However, when we observed the area which had been painted, access to the ceiling tiles above the 2 offices was not restricted in any way.

Because Mr. Lumbard and Ms. Jensen removed the ceiling tiles from the remaining portion of the BRIC, it was not readily apparent why it would be necessary to have a contractor travel to Des Moines from Marion to paint the ceiling tiles above the offices. As a result, we observed the offices and inquired of the ICN employees assigned to the offices to determine how the ceiling had been painted. Both employees stated the tiles were removed and painted off-site with all the other tiles. As a result, invoice 02477B listed in **Table 6** is an improper disbursement. The \$1,400.00 paid by ICN for the invoice is included in **Exhibit A** as an improper disbursement.

The **Table** also illustrates the total of the 4 invoices was just less than \$5,000.00. In accordance with procurement requirements established by DAS, competitive bids are not required for services less than \$5,000.00. As a result, it appears the services Mr. Lumbard arranged for S & R to perform were limited to less than the \$5,000.00 threshold to avoid the competitive procurement requirement. When we spoke with ICN staff members about the payment to S & R, they disclosed an ICN truck or van was used to transport the ceiling tiles and furniture.

Based on information from the State's accounting system, the \$4,954.00 payment to S & R was issued on November 29, 2016. However, the payment was seized by the State's Department of Revenue Offset Program, resulting in \$1,039.88 being retained by the State for outstanding obligations and \$7.00 of offset fees incurred by S & R. The remaining \$3,907.12 was released to S & R on December 9, 2016.

When we spoke with Ms. Jensen, she stated Mr. Lumbard approved the purchase of LED lights for the BRIC. An Executive Team member explained the BRIC was very dark after the ceiling was painted black and employees experienced vision issues and headaches because of the reduced lighting. As a result, LED desk lamps and backlit keyboards totaling \$1,991.95 were purchased with the ICN procurement card assigned to Ms. Jensen. During our testing, ICN officials we spoke with initially stated they planned to repaint the BRIC so it wasn't such a dark environment. However, more recently, they have stated there are no current plans to repaint the area, but if it is done, it will be done through DAS.

Summary of concerns – A brief listing of the primary concerns identified regarding the payment to S & R Painting and Staining is summarized below.

- The need to paint the BRIC is unclear. ICN paid S & R \$3,284.00 for painting ceiling tiles from the BRIC and \$55.55 for painting supplies purchased with the ICN procurement card assigned to Ms. Jensen.

Because the BRIC was painted black, additional equipment costing \$1,991.95, including LED desk lights and backlit keyboards, were purchased to accommodate employee needs after the painting.

- The individual who signed the invoices for S & R Painting and Staining is associated with WFM operations and the address to which the payment was sent was property owned by WFM at the time the payment was issued. As a result, it is apparent the individual had a relationship with Mr. Lumbard. Because he had a personal relationship with the vendor, there is an appearance of a lack of independence. As a result, Mr. Lumbard should have, at a minimum, obtained quotes for the job.
- The invoices submitted to ICN by S & R Painting and Staining totaled \$4,954.00, which is just below the \$5,000.00 threshold which requires a competitive procurement process be followed. However, the amount paid to S & R does not include the costs incurred by ICN for removing, transporting, and reinstalling the ceiling tiles or transporting the furniture that was refinished. We are unable to definitively determine the amount ICN incurred for these costs.
- The \$1,400.00 invoice from S & R for on-site painting in 2 offices was improper. According to ICN staff members we spoke with, the ceiling tiles above the offices were removed and taken off-site for painting along with the remaining tiles in the BRIC. Therefore, S & R did no on-site painting.

Speak PR

According to its website, "Speak PR is an independent public relations firm that helps organizations find their voice, tell their story and share it with their broader audience." The firm is located in Des Moines. The website also includes a "Media Placement Case Study" for ICN which states, "ICN is Iowa's state-run fiber utility. Speak PR has worked with ICN to build awareness of the need for greater broadband access throughout the state for schools, public safety, healthcare and government services. Speak has worked to promote ICN via traditional media placement, increased online presence and informational seminars for the public and elected officials."

In response to questions we asked during interviews with ICN officials and staff members, it was disclosed ICN staff members had voiced concerns to Mr. Lumbard regarding the manner in which services had been procured from Speak PR for fiscal year 2017. Specifically, it was disclosed ICN had issued an RFP for marketing services in June 2016 and had been completing that process in an appropriate manner. We reviewed the RFP ICN issued for marketing and public relations services and determined sealed bid proposals were accepted until 3:00 pm on June 29, 2016. The RFP stated the agreement was to be effective upon signature and continue for 1 year, but could be renewed for 5 additional 1-year periods.

While an RFP was in progress in June 2016, at a certain point, Mr. Lumbard stopped the RFP process because he was not satisfied with the anticipated outcome and, instead, instructed ICN staff to issue individual payments to Speak PR which were below the threshold requiring competitive procurement. It was explained Mr. Lumbard stated he believed some of the momentum ICN had in place from working with Speak PR previously would be lost if they did not obtain media services from the vendor. ICN had been working with Speak PR since September 2014.

The ICN official we spoke with stated it was suggested if Mr. Lumbard felt the vendor was uniquely qualified to provide the desired services during fiscal year 2017, they could be procured through the sole source provision allowed by DAS. However, the ICN official reported Mr. Lumbard did not wish to procure services from Speak PR for fiscal year 2017 as a sole source contract. Instead, Mr. Lumbard confirmed with an ICN purchasing agent it was possible to procure services from vendors if the services did not exceed \$5,000.00. The ICN official reported, while it was explained to Mr. Lumbard that would not be advisable for multiple purchases, he did not take the advice offered.

As previously stated, ICN had been working with Speak PR since September 2014. We reviewed documents specifying the justification for sole source procurement from Speak PR for the periods September 1, 2014 through June 2015 and July 2015 through June 2016. Copies of the documents are included in **Appendix 10**. As illustrated by the **Appendix**, both documents were signed by Mr. Lumbard and specify the contract is not to exceed \$50,000.00. The reason provided for sole sourcing the services during fiscal year 2015 was that it was in the best interest of ICN and the ITTC because of a short time frame for the development and distribution phases of the project. Lack of proper planning is not an appropriate reason for not obtaining at least informal bids from several public relations firms. The reason provided for sole sourcing the services during fiscal year 2016 was to “continue the Broadband Matters momentum for a second year with Speak PR.”

Appendix 10 also includes the notation ICN was to pay Strategic America, a marketing firm located in West Des Moines, for specified marketing services. Because the sole source contract was with Speak PR rather than Strategic America, we asked an ICN representative about the reference. We were told ICN officials initially intended for Strategic America to perform the marketing services; however, representatives of Strategic America referred ICN officials to Speak PR once it was determined they could not or would not provide the desired marketing services. Because neither Strategic America nor Speak PR were uniquely qualified to perform the services, procurement via sole source was not in compliance with DAS requirements.

Because there was a concern services from Speak PR were not procured in a proper manner, we reviewed the payments ICN made to Speak PR and identified a number of individual payments below \$5,000.00. A listing of payments to Speak PR from July 1, 2014 through November 1, 2017 are listed in **Exhibit B**. The payments are also summarized by fiscal year in **Table 7**. The payments include warrants issued to Blur Mediaworks, a dba of Speak PR.

Table 7	
Fiscal Year Ended^	Amount
June 30, 2015	\$ 53,020.20
June 30, 2016	49,989.21
June 30, 2017	31,262.50
June 30, 2018 (as of November 1, 2017)	3,000.00
Total	<u>\$ 137,271.91</u>

^ - Based on invoice date.

As illustrated by the **Table**, the payments made to Speak PR during the fiscal year ended June 30, 2015 exceeded the \$50,000.00 limit specified in the sole source justification. In addition, the payments during the fiscal year ended 2016 were just below the \$50,000.00 amount specified in the sole source justification included in **Appendix 10**.

Summary of concerns – A brief listing of the primary concerns identified regarding the payments to Speak PR is summarized below.

- The sole source document signed by Mr. Lombard and effective for the period September 1, 2014 through June 2015 did not specify how the services being purchased were of such a specialized nature that only a single source could satisfactorily provide the service. The document reads, “The time expended in the contract research and a knowledgeable and suitable vendor has brought the viability of the project to time critical juncture jeopardizing the effectiveness of the entire initiative.” It appears ICN stated they didn’t have enough time to properly vet services from other public relations firms.

Lack of proper planning is not an appropriate reason for not obtaining at least informal bids from several public relations firms. There are a number of firms providing media consulting and technical services and several firms in Des Moines specialize in this area.

- ICN issued an RFP for marketing and public relations services which was to be effective upon signature on some date after June 29, 2016. The anticipated contract was to be in place for 1 year, but could be renewed for 5 additional 1-year periods. Mr. Lombard chose to discontinue the RFP process once it was underway.

Some type of informal or formal competitive procurement process was not followed after the RFP process was terminated. Instead, at Mr. Lombard’s direction, most payments to the vendor were kept under \$5,000.00 to avoid DAS procurement requirements.

Aeritae

According to its website, “Aeritae helps clients keep moving forward by maximizing performance, improving operations, and developing innovative new service solutions. We leverage the ServiceNow ecosystem to accelerate and sustain those gains.” Aeritae is located in St. Paul, MN.

In response to questions we asked during interviews with ICN officials and staff members, it was disclosed a sole source contract was established between ICN and Aeritae. In accordance with 11-IAC-118.7, a sole source procurement shall be avoided unless clearly necessary and justifiable. The IAC also specifies under what circumstances a sole source procurement process may be used, including when an agency determines that a service provider is the only one qualified or eligible or is quite obviously the most qualified or eligible to perform the service. An ICN official we spoke with voiced a concern Aeritae was not uniquely qualified to provide the services contracted for. As a result of this concern, we reviewed the sole source documentation prepared by ICN and information available regarding the services provided by Aeritae and determined procuring services from Aeritae through a sole source process was not appropriate.

A copy of the “Report of Sole Source Purchase #17-017” is included in **Appendix 11**. As illustrated by the **Appendix**, Mr. Lombard signed the justification for the sole source procurement on March 1, 2017. The justification included the statement “Aeritae Consulting Group (Aeritae) specializes in ServiceNow deployments.” During fiscal year 2017, ICN began to move to a new central database/service orchestration system. The vendor for that system is ServiceNow. ICN contracted with Aeritae to facilitate the deployment of the new ServiceNow system.

As illustrated by **Appendix 11**, the sole source justification document stated, “Procurement [from Aeritae] will be for consulting services, software development, API development, deployment and integration, and training services. A MSA [master services agreement] will be entered into with specific SOWs [statements of work] for work to be performed. Duration of the contract will be for the length of deployment.” As a result, it is apparent the intent was for the sole source procurement process to be used to establish the initial contract with Aeritae, but that initial agreement would be “expanded” to include additional SOWs.

The **Appendix** also illustrates the sole source justification stated “ServiceNow is the sole service management platform Aeritae deploys with clients.” However, based on our review of ServiceNow’s website, Aeritae is not the only vendor which can facilitate the deployment of ServiceNow. ServiceNow’s website states, in part, “Our global ecosystem comprises Global Strategic Sales, Services, Technology and Authorized Training Partners who can expertly deliver and extend the value of your ServiceNow experience and investment.” The website also lists a number of partners who can provide this service. While Aeritae is listed as a “Silver” partner under the Sales category, the website also listed 20 other vendors as “Gold” partners, 12 “Silver” partners, and 22 “Bronze” partners within the Sales category. Of the 54 vendors listed within the Sales category, 7 are from the Midwest and 2 were in the Twin Cities area. As a result, it is apparent Aeritae does not qualify as a sole source provider for facilitating the deployment and integration of the ServiceNow platform.

As illustrated by the **Appendix**, Mr. Groner was listed as the contact person on the sole source justification document. When we asked him why the contract was established through the sole source process, he stated he drafted the sole justification at Mr. Lumbard’s direction.

An Executive Team member we spoke with reported no one other than Mr. Lumbard and Ms. Jensen was involved in the selection of Aeritae as the vendor for providing this service. An Executive Team member also stated contracting and other processes take lots of time and Mr. Lumbard “didn’t like the pace at which things moved.” This may have been a contributing factor to why Mr. Lumbard directed the contract be established as a sole source.

Table 8 lists the sole source agreement and additional SOWs subsequently established with Aeritae. All of the SOWs exist for the purpose of assisting ICN convert operations to the new platform procured from ServiceNow. Specifically, they fall within the scope of “consulting services, software development, API development, deployment and integration, and training services” described in the sole source justification document. In addition, as illustrated by the **Table**, 2 of the 5 agreements are described as follow-ups or continuations of 2 earlier agreements. DAS procedures specifically prohibit splitting purchases and specify all services of a homogenous nature be considered when determining the proper procurement method. A contract for the services procured through the initial agreement and subsequent SOWs should have been established in accordance with requirements established by DAS.

Table 8

Date Signed by ICN Rep	Date of Document	Document Title	Amount*
03/01/17	02/21/17	Strategy Roadmap Development and ServiceNow Implementation	\$ 402,500
05/17/17	05/10/17	Circuit Design & Provisioning Proof of Concept, Part 1	26,450
07/07/17	06/08/17	Jekard ServiceNow Implementation Activities for Q3 2017	670,023 ^
07/07/17	06/29/17	Circuit Design & Provisioning Proof of Concept, Part 2	98,000 ^
10/24/17	10/23/17	Jekard ServiceNow Implementation Activities for Q4 2017	347,700 ~
Total			<u>\$ 1,544,673</u>

* - Includes travel costs, if specified by the agreement, and contingency costs, which were to be authorized by ICN prior to billing.

^ - Agreements state ICN will pay actual travel costs, but did not include an estimate. Other agreements estimated travel costs at 15% of project cost. Agreement also specified any travel time to and from the Twin Cities metropolitan area is considered billable.

~ - Agreement includes a “cover letter” which specifies it is Amendment 1 to the agreement established on March 1, 2017. However, as described by the **Table**, the services to be provided are not the same as the earlier agreement.

Of the 5 agreements, 3 stated the project was based on a fixed cost. However, for the 2 agreements signed by Mr. Lumbard on July 7, 2017, the cost was based on time and materials. These 2 agreements included estimated hours for the project and an hourly rate which ranged from \$150.00/hour to \$250.00/hour, based on the role/responsibility and function/skill of the Aeritae representative working on the project.

As illustrated by **Table 8**, an amendment to the agreement with Aeritae was established in October 2017. The amendment, which was signed by ICN's acting Executive Director on October 24, 2017, specified "the actual start date is targeted for October 23, 2017 and scheduled to run for 12 weeks to January 12, 2018." As a result, the target date was the day before the agreement was signed.

Using information from the State's accounting system, we identified 12 warrants issued to Aeritae from March 28, 2017 through August 31, 2017. The 12 warrants totaled \$403,470.52. An additional 20 warrants were issued to Aeritae from September 29, 2017 through November 28, 2017 which totaled \$803,415.70. As a result, a total of \$1,206,886.22 has been paid to Aeritae through November 28, 2017. Of this amount, \$1,146,687.50 was for invoices and \$60,198.72 was for travel related costs. The payments to Aeritae are listed in **Exhibit C**.

Due to the technical nature of the types of services procured from Aeritae, we are unable to determine the propriety of the services and the number of hours billed to ICN. We are also unable to determine if ICN received all the services billed by Aeritae. We did not identify any concerns during our testing which would indicate Aeritae has not provided the services described; however, we are unable to independently verify the propriety of the billings.

As stated previously, the contract was improperly established as a sole source procurement. In addition, ICN has spent over \$1.2 million to date based on initial and subsequent SOWs which were improperly established. Because the project is not yet completed, additional funds will be spent.

Summary of concerns – A brief listing of the primary concerns identified regarding the payments to Aeritae is summarized below.

- The agreements with Aeritae listed in **Table 8** were improperly established. Executive Team members stated it was Mr. Lumbar's decision to use the sole source method of procurement for the original agreement. Procurement of the services provided in accordance with each of the agreements should have followed the competitive procurement process required by DAS.
- The original agreement was established as a sole source. The justification stated, "ServiceNow is the sole service management platform Aeritae deploys with clients." We identified a number of vendors which can facilitate the deployment of ServiceNow.
- While the original contract was established for \$402,500, ICN has paid the vendor approximately \$1.2 million from March 28, 2017 through November 30, 2017.

Character Genetics

During our review of disbursements, we identified a number of payments to Character Genetics (dba Convergence 360). According to Character Genetics' website, the organization provides services "designed to create accelerated, measurable, sustainable growth that will bring permanent shifts and lasting change for individuals and organizations." The payments to Character Genetics from February 18, 2015 to October 16, 2017 are summarized in **Exhibit D**. As illustrated by the **Exhibit**, the 47 payments total \$67,306.97 and range from \$36.70 to \$3,445.00. Each payment was issued as payable to Convergence 360.

In addition to the payments listed in **Exhibit D**, we determined the initial payment from ICN to the vendor was made online via PayPal. The PayPal billing was then paid with an ICN procurement card. The payment was for a \$3,880.00 purchase made on January 15, 2015. The related invoice, dated January 12, 2015, documents the payment was for an Executive Coaching and Leadership Training session. When combined with the payments listed in **Exhibit D**, the payments to the vendor totaled \$71,186.97.

The subsequent payments were also for coaching sessions which resulted from a team profile and training event provided by the vendor. Because these sessions are of a homogenous nature, they should have been considered as individual portions of a single project rather than invoiced as individual purchases. In addition, because the total payments to Character Genetics for the coaching services exceeded the \$15,000.00 multi-year threshold established by DAS, an informal or formal competitive procurement process should have been followed.

During our review of Mr. Lumbard's ICN email messages, we identified correspondence between Mr. Lumbard and Randy Bixby, CEO of Character Genetics. In a message dated April 22, 2015, Mr. Bixby provided Mr. Lumbard some feedback received from "some of your leaders." In response, Mr. Lumbard thanked him for the information and asked "Is that ICN or WFM leaders?" As a result, it is apparent Mr. Bixby was providing similar services to ICN and WFM simultaneously.

As previously stated, Character Genetics' website states the organization provides services "designed to create accelerated, measurable, sustainable growth that will bring permanent shifts and lasting change for individuals and organizations." It also states the individual who provided services to ICN staff specializes in leadership, performance, communication, and the development of human capital. ICN officials we spoke with stated they felt they received benefits from the sessions they attended. While it is not unusual for State agencies to periodically provide leadership training sessions to employees in supervisory or leadership positions, the training is typically limited in quantity. Due to the unusually large amount of \$71,186.97 ICN paid to Character Genetics from February 2015 through October 2017, the benefit to the taxpayers is not clear. As a result, we have included this amount in **Exhibit A**.

Summary of concerns – A brief listing of the primary concerns identified regarding the payments to Character Genetics is summarized below.

- Because the services procured from the vendor were of a homogenous nature, they should have been considered as a single project rather than invoiced as individual purchases. In addition, because the total payments to the vendor for the coaching services exceeded the \$50,000.00 threshold established by DAS, a formal competitive procurement process should have been followed.
- Based on the message included in the April 22, 2015 email previously described, it is apparent Mr. Lumbard had previously established some type of a relationship with the vendor. Procuring the coaching services through a competitive procurement process would have helped avoid the appearance of a potential impropriety due to the relationship.
- While it is not unusual for State agencies to periodically provide leadership training sessions to employees in supervisory or leadership positions, the training is typically limited in quantity. ICN paid Character Genetics \$71,186.97 from February 2015 through October 2017, which is an unusually large amount for services of this nature and results in a questionable benefit to the taxpayers.

Fiberutilities Network Services, LLC

ICN has contracted with Fiberutilities Network Services, LLC (FNS) to provide the operation and services of technical staff operating the ICN network management systems, on-site technicians, and the coordination of on-site and field activities. The contract was awarded in accordance with procurement requirements established by DAS. Specifically, an RFP process was completed. The contract was signed on October 2, 2014 and specified the operational start date of the term was to be January 1, 2015. The contract has an initial term of 5 years and the option of 2 additional 5-year renewal periods.

In May 2017, an amendment to the contract with FNS was established. The amendment specified, "The ICN has projects that require additional resources beyond those specified in the RFP and resulting Agreement related to the Network Terminal Services." The amendment also specified:

“The ICN is requesting Managed Voice Development support services to be performed with an ICN authorized product catalog that utilizes both ICN developed network facilities and CenturyLink contracted managed voice services. Fiberutilities Network Services (FNS) will act as an agent to contact authorized ICN new or existing clients from an ICN supplied contact list. The objective will be to present ICN telecommunications solutions, services and products to these targeted accounts.”

The Executive Team members we spoke with also stated it was Mr. Lumbard’s desire to establish a managed voice services sales position. Based on discussions with Executive Team members, the sales position established by the amendment had essentially the same responsibilities as the existing Account Consultants employed by ICN as sales representatives of ICN services; however, the position specified in the amendment was exclusive to managed voice services. As previously stated, the position created by the amendment was beyond the scope of the services specified in the RFP and resulting agreement established with FNS. As a result, it was not appropriate to create an amendment for services of this nature.

As the Executive Director, Mr. Lumbard had the authority to hire employees for ICN operations. However, there was not an open Account Consultant position available within ICN’s table of organization in May 2017. As a result, to hire another Account Consultant, ICN would have needed to follow certain procedures established by Department of Administrative Services - Human Resources Enterprise (DAS-HRE) to open an appropriate position. The position also would have been required to be approved by the Department of Management (DOM).

According to Ms. Evans, when Mr. Lumbard shared his plan to establish a managed voice services sales position, she told him a position was not available in ICN’s table of organization. As a result, Mr. Lumbard asked an FNS official if FNS would be able to fulfill the position for ICN. The contract amendment was the result of FNS complying with Mr. Lumbard’s request. Filling the sales consultant role through a contract amendment with FNS because there was not an open position available is a method of circumventing the controls established by DAS-HRE and DOM.

If the services provided by the individual hired were needed by ICN on an indefinite basis, officials should have established an appropriate position within ICN’s table of organization in accordance with procedures and requirements established by DAS-HRE and DOM. However, if ICN needed the position on a basis that was anticipated to be less than permanent, ICN should have gone through a separate RFP process to procure the services provided by the position.

Members of the Executive Team we spoke with voiced concern the ICN funds spent for the position created by the amendment would have been better directed toward a position within the engineering function of the ICN. They also reported they shared their views with Mr. Lumbard. Members of the Executive Team also stated they had had conversations with the FNS representative responsible for handling the amendment. According to the Executive Team members, the FNS representative shared that creating the proposed position may not have been in the best interest of ICN.

When we spoke with the FNS representative, he stated he was initially contacted by Mr. Lumbard regarding the sales position established by the amendment. He stated Mr. Lumbard specified he wanted FNS to add an individual to the FNS staff who would work exclusively for ICN. The FNS representative stated he did not discuss with Mr. Lumbard the reason why the position would not be filled with an ICN employee. The FNS representative also stated Mr. Lumbard suggested a particular individual, Mark Konzett, for the position, but he did not require the position to be filled by Mr. Konzett. In addition, the FNS representative stated he did not feel pressured to hire Mr. Konzett. He also reported he interviewed several candidates, but he ultimately hired Mr. Konzett. He also stated while Mr. Konzett reported to him for issues related to human resources, payroll, and operations, Mr. Konzett reported to a member of ICN Leadership for day-to-day management and sales issues.

The FNS representative also stated, while he was initially contacted by Mr. Lombard regarding the proposed sales position, he worked with other ICN officials to develop the amendment. An ICN official we spoke with regarding the development of the amendment stated its components, specifically pricing were at Mr. Lombard's direction.

The pricing specified in the amendment is summarized in **Table 9**.

Table 9	
Description	Amount
Fixed cost Managed Voice Development Support Services staff per month (not to be prorated)	\$ 9,100.00
Estimated per port base quota (Variable)^	\$ 3,900.00
Monthly expenses	\$ 1,500.00
Exceed Quota factor	1.2
^ - Commission	

As illustrated by the **Table**, ICN paid FNS \$1,500.00 each month for expenses. This amount was paid to FNS regardless of the amount of expenses actually incurred by FNS for Mr. Conzett. We are unable to determine the actual expenses incurred by FNS.

The **Table** also illustrates the pricing listed in the amendment allowed for a monthly commission if a certain number of ports were sold. According to the ICN staff member responsible for supervising Mr. Conzett's daily and sales activities, Mr. Conzett did not complete any sales for ICN. However, he also stated that would not be unexpected for the type of product Mr. Conzett was responsible for selling, the type of potential clients he had, and the time period for which he had been associated with ICN products.

Based on our discussion with the CFO, ICN has not been successful in securing the payment of commissions for Account Consultants employed by ICN. Commissions are not an allowable salary component for state employees.

While Mr. Conzett did not make any sales, ICN did incur a commission cost for the position. Specifically, the commission was billed to ICN by FNS at the completion of Mr. Conzett's third month of employment. According to the FNS representative we spoke with, the commission included in the bill is referred to as a "ramp" and it is an industry standard when dealing with compensation for sales representatives for whom a portion of their salary is commission-based. The "ramp" provides the anticipated salary typically covered by a commission during the period which the sales representative is "ramping up" their production. While ICN did not initially pay the portion of the bill which include the commission, it was paid after verifying the amendment provided for the payment.

The amounts paid by ICN to FNS for the contract amendment are summarized in **Table 10**.

Table 10

Invoice Date	Invoice Number	Description	Amount
06/05/17	1137	ICN Managed Voice Development Support, Billing Period May 2017	
		Managed Voice Service	\$ 9,100.00
		Monthly Expenses	1,500.00
			10,600.00
07/10/17	1139	ICN Managed Voice Development Support, Billing Period June 2017	
		Managed Voice Service	9,100.00
		Monthly Expenses	1,500.00
			10,600.00
08/01/17	1147	ICN Managed Voice Development Support, Billing Period July 2017	
		Managed Voice Service	9,100.00
		Monthly Expenses	1,500.00
		1 st Quarter 2017 Commission	9,000.00
			19,600.00
09/07/17	1152	ICN Managed Voice Development Support, Billing Period Aug 2017	
		Managed Voice Service	9,100.00
		Monthly Expenses	1,500.00
			10,600.00
Total			\$ 51,400.00

To determine if the amounts paid to FNS were comparable to the costs ICN would have incurred by ICN if Mr. Conzett had been an ICN employee, we reviewed the salary costs paid to individuals employed by ICN as Account Consultants. Of the 6 employees in that position at June 30, 2017, 4 were at the maximum amount of salary allowed for the position. We determined the average monthly cost incurred by ICN for the gross amount paid to the 6 employees and the employer's share of employment costs such as FICA, IPERS, and benefit costs totaled \$10,106.38.

As previously stated, the \$10,106.38 calculated average is based on the maximum salary allowed for 4 of the 6 employees in that position. As a result, the calculated amount may be greater than the cost ICN would have incurred if Mr. Conzett had been hired as an ICN employee rather than through the contract amendment because it is likely Mr. Conzett's beginning salary would not have been the maximum allowed for the position. However, this average does not include any of the travel, vehicle, or equipment costs ICN incurs for the positions.

Also as previously stated and as illustrated by **Table 10**, the amendment established with FNS required ICN to pay \$10,600.00 per month for the position which includes related costs for travel costs, a vehicle, and equipment. While this amount is comparable to the average amount ICN pays each month per Account Consultant position, the amendment also requires ICN to pay a quota. As illustrated by **Table 10**, between May and August 2017, ICN paid \$9,000.00 for the quota portion of the amendment. As a result, circumventing the controls established by DAS by contracting for the employment of an individual in a sales consultant role cost ICN more than hiring an employee to fulfill the same duties.

As illustrated by **Table 10**, ICN paid FNS \$10,600.00 per month, not including any commissions. As a result, ICN would have paid \$127,200.00 on an annual basis for the position held by Mr. Conzett.

Because ICN Executive Team members were concerned regarding the costs and because the need for the position was not clear, the contract amendment with FNS was terminated in September 2017. No additional payments have been made to FNS for the sales position.

Because the position created by the amendment was not needed and not a good use of State resources, the \$51,400.00 paid to FNS is included in **Exhibit A** as an improper disbursements.

Summary of concerns – A brief listing of the primary concerns identified regarding the payments to FNS related to Mr. Conzett’s employment is summarized below.

- As previously stated, as the Executive Director, Mr. Lumbard was authorized to make decisions for the agency. However, he directed ICN officials to establish a contract amendment which provided for the services of a sales consultant by FNS. Executive Team members we spoke with stated they expressed their concerns to Mr. Lumbard that if a position was to be filled at ICN, an engineering position was the greatest need.
- The contract amendment was beyond the scope of the original contract and should not have been created as an amendment.
- Effectively hiring an individual through a contract amendment bypasses the controls established by DAS-HRE and monitored by DOM to ensure agencies are operating in an efficient and effective manner.
- The individual hired by FNS on behalf of ICN was provided bonuses or commissions which are not allowed for individuals employed by ICN for the same duties. The bonus amount paid to FNS totaled \$9,000.00 even though the individual did not make any sales for ICN.

The total amount ICN paid FNS for the services provided under the amendment was \$51,400.00, including the \$9,000.00 for the bonus amount.

Procurement Card and Travel Card

ICN has established controls over disbursements made with agency funds. Specifically, requests for purchases must be approved by a Leadership member, an AFE must be prepared and approved by the finance area, and purchasing agents make arrangements to procure goods or services in accordance with rules established by DAS. The purchasing agents may use established contracts, purchase orders, or procurement cards (Pcards) to make the purchases. In addition, purchasing agents facilitate travel arrangements which require advance lodging and transportation bookings and arrangements for registration fees. In addition to ensuring compliance with DAS requirements, the purchasing agents ensure costs incurred are appropriate for ICN operations.

During our interview with ICN officials and staff members regarding purchases, we determined certain purchases were not made by the purchasing agents. A Pcard was assigned to Ms. Jensen in October 2016. As previously stated, Ms. Jensen was an Executive Secretary and reported to Mr. Lumbard. While she is not a purchasing agent, she used the Pcard assigned to her to make purchases which were paid by ICN.

According to the CFO, she was told Ms. Jensen needed a Pcard so Mr. Lumbard and Ms. Jensen could purchase supplies while traveling. However, based on our review of the purchases made with Ms. Jensen’s Pcard, none were made for supplies while traveling out of town.

The Iowa Purchasing Card Program Policy and Procedures Manual states “Purchasing cards are issued in the employee’s name and are not to be used by anyone other than the person identified on the card.” The manual also states “Purchasing cards and any documentation containing the 16-digit card number, expiration date, or security CVV number should be kept in a secure location accessible only by the Cardholder.”

From October 30, 2016 to June 30, 2017, 15 purchases were made with the Pcard assigned to Ms. Jensen. They totaled \$3,627.63 and included purchases of a limited number of office supplies, 26 LED desk lamps, a portable air conditioning unit, 4 Google Home units, registration for a Fred Pryor seminar, cases of water, and painting supplies. Based on available documentation, Mr. Lumbard directed Ms. Jensen to purchase several of the items. The following concerns were identified regarding the purchases made with Ms. Jensen’s Pcard.

- The 4 Google Home units were purchased online at Walmart.com on December 20, 2016 and picked up at a store south of the Capitol complex on the same day. The total cost for the 4 units was \$546.96. In addition, of 26 LED desk lamps purchased from Amazon, 6 were ordered on December 21, 2016. Ms. Jensen's Pcard was used for both purchases; however, Ms. Jensen was on an extended medical leave from November 15, 2016 through December 21, 2016.

When we asked Ms. Jensen about these purchases, she stated she did not make them. When asked how they could have been made with the Pcard assigned to her, she stated the Pcard was kept in a desk drawer in Mr. Lumbard's office. She stated she didn't want to always have it with her in case her purse was stolen "or something like that."

As previously stated, the Google Home units were ordered online at Walmart.com and picked up at a Wal-Mart store south of the Capitol complex on the same day. Documentation from the online order shows the designated pickup person was Mr. Lumbard. The documentation also shows Ms. Jensen's name in the billing address information along with the street address of the Grimes Building on the Capitol complex where the ICN administrative offices are located. This billing address is associated with the Pcard used to make the purchase.

When we asked members of the Executive Team what the Google Home units were purchased for, 1 member did not know and another stated they were purchased for testing purposes. However, it is not clear why Mr. Lumbard would need 4 units for testing. No one we spoke with was aware of the units being distributed to engineering staff who would typically test equipment which may be appropriate for agency operations. Executive Team members also believed Ms. Jensen may have had possession of 1 or 2 of the Google Home units. During our initial conversations with Executive Team members, the 4 Google Home units were not in the ICN office. However, during follow-up discussions, it was learned all of the units had been returned.

During our interview, Ms. Jensen stated the 4 Google Home units were in the ICN office. However, when we told her it was our understanding they had recently been returned to the office, she stated they had been in Mr. Lumbard's home office in Marion. She also stated a member of WFM had returned them to her, but she did not specify how many she received from him.

We confirmed with Mr. Groner the 4 Google Home units are currently in the ICN office. We located 2 units during a search of Mr. Lumbard's ICN office with DCI agents. In addition, Mr. Groner reported 1 was retrieved from Mr. Lumbard's office in Marion and 1 had been returned by Ms. Jensen at his request. He reported she had returned it from her home.

The Google Home units were not distributed among staff members for testing and it has been determined the units were not appropriate for office use. Because the units were purchased on December 21, 2016 but some were not returned to the ICN administrative office until requested, it appears they were purchased for personal purposes. They are not currently serving any purpose at ICN and do not appear to be a reasonable use of ICN funds. As a result, the \$546.96 is included in **Exhibit A** as improper disbursements.

- A \$55.55 purchase was made with Ms. Jensen's Pcard at Menards. According to the credit card statement, the transaction date was Sunday, October 30, 2016. However, because the bottom of the store receipt was not available for our review, we are unable to verify the purchase date. The receipt submitted for the \$55.55 purchase shows 2 paint pails, 2 angle brushes, 2 foam brushes, paint pail liners, Clorox wipes, and contractor trash bags were purchased.

As previously stated, ICN paid S & R Painting and Staining for painting tiles in the BRIC and refinishing furniture. When we spoke with Ms. Jensen about the purchase from Menards, she stated the supplies were used when she and Mr. Lumbard painted the BRIC.

After the BRIC was painted black, it was a dark area for employees to be working in. As a result, a total of 26 LED desk lamps were purchased from Amazon with Ms. Jensen's Pcard. The lamps were \$64.99 each and some, but not all, of the purchases included shipping costs. In addition, 10 backlit keyboards were purchased along with some of the lamps. The LED desk lamps and backlit keyboards totaled \$1,991.95 and were needed as a result of painting the room black. If the BRIC had not been painted black, ICN would not have needed to spend \$1,991.95 for the lamps and backlit keyboards. As a result, the \$1,991.95 is included in **Exhibit A** as an unnecessary cost.

- We identified 6 instances in which the purchases made with Ms. Jensen's Pcard included the payment of sales tax, including the purchases of the Google Home units, the backlit keyboards, and some of the LED desk lamps. The taxes paid total \$65.29. The DAS Pcard Policy and Procedures Manual specifically states, "Don't Forget: Agencies are exempt from payment of state sales and use tax." The sales tax paid for the Google Home units, backlit keyboards, and LED desk lamps totaled \$47.06 and is included in **Exhibit A** with the purchase amounts. The remaining \$18.23 is included in **Exhibit A** as improper disbursements.

During our interview with ICN officials and staff members regarding travel charges, we determined a travel card was assigned to Mr. Lumbard in October 2016. However, Ms. Jensen frequently used it to procure lodging and make other travel arrangements for Mr. Lumbard and members of the Executive Team, including herself, who traveled with him. Procurement for all other ICN employees and for members of the Executive Team while traveling were handled by ICN's purchasing agents.

From October 1, 2016 through July 19, 2017, the travel card assigned to Mr. Lumbard was used for lodging, airfare and related charges, tolls, and rental car fees. During our review of the charges, we identified the following concerns:

- A number of charges were incurred from airlines as a result of changing a destination for a previously booked airfare. Specifically, we identified 4 instances totaling \$849.00. Some of the changes were a result of changing the destination between Des Moines and Cedar Rapids for the convenience of Mr. Lumbard. Other charges resulted from changing travel dates, including changing the return dates from a conference. It is unclear why Ms. Jensen, who made travel arrangements for Mr. Lumbard and other Executive Team members for the conference, was not aware of the ending date of the conference when airline tickets were purchased.

The \$849.00 resulting from the ticket changes are an unnecessary cost and poor use of agency funds. As a result, the \$849.00 is included in **Exhibit A** as improper disbursements.

- On April 28, 2017, a \$66.91 charge from United Airlines was incurred on the travel card assigned to Mr. Lumbard. The credit card statement documented the charge was for Ms. Jensen and was related to a round trip from Des Moines to Belize. When we spoke with Ms. Jensen about this charge she stated when she was booking a personal trip for travel related to her WFM duties, she accidentally used the wrong credit card number. Mr. Lumbard's travel card number was in her United Airlines account from previous trips she had booked for ICN and she neglected to check and/or change the credit card number.

We verified with ICN staff and by reviewing appropriate documentation Ms. Jensen repaid the \$66.91 to ICN on June 22, 2017. Because the \$66.91 was repaid upon discovery, we have not included the amount in **Exhibit A**.

- The credit card statement for Mr. Lumbard's travel card shows 3 charges were incurred from the Hampton Inn & Suites in St. Paul, MN on the same day. Supporting documentation shows Mr. Lumbard, Ms. Jensen, and Mr. Groner each checked in on July 6, 2017 and checked out on July 7, 2017. However, the room charges for Mr. Lumbard and Ms. Jensen totaled \$171.63 each while Mr. Groner's room charge totaled only \$128.45.

We spoke with a representative of Hampton Inn & Suites who told us Mr. Lumbard and Ms. Jensen each had suites while Mr. Groner had a standard room. In accordance with DAS policy number 210.305, lodging reimbursement is not limited outside the state, but the incurred expenditures are to be reasonable. Because acceptable standard rooms were available at the same location for a lesser cost, the incremental cost for the suites occupied by Mr. Lumbard and Ms. Jensen were unnecessary costs. As a result, we have included the \$86.36 incremental cost in **Exhibit A** as an unnecessary cost.

Summary of concerns – A brief listing of the primary concerns identified regarding the Pcard and travel card established for Ms. Jensen and Mr. Lumbard, respectively, is summarized below.

- Allowing Ms. Jensen and Mr. Lumbard to hold a Pcard and travel card, respectively, circumvented controls over purchasing established by the financial staff of ICN. As a result, the purchases made with the cards were not subject to the same review process as all other purchases made for ICN.
- Based on Ms. Jensen's statements, she made travel arrangements for Mr. Lumbard. Because the costs for the travel she arranged were paid for with the travel card assigned to Mr. Lumbard, it is apparent she had access to the card. DAS policy prohibits the use of Pcards and travel cards by anyone other than the individual they are assigned to.
- During Ms. Jensen's extended medical leave at the end of 2016, her Pcard was used to purchase 4 Google Home units and 6 LED desk lamps for \$546.96 and \$389.94, respectively. The purchase documentation shows Mr. Lumbard was designated as the individual to pick up the Google Home units. Ms. Jensen stated she kept the Pcard assigned to her in a desk drawer in Mr. Lumbard's office. DAS policy prohibits the use of Pcards and travel cards by anyone other than the individual they are assigned to and requires the cardholder to ensure cards are kept in a secure location accessible only by the cardholder.
- The Google Home units were not appropriate for office use. In addition, 2 of the units were returned from Mr. Lumbard and Ms. Jensen's personal residences. As a result, the purchase is considered an improper use of ICN funds.
- Because Mr. Lumbard decided to paint the BRIC black, 26 LED desk lamps and 10 backlit keyboards were purchased for a cost of \$1,991.95. The purchases were made with Ms. Jensen's Pcard and would have been unnecessary if the room had not been painted in the manner directed by Mr. Lumbard.
- We identified 6 instances in which sales tax totaling \$65.29 was paid for purchases made with Ms. Jensen's Pcard.

PERSONNEL CONCERNS

The procedures we performed identified several concerns regarding compliance with procedures established by the DAS-HRE regarding personnel matters. DAS-HRE is responsible for providing a system of uniform standards and specifications for hiring state employees and ensuring fair compensation. Information regarding the related requirements is found in Chapters 51 and 52 of the IAC. Additional information is also available on DAS' website.

Executive Secretary, Jessica Jensen

As previously stated, Ms. Jensen is employed at ICN as an Executive Secretary and reported directly to Mr. Lumbard. Her first day of employment at ICN was February 13, 2015. When we interviewed Ms. Jensen with the assistance of a special agent from DCI, she stated she learned of the position from Mr. Lumbard. During the interview, Ms. Jensen also stated she was involved in WFM operations as the Executive Director of WFM International.

While the position Ms. Jensen holds is an Executive Secretary based on the State's Human Resource Information System (HRIS) and DAS job classifications, her title used within ICN has been Executive Administrator since her hiring. The minutes from the February 18, 2015 ITTC minutes list this title for Ms. Jensen.

The education and experience requirements established by DAS for the Executive Secretary position include 6 years of full-time work in a secretarial or administrative support capacity for a manager or administrator of a major program area. The requirements also provide that certification from the State of Iowa Administrative Assistant Certificate Program can be substituted for 6 months of the required experience or an equivalent combination of education and experience substituting 30 semester hours of accredited undergraduate coursework for 1 year of the required experience to a maximum of 4 years.

We obtained a copy of the resumé Ms. Jensen submitted to DAS for a secretarial position at the Department of Human Services in December 2014. Based on the information in the resumé, Ms. Jensen's experience included owning and managing a hair design business, working as an account manager and sales manager of an entity providing drug and alcohol testing program administration services, and working in the Linn County Attorney's Office for 1 year as a secretary. Her resumé also included an Associate of Arts Degree pending as of December 2014 and an internship at a law firm since September 2014.

We confirmed with a DAS representative Ms. Jensen did not meet the minimum qualifications established by DAS for the Executive Secretary position based on the information included in her resumé. While she had been employed as a secretary for 1 year, she did not have the certification or semester hours required to fully substitute for the remaining 5 years of required experience.

The DAS document which specifies the education, experience, and special requirements for the Executive Secretary position also states "Majority of the positions in this class are exempt from the screening and referral requirements of the Iowa Department of Administrative Services – Human Resources Enterprise. Apply directly to the employing agency." We also confirmed with a DAS-HRE representative they did not screen candidates for Ms. Jensen's position. The DAS-HRE representative also stated if the Director of an agency chose to extend an employment offer to someone who did not meet the qualifications established by DAS-HRE, DAS-HRE would not take action regarding the employment offer, nor would DAS-HRE even know if the individual offered the position met the position's requirements. The DAS-HRE representative stated the document specifying the education, experience, and special requirements is a set of guidelines.

Table 11 summarizes Ms. Jensen's annual salary and percentage increases to her salary during the period of her employment with ICN. She has not received a promotion during the period of her employment.

Table 11

Date	Description	Annual Salary	Percentage Increase
02/13/15	Hire date	\$ 45,073.60	-
06/19/15	Across the board pay increase	46,196.80	2.50%
08/14/15	Step or merit increase – end of probation period	52,665.60	14.00%
07/01/16	Across the board pay increase	53,851.20	2.25%
08/12/16	Step or merit increase	60,320.00	12.01%
12/30/16	Across the board pay increase	61,074.00	1.25%
06/30/17	Across the board pay increase	61,672.00	1.00%
09/08/17	Step or merit increase	63,211.20	2.50%

The pay grade for an Executive Secretary is 27. The authorized pay range for the position was from a minimum annual salary of \$46,030.40 to a maximum of \$69,721.60 as of September 30, 2017. The pay range has been updated for the across the board increases implemented since Ms. Jensen's hire date.

As illustrated by the **Table**, Ms. Jensen's pay increased from \$45,073.60 to \$63,211.20 from February 2015 through September 2017, which is an \$18,137.60, or 40.24%, increase. The **Table** also illustrates Ms. Jensen received 4 across the board increases and 3 step or merit increases. The 2 step or merit increases authorized by Mr. Lumbard totaled 14.00% and 12.01%. The step or merit increase she received during Mr. Lumbard's medical leave totaled 2.50%.

The step or merit increases authorized by Mr. Lumbard are unusually large increases based on our experience with testing payroll for state agencies and our review of the step or merit increases provided to other ICN employees during the same time frame. During our testing of pay increases to other ICN employees, we did not identify any increases exceeding 5% which were not a result of a promotion. As stated previously, Ms. Jensen's position did not change during this period. As a result, the large increases she received were not a result of a promotion.

We reviewed the HRIS documents associated with Ms. Jensen's pay increases and identified the following notation for the 14.00% increase awarded on August 14, 2015:

"Per RL [Ric Lumbard], EE [employee] was offered a job with Judicial, he wanted an increase large enough to keep her at ICN."

We contacted a representative of the Judicial Department to verify the offer of employment to Ms. Jensen around the period of the pay increase. According to the representative we spoke with, Ms. Jensen was not offered a position with the Judicial Department. In addition, they did not find any documentation to indicate Ms. Jensen applied for a job with the Judicial Department.

We showed Ms. Jensen the notation from the HRIS system regarding the reason for the 14.00% increase and asked her if she had been offered a position at Judicial around the period of the pay increase. She stated she had not been offered a position at Judicial and she had not applied for a position near the time of the pay increase. When asked why Mr. Lumbard would tell DAS-HRE she had been offered a position when it was not true, she was not able to provide an answer.

We also spoke with a representative of DAS-HRE who is responsible for payroll related duties. He stated it is not DAS-HRE's practice to verify statements such as the one made on the document associated with Ms. Jensen's 14.00% pay increase.

The HRIS documents we reviewed for Ms. Jensen's August 2016 pay increase included the notation, "12.01% increase per management." There was no additional explanation for the increase. We spoke with a representative of DAS-HRE who stated DAS-HRE does not evaluate pay increase authorizations of this nature. The DAS-HRE representative stated as long as the pay

increase does not result in a base salary in excess of the pay range authorized for the position, the Director could award any increase desired. As stated previously, this is an unusually large pay increase for someone who did not have additional responsibilities assigned to them and we did not identify any increases exceeding 5% for other ICN employees we tested.

The HRIS documents we reviewed for Ms. Jensen's September 2017 pay increase included the notation "Per ICN policy ME [merit] is 2.5% increase." This increase was awarded to Ms. Jensen following Mr. Lumbard going on an extended medical leave. It is consistent with increases provided to other ICN employees we tested. The increase was awarded after Ms. Jensen's annual performance plan and evaluation (PPE) was completed by Mr. Groner as the acting Executive Director.

During our interview with Ms. Jensen we discussed the unusual size of the 14.00% and 12.01% pay increases. We asked her if the responsibilities assigned to her had also increased during her time employed at ICN. Ms. Jensen stated she had added Human Resource (HR) responsibilities and she "added on the Commission." However, the types of documents she referred to when asked what the duties entailed included items such as in-house check lists to be used when hiring new staff or existing staff retired or left employment. The duties explained were not significant in scope. DAS-HRE staff are responsible for the primary HR duties for all agencies.

When asked who had previously handled these type of duties, Ms. Jensen stated "nobody really" and she stated "some things didn't necessarily get handled." While she acknowledged DAS-HRE handles a number of HR responsibilities, she also stated ICN previously had an HR person on staff "before DAS took over."

Because the 14.00% and 12.01% increases were not properly justified and significantly greater than the increases awarded to other ICN employees we tested, they are not reasonable. If the pay increases to Ms. Jensen had been limited to 5% as the other employees' increases were, Ms. Jensen's annual salary at the time of her termination would have been \$54,587.61 rather than \$63,211.20. **Table 12** compares the pay increases awarded to Ms. Jensen to the amounts she would have received if her pay increases had been limited to 5%.

Table 12				
Date	Awarded to Ms. Jensen		Increases Limited to 5%	
	Percentage Increase	Annual Salary	Percentage Increase	Annual Salary
02/13/15	-	\$ 45,073.60	-	\$ 45,073.60
06/19/15	2.50%	46,196.80	2.50%	46,196.80
08/14/15	14.00%	52,665.60	5.00%	48,506.64
07/01/16	2.25%	53,851.20	2.25%	49,598.04
08/12/16	12.01%	60,320.00	5.00%	52,077.94
12/30/16	1.25%	61,074.00	1.25%	52,728.92
06/30/17	1.00%	61,672.00	1.00%	53,256.20
09/08/17	2.50%	63,211.20	2.50%	54,587.61

Using the annual salary amounts we calculated and summarized in **Table 12** and the pay periods for which Ms. Jensen received a salary payment, we determined the gross pay Ms. Jensen received for the pay increases in excess of 5% totaled \$16,182.07 between August 14, 2015 and January 2, 2018. For the \$16,182.07 additional gross salary Ms. Jensen received, ICN paid an additional \$2,682.99 for the employer's share of FICA and IPERS contributions.

In addition, Ms. Jensen received \$4,606.46 of gross pay for the value of her unused vacation balance at the time her employment was terminated. We determined Ms. Jensen's gross pay for this amount would have been \$3,715.78 if her pay increases had not exceeded 5%. The \$890.68 of additional pay for the vacation payout resulted in ICN paying an additional \$68.14 for the employer's share of FICA.

The total amount paid by ICN for Ms. Jensen's pay raises in excess of 5% is \$19,823.88. This amount is included in **Exhibit A** as improper disbursements.

Ms. Jensen also stated one of her duties was "sitting in on almost all meetings with him [Mr. Lumbard], simply because it was to be immersed into the telecom world." While attending meetings is an inherent duty of the Executive Secretary position, she also frequently traveled with Mr. Lumbard and other members of the Executive Team to meetings out of town. We reviewed payments made by ICN for Ms. Jensen's travel. From the time she was hired to June 30, 2017, ICN paid \$10,360.15 for costs Ms. Jensen incurred while traveling out of state with Mr. Lumbard. The costs were paid by ICN's travel card, the travel card assigned to Mr. Lumbard, or travel reimbursements issued to Ms. Jensen. The costs are listed in **Exhibit E** and summarized in **Table 13**. The costs listed in **Exhibit E** and summarized in **Table 13** do not include meal and lodging costs incurred for Leadership meetings held in Whalen, MN. These costs will be addressed in a separate section of the report.

Table 13

Description	Number of Instances	Amount
Lodging	12	\$ 4,273.90
Airfare	10	4,217.90
Registration fees	1	1,295.00
Meals	30	528.35
Fuel, parking, taxi fees	2	45.00
Total	55	\$ 10,360.15

As previously stated, attending meetings is an inherent duty of an Executive Secretary; however, traveling to "almost all" meetings is unusual, especially meetings out of town. As illustrated by **Exhibit E**, Ms. Jensen attended a number of meetings and a conference out of state. These are not typical duties associated with an Executive Secretary and it is not clear why Mr. Lumbard thought this was necessary or appropriate. As a result, we have included the \$10,360.15 paid by ICN as improper disbursements in **Exhibit A**.

Ms. Jensen also reported Mr. Lumbard directed everyone to her for communications if they were trying to reach him and she was responsible for creating documents, editing documents, and editing his presentations.

Based on Ms. Jensen's PPE prepared in August 2015, the responsibilities assigned to her included:

- Providing direct administrative support to the Executive Director, including:
 - Maintaining appointments, scheduling public appearances, and coordinating as well as preparing travel arrangements.
 - Coordinating arrangements for meetings and conferences for the Executive Director to assure schedules are maintained and appointments met with proper materials.
 - Developing and maintaining filing system for the Executive Director to include general correspondence and special projects.
 - Coordinating and preparing presentations for the Executive Director.
- Providing direct administrative support for members of the ITTC, including:
 - Assisting the Director of Government Relations in the coordination of ITTC meetings.
 - Assisting in the preparation of the agenda for ITTC meetings and assuring public notices are distributed in a timely manner.
 - Assisting the Executive Director and Director of Government Relations in assuring ITTC meetings comply with the Open Meetings Law.

- Attending ITTC meetings to oversee the recording and transcription of the minutes for ITTC review, approval, and publication.
 - Overseeing ITTC meeting minutes are published to the ICN internet website.
 - Providing administrative support to the ITTC.
- Performing various secretarial duties, including composing and typing correspondence and reports, attending various ICN meetings to oversee the recording of minutes, provide information on sensitive material as authorized, preparing supporting materials if required, and answering telephone calls directed to the Executive Director.
- Functioning as the ICN's facilities coordinator by fielding employee requests for heating and cooling issues, carpet care, lighting, and other environmental issues. Also, reporting employee concerns to DAS for corrective action.

We discussed the responsibilities for Ms. Jensen's position with a representative of DAS-HRE. The representative provided a copy of the Position Description Questionnaire (PDQ) for the position which was approved on January 16, 2015, just before Ms. Jensen was hired into the position. The DAS-HRE representative stated the PDQ has not changed since her initial hire. Ms. Jensen's PPE prepared in August 2015 also matched the job duties listed on the PDQ. However, based on Ms. Jensen's PPE prepared in August 2016, the responsibilities for answering telephone calls directed to the Executive Director and functioning as the ICN's facilities coordinator were eliminated. In addition, the following responsibilities were added to the PPE.

- Coordinating contacts and meetings with the Executive Director.
- Attending the weekly Executive, Leadership, and Management team meetings, providing supporting documentation and pre-meeting coordination.

The August 2016 PPE also included "The ICN Executive Director will provide the Executive Administrator with clear and concise Quarterly Goals as performance criteria and metrics." However, the PPE did not specify what the goals would be.

As previously stated, Ms. Jensen's August 2016 PPE documented she was to attend the weekly Executive, Leadership, and Management team meetings. Also as previously stated, Ms. Jensen stated she was "sitting in on almost all meetings with him [Mr. Lumbard], simply because it was to be immersed into the telecom world." According to Executive Team members we spoke with, Ms. Jensen took notes and performed other secretarial duties during Executive Team meetings, but her participation was often times limited to just that. She typically did not participate in conversations about telecommunications and government operations. While it would be appropriate for an Executive Secretary to attend the weekly meetings at ICN, it is not clear why it would be necessary for Ms. Jensen to accompany Mr. Lumbard to "almost all" meetings he attended with vendors and other parties.

Executive Team members we spoke with described an unusual working relationship between Mr. Lumbard and Ms. Jensen. In addition to working together at ICN, they were both involved in WFM operations. The following comments were shared with us during our fieldwork by various ICN staff members.

- During a conversation with Executive Team members after Mr. Lumbard's medical leave began, Ms. Jensen told them she didn't have anything to do; her job was to talk to the Executive Director, whom she referred to as "Ric."
- An Executive Team member stated when he was meeting with Ms. Jensen she characterized Mr. Lumbard as her best friend.

Executive Team members we spoke with also indicated Mr. Lumbard thought highly of Ms. Jensen. An example provided was Mr. Lumbard stated to an ICN official it took 5 people to fill the job Ms. Jensen was doing while she was on an extended medical leave at the end of 2016. The individual we spoke with stated he did not agree with Mr. Lumbard's assessment; he stated

Ms. Jensen's duties were parsed out to various individuals during her leave, but the duties assigned were not wholly encompassing of their time. As a result, it did not take 5 people to fill the job she was doing. In addition, according to Executive Team members, it has been challenging since Mr. Lumbard's medical leave began to find enough work to fill Ms. Jensen's days.

As previously stated, Ms. Jensen's first day of employment at ICN was February 13, 2015, and her title used within ICN has been Executive Administrator since her hiring even though the position Ms. Jensen holds is an Executive Secretary based on HRIS and DAS job classifications. According to Executive Team members we spoke with, when Ms. Jensen was initially hired at ICN, she attended meetings and performed secretarial duties during the meetings at that point. However, she eventually began to take on more active roles and is currently considered an Executive Team member. Ms. Jensen's predecessor, who left ICN on February 10, 2015, was not considered a member of the Executive Team. When we inquired why an individual holding a secretarial position was considered a member of the Executive Team, we were told "that is what [Mr. Lumbard] wanted."

While there are several specific criteria to be met in order for an individual to be exempt from the Fair Labor Standards Act (FLSA), individuals in executive positions typically are considered exempt and, therefore, not eligible for overtime or compensatory time. Because Ms. Jensen was classified as an Executive Secretary, she was not considered exempt and, as a result, she was eligible to and did earn compensatory time and received overtime payments through June 2017. This was despite Ms. Jensen being considered a member of the Executive Team at Mr. Lumbard's direction. No one else on the Executive Team is eligible to earn compensatory time or overtime.

By reviewing the time she recorded in HRIS, we determined Ms. Jensen was also allowed to flex her time. However, she did not flex her time in a consistent manner. At times, the hours she recorded were sporadic and inconsistent.

Also by reviewing the time Ms. Jensen recorded in HRIS, we determined she earned compensatory time and/or was paid overtime for several instances when she traveled out of state with Mr. Lumbard. The number of hours of compensatory time and overtime she recorded for days she was traveling out of state are summarized in **Table 14**. The **Table** does not include any compensatory time or overtime Ms. Jensen recorded when she was not traveling out of state.

Table 14				
Dates of Travel	Destination	Compensatory Hours Recorded	Overtime Hours Recorded	Total
09/21/16 – 09/23/16	Denver, CO	5.5	-	5.5
10/26/16 - 10/28/16	Denver, CO	6.0	14.0	20.0
02/12/17 – 02/13/17	St. Paul, MN	2.0	-	2.0
02/26/17 – 02/28/17	Reno, NV	8.0	-	8.0
03/29/17 – 03/31/17	Washington, DC	9.0	-	9.0
05/08/17 – 05/12/17	Orlando, FL	4.0	3.0	7.0
07/06/17 – 07/07/17	St. Paul, MN	5.0	-	5.0
Total		39.5	17.0	56.5

The compensatory time earned by Ms. Jensen was accrued at the rate of 1.5 hours for each hour, which would total 59.25 hours of accrued compensatory time for the 39.5 hours recorded. The value of the 59.25 hours of compensatory time Ms. Jensen earned was \$1,735.55. As a result, Ms. Jensen received time off valued at this amount for the compensatory time she earned while traveling out of state for meetings. The \$1,735.55 value is included in **Exhibit A** as improper disbursements.

In addition, for the 17.0 hours of overtime summarized in **Table 14**, Ms. Jensen would have been paid for 25.5 additional hours at an hourly rate equivalent to her authorized biweekly salary amount. This would have resulted in ICN incurring additional costs of \$864.00, including the employer's share of IPERS and FICA costs. Because we included the travel costs ICN incurred for Ms. Jensen's traveling to the out of state meetings with Mr. Lumbard in **Exhibit A** as improper disbursements, we also included the \$864.00 of additional costs associated with the overtime Ms. Jensen recorded during the trips.

As previously stated, both Mr. Lumbard and Ms. Jensen were involved in WFM operations. The website for the WFM Missions Base states Mr. Lumbard is the Chief Executive Officer of the WFM Missions Group and he, along with his wife, are founders and senior leaders of the WFM Missions Base. Ms. Jensen is the Director of WFM International. During an interview with Ms. Jensen she stated the WFM Missions Base (WFM USA) and WFM International are separate organizations; however, Mr. Lumbard worked in both organizations. She also stated the property in WFM International, located in Belize, is owned by Mr. Lumbard and, she believed, another individual.

In addition to both Mr. Lumbard and Ms. Jensen being employed by ICN and involved in WFM, both were involved in COH Logistics. While we were unable to obtain a clear understanding of COH Logistics' operations, we learned the following about the organization during our fieldwork.

- COH Logistics filed as a domestic corporation in Nevada which is no longer active. According to information from the Nevada Secretary of State's website, Articles of Incorporation were filed for COH Logistics on February 21, 2012. The officers listed for COH Logistics included Mr. Lumbard; his wife, Christine; and Jordan Lumbard. The address shown for each of them was Mr. Lumbard's home address.
- When we initially met with Ms. Jensen and asked about COH Logistics, she stated she did not know who ran the organization. She also stated COH Logistics is not related to WFM in terms of its organization or its structure. However, hand written notes recovered during a search of Mr. Lumbard's home by law enforcement officials included Mr. Lumbard's name and Ms. Jensen's name under the headings "Leadership: COH" and "Leadership: WFM LTD." The hand written notes also listed 5 people under the heading "Board"; specifically, Mr. Lumbard as Chair and Ms. Jensen as Finance.

When we subsequently met with Ms. Jensen, we showed her the hand written notes and asked her about them. She stated during the second meeting the notes appeared to be brainstorming about a possible restructuring several years ago. Based on our conversation with Ms. Jensen during the second meeting, it is clear she was familiar with COH Logistics.

- During interviews with active members of WFM, we were directed to Ms. Jensen when we asked who we could speak with regarding COH Logistics. As a result, it is apparent the WFM members we spoke with knew of her affiliation with the organization.

During a second interview with Ms. Jensen, she also stated Mr. Lumbard would have been the one who made the decision to list items from the trailer(s) purchased by ICN on eBay. She also stated she was aware Mr. Lumbard had talked about posting items for sale on eBay prior to his medical leave, but she didn't know the items were actually posted until after that time. She also specified when he talked about posting the items for sale, she didn't know if he meant for items to be sold "for the State or the other stuff."

During our review of Ms. Jensen's ICN email account, we identified a limited number of emails received or sent during normal business hours which dealt with WFM matters. For example, we identified an email Ms. Jensen received from Mr. Lumbard at 8:49 am on Thursday, October 20, 2016. The message was "see attached" and attached to the email was a PDF document and a WORD® document with the same content. Both documents described 2 properties located near or adjacent to the WFM Missions Base property at 3243 Wind and Fire Drive in Marion. The

documents also stated the 2 properties were being offered for sale as a bundle sale and outlined the terms of an acceptable bid. The documents were clearly related to WFM operations rather than ICN operations.

We also identified a string of messages between Ms. Jensen and an individual affiliated with a religious organization in the Des Moines metro area. While most of the email string dealt with attempting to schedule a meeting between the individual and Mr. Lumbard, part of it specified it dealt with meeting with “the young lady again who he [Mr. Lumbard] ministered to last week.” As a result, it is clear the messages were not related to ICN operations.

As a result, it appears Ms. Jensen may have periodically worked on WFM matters during time she should have been working for ICN. We are unable to determine how frequently that may have occurred.

During our review of Mr. Lumbard’s and Ms. Jensen’s ICN email accounts and during discussions with members of the Executive Team, we obtained an understanding of a recent change in ICN’s structure. Emails we reviewed document planning and draft revisions were developed in approximately mid-June. Mr. Lumbard distributed an updated organization chart at an all-employee (“All Hands”) meeting on July 11, 2017. Because of a medical condition, Mr. Lumbard did not return to work following the meeting. The changes announced at the meeting were to become effective the same day.

Specifically, the documents reviewed described revising ICN’s structure from 5 bureaus to 2 divisions. In addition, Mr. Lumbard planned to make changes at the Executive Team level. While the changes regarding moving from 5 bureaus to 2 divisions were carried out, the changes at the Executive Team level were not as a result of the acting Executive Director’s concerns and those of other Executive Team members. We did not identify any concerns regarding moving ICN from a structure with 2 divisions instead of 5 bureaus; however, the following paragraphs described the planned changes at the Executive Team level and concerns we identified regarding those planned changes.

We reviewed various documents and emails regarding the planned changes at the Executive Team level. We also discussed the planned changes with ICN officials and representatives of other agencies. The planned changes included establishing an Executive Officer 5 (EO5) position and a Public Service Manager 1 (PSM1) position. The changes also included vacating an existing Public Service Executive (PSE) position and the Executive Secretary position. According to an Executive Team member we spoke with, Mr. Lumbard did not discuss the proposed changes with the Executive Team. However, based on the emails we reviewed, Ms. Jensen was aware of the planned changes.

During our review of Mr. Lumbard’s ICN emails, we identified a message he sent to ICN’s DAS-HRE representative on June 19, 2017. The message stated, “Have you given any further thought to Mark Johnson and Jessica Jensen in regard to reclassification potential? I will be meeting with DOM soon and would at least like a baseline idea to float by.”

A copy of a memo from Mr. Lumbard to DOM officials describing the planned personnel changes is included in **Appendix 12**. As illustrated by the **Appendix**, the memo was dated June 21, 2017, just 2 days after the inquiry to the DAS-HRE representative.

As illustrated by the memo included in **Appendix 12**, a new EO5 position was going to be created and an existing PSE position was going to be vacated. The **Appendix** also states the EO5 position would handle all agency legal, legislative, vendor processes, administrative rule changes, and *Iowa Code* changes. These duties had been assigned to Mark Johnson, ICN’s Chief Administrative Officer. We also examined an email Mr. Lumbard sent to a DAS-HRE representative on June 27, 2017 regarding the EO5 position. It stated, “This is the first run at a new EO5 position instead of the PSE MJ [Mark Johnson] is currently in. FYI, I have reviewed this strategy with DOM and they are in favor.”

We discussed the memo included in **Appendix 12** with Dave Roederer and Joel Lunde of DOM. Mr. Roederer is the Director of DOM. As illustrated by the **Appendix**, the memo was addressed to them. Both Mr. Roederer and Mr. Lunde stated they had not seen the memo. However, Mr. Roederer stated Mr. Lumbard came to see him about restructuring ICN. He also stated Mr. Lumbard told him during that meeting Mr. Johnson was being paid “way more” than he should be. Mr. Roederer also recalls Mr. Lumbard sharing with him that Mr. Johnson’s salary would be reduced and he inquired whether DOM would have an issue about that. Mr. Roederer stated when Mr. Lumbard visited him, he did not tell Mr. Lumbard what to do with anyone’s salary. Mr. Roederer also stated pay scale is ultimately determined by DAS-HRE in terms of the appropriate pay range for certain positions.

During our initial interview with Ms. Jensen, we inquired about Mr. Johnson’s position changing from a PSE to an EO5. According to Ms. Jensen, it had been DOM’s recommendation to Mr. Lumbard to “do something about Mark Johnson’s pay.” When asked if Mr. Lumbard was looking to achieve a pay reduction for Mr. Johnson as part of the restructuring, she stated, “Correct.” She also stated Mr. Roederer had asked Mr. Lumbard “a couple of times about his, about Mark Johnson’s pay.” We also confirmed with Ms. Evans and Mr. Groner that Mr. Lumbard had provided the same explanation to them for restructuring Mr. Johnson’s position.

As previously stated, when we spoke with Mr. Roederer, he stated he did not tell Mr. Lumbard what to do with anyone’s salary. Because we are unable to speak with Mr. Lumbard due to his medical leave, we are unable to determine why the explanation he provided ICN staff members conflicts with what we were told by Mr. Roederer.

Appendix 12 also illustrates Mr. Johnson’s PSE position would be vacated as it would “no longer need to be a supervisory position.” The memo also stated, “The non-supervisory elements to this position will me [sic] moved to the Executive Office [sic] 5 position.” In contrast, the memo included in **Appendix 12** states the new PSM1 position would “supervise and manage the administration bureau.” It also states the Executive Secretary position would be vacated “due to the progression of duties and standing up the PSM1 position.” As a result, it is apparent the supervisory responsibilities previously assigned to Mr. Johnson in the PSE position would be shifted to the new PSM1 position.

The pay range effective June 30, 2017 for a EO5 (bargaining unit 004E) is \$94,161.60 to \$133,931.20. The assigned pay grade is 41. Moving Mr. Johnson’s position from a PSE to an EO5 would have resulted in a pay decrease of at least \$13,104.00 annually, based on Mr. Johnson’s salary at June 30, 2017 and the maximum pay for the EO5 pay range.

As previously stated, the memo in **Appendix 12** states the Executive Secretary position, the position held by Ms. Jensen, would be vacated “due to the progression of duties and standing up the PSM1 position.” As a result, it is apparent Mr. Lumbard intended the PSM1 position to replace Ms. Jensen’s position.

The documentation reviewed clearly illustrates it was Mr. Lumbard’s intention to move Mr. Johnson into the EO5 position and remove his supervisory duties. It also clearly illustrates his intention to move Ms. Jensen into the PSM1 position and shift the supervisory responsibilities to her. It is very unusual to remove supervisory responsibilities from someone with Mr. Johnson’s education and experience level to someone with a 2-year degree and a limited amount of experience in State government, all of which was at the secretarial level. It is also not in compliance with the education and experience requirements established by DAS for the position.

When we met with Mr. Roederer, he confirmed when a state agency creates a new position or restructures in any way, new positions are to be created for the betterment of the agency, not for the enhancement of individuals already employed by the agency. He specified new positions must be justified by the agency officials creating them and he, as the Director of the Department of Management, is part of the approval process of the hiring justifications. DAS-HRE is also responsible for determining if the duties are classified at the appropriate level. Mr. Roederer

stated when he discussed the planned new positions with Mr. Lumbard, he indicated he didn't know who was going to fill the new slots and he indicated the new restructure would be "for the good cause" as opposed to "for the good of an incumbent individual."

Mr. Lumbard sent an email to a DAS-HRE representative on June 20, 2017 to which he attached a PDQ, MEQ (merit exemption questionnaire), and SAQ (supervisory analysis questionnaire) for the PSM1 position. The message stated, "This is a dry run for you to review the PSM1 paperwork prior to official submission to see if I hit the mark. I am working on Mark Johnsons [sic]." We examined the documents attached to the email and compared the PDQ for the PSM1 position to the PDQ for Ms. Jensen's position as an Executive Secretary and identified the following concerns:

- Page 1 of the PDQ for the PSM1 position, Description of Work Performed, states "This EXECUTIVE ADMINISTRATOR position provides management and administrative oversight...." As previously stated, the title "Executive Administrator" had been used exclusively by Ms. Jensen within ICN since the time of her employment, even though the DAS-HRE position she held was Executive Secretary.
- Regarding duties associated with the Executive Director, the duties for the PSM1 were virtually identical with the duties for the Executive Secretary. **Table 15** illustrates the duties listed.

Table 15

PSM1 position	Executive Secretary
Maintain appointments, schedule public appearances, and coordinate as well as prepare travel arrangements.	Maintain appointments, schedule public appearances, and coordinate as well as prepare travel arrangements.
Coordinate arrangements for meetings and conferences for the Executive Director to assure schedules are maintained and appointments met with proper presentation materials.	Coordinate arrangements for meetings and conferences for the Executive Director to assure schedules are maintained and appointments met with proper materials.

- Regarding duties associated with the ITTC, the duties for the PSM1 were very similar with the duties for the Executive Secretary. **Table 16** illustrates the duties listed.

Table 16

PSM1 position	Executive Secretary
Provide direct administrative oversight for all staffing and regulatory aspects of the IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION	Provide direct administrative support for the members of the Iowa Telecommunications and Technology Commission
Prepare the agenda for Commission meetings and assure public notices are distributed in a timely manner.	Assist in the preparation of the agenda for Commission meetings and assure public notices are distributed in a timely manner.

- The PDQ asks the agency to identify any special requirements (certifications or professional licensures) necessary to perform the job duties of the position. The response provided in the document submitted by Mr. Lumbard included a reference to a paralegal background. As stated previously, the resumé received from DAS-HRE for Ms. Jensen shows she has a 2-year paralegal degree.

Based on the job duties assigned to the position, it would not be necessary for the PSM1 to have a paralegal background. As a result, it is not clear why Mr. Lumbard for the PSM1 position would include this requirement, other than to have the position "fitted" to Ms. Jensen.

In addition, during an interview with Ms. Jensen, she stated, “It hadn’t been fully vetted out, but that was I think the intention” in response to a question regarding her anticipated change in duties and title in July. While Ms. Jensen acknowledged the revised positions had not been fully vetted yet, she began using the title Chief Administrative Officer immediately after the all-employee meeting when the changes were announced by Mr. Lumbard.

As a result, it appears the PDQ was prepared with Ms. Jensen in mind. It appears it was based on her current duties and educational background. In addition, during our examination of the documents associated with the proposed EO5 and PSM1 positions, we determined the documents required for the EO5 position were prepared by Ms. Jensen. However, it does not appear she prepared the documents needed for the PSM1 position. As previously stated, Ms. Jensen fulfilled some HR duties at ICN. Because she did not prepare the documents for the proposed PSM1 position, but did for the EO5 position, it is possible Mr. Lumbard was keeping her from preparing documents associated with the PSM1 position to avoid the appearance of impropriety.

We observed a copy of the DTR (Define the Relationship) document which included Mr. Johnson being responsible for the duties assigned to the proposed EO5 position. Mr. Lumbard distributed the DTR at the all-employee meeting on July 11, 2017. A copy of the DTR is included in **Appendix 13**. ICN officials we spoke with stated the DTR was to be effective immediately. They also confirmed it was Mr. Lumbard’s intent for Mr. Johnson to fill the EO5 position and we reviewed the documents previously described which also show his intent.

As illustrated by **Appendix 13**, Ms. Jensen’s new title was going to be “Executive Administrator, CAO” and Mr. Johnson’s new title was to be “Executive Liaison”, while Mr. Groner’s and Ms. Evan’s titles remained COO and CFO, respectively.

The **Appendix** also illustrates Ms. Jensen was to have supervisory responsibility of “the functional staff below.” The functional staff included the Carrier Division (headed by Mr. Groner) and the Agency Division (headed by Ms. Evans), as well as 5 other individuals. The DTR included in the **Appendix** also specifies Mr. Groner and Ms. Evans were to provide “oversight to the operations listed below.” The operations and individuals “listed below” for each of them did not include Ms. Jensen. Based on the notation and the structure of the organization illustrated in the **Appendix**, we are unable to determine if Ms. Jensen’s position was above or equivalent to the positions held by Mr. Groner and Ms. Evans.

On July 12, 2017, the day after Mr. Lumbard distributed the updated organization chart, Ms. Jensen sent an email to the 5 individuals listed as reporting to her in the DTR. The email stated:

“Good morning all! I am emailing all of you to let you know that I will be setting up one on ones with each of you so I can get a feel and understanding of all you do. I want to support you as much as possible and partner in your success at the ICN. We have a lot ahead of us with the launch of Jekard and all the initiatives on our path. Please be prepared to walk me through what your areas of responsibility are as well as anything that you would like me to know. I look forward to meeting with all of you.”

Based on the email message, it is apparent Ms. Jensen intended to take over the responsibilities of the proposed PSM1 position even though the position had not been approved and posted by DAS.

The requirements established by DAS-HRE for the PSM1 position are summarized in **Appendix 14**. As illustrated by the **Appendix**, the position requires:

- Graduation from an accredited four-year college or university and (emphasis added) experience equal to four years of full-time work in program administration, development, management, or operations, or

- Eight years of full-time work experience in program administration, development, management or operations, or
- A specific combination of education and work experience.

As previously stated, we obtained a copy of Ms. Jensen's resumé which was dated in December 2014. She began employment with ICN in February 2015. Based on the resumé we obtained and her work experience at ICN, she would not have met the qualifications of the PSM1 position. We confirmed our analysis with a representative of DAS-HRE who concurred. The DAS-HRE representative we spoke with is assigned to handle ICN HR duties.

As illustrated by **Appendix 14**, the DAS-HRE document for the PSM1 position does not state the position is exempt from the screening and referral requirements of DAS-HRE, as the DAS-HRE document for the Executive Secretary position does. As stated previously, DAS-HRE does not screen candidates for all positions. For certain positions, such as the Executive Secretary, candidates are instructed to apply directly to the employing agency and the officials of the employing agency are not required to comply with the position qualifications listed by DAS-HRE. However, that is not the case with the PSM1 position.

We confirmed with the DAS-HRE representative to whom Mr. Lumbard had sent the draft PDQ documents that DAS-HRE would screen all candidates for the proposed PSM1 and EO5 positions. In addition, successful candidates would be required to comply with the qualifications specified by DAS-HRE. The DAS-HRE representative also stated, while he was aware it was Mr. Lumbard's hope or intention for Ms. Jensen to apply for the PSM1 position, she would not have qualified. Once the position was posted, DAS-HRE would have screened all applicants and provided a list of only qualified candidates for the Director's consideration. Ms. Jensen would not have been on the list based on her qualifications.

The pay range for a PSM1, effective June 30, 2017, was \$57,283.20 to \$102,044.80. As of June 30, 2017, Ms. Jensen's salary was \$61,672.00. We are unable to determine what salary she would have been awarded had Mr. Lumbard been successful in placing her in the PSM1 position; however, it would likely have been an increase.

The DAS-HRE representative we spoke with confirmed the EO5 and PSM1 positions were never officially posted. As a result, DAS-HRE had not opened the positions to candidates. However, as stated previously Mr. Lumbard distributed a revised DTR at the all-employee meeting on July 11, 2017. The DTR identified Ms. Jensen as the CAO and identified Mr. Johnson as an "Executive Liaison" with no one reporting to him. The DTR distributed during the all-employee meeting was to be effective immediately. By making the changes effective at his direction, Mr. Lumbard bypassed the oversight controls in place which require DAS-HRE approvals.

Also as previously stated, Ms. Jensen sent an email to certain ICN employees on July 12, 2017 which documented her intent to take over the responsibilities of the proposed PSM1 position. In addition, in an email Ms. Jensen sent to the same staff members on July 17, 2017 informing them she would be teleworking the rest of the day. The title Ms. Jensen used in the email was "Executive Administrator, CAO."

In addition, we identified emails Ms. Jensen sent to a DAS-HRE representative on July 14, 2017 and July 25, 2017 asking the status of the proposed positions. However, we did not identify a response from the DAS-HRE representative. From the content of the emails, it is apparent Ms. Jensen was still attempting to move ahead with establishing the positions.

Because the PSM1 and EO5 positions had never been officially posted and the required DAS-HRE processes had not been completed and because, as acting Executive Director, Mr. Groner felt it was in the best interest of ICN operations, a decision was made to stop the process of establishing the positions. In addition, Mr. Groner sent an email on July 18, 2017 to all ICN employees informing them, while the ICN would continue to move forward to the 2 division structure,

Mr. Johnson would remain as the CAO and Ms. Jensen would continue as the Executive Administrator. In addition, staff would continue to report to the supervisor they had previously reported to.

According to Mr. Groner, he spoke with the DAS-HRE representative working with Mr. Lumbard regarding the proposed positions. He stated the DAS-HRE representative told him he was not aware Mr. Lumbard intended to have Ms. Jensen perform the duties listed on the proposed PDQ for the PSM1 position prior to someone being named to the position. However, the DAS-HRE representative told him he understood Mr. Lumbard hoped Ms. Jensen would apply for the position.

When we spoke with Mr. Bruner, he stated he was aware of the changes in ICN's structure to move from 5 bureaus to 2 divisions. However, he also stated he was not aware of the position changes Mr. Lumbard had been working on with the DAS-HRE representative. He also expressed surprise when we asked if he was aware Mr. Lumbard hoped to have Ms. Jensen fill the PSM1 position.

Based on the documentation we reviewed and information obtained from ICN, DAS-HRE, and DOM officials we spoke with, it is apparent Mr. Lumbard's intent was to have Ms. Jensen fill the PSM1 position. Based on Ms. Jensen's education and work experience and the minimum requirements established by DAS-HRE for the position, this was not reasonable. A DAS-HRE representative we spoke with verified Ms. Jensen's education and work experience did not meet the qualifications established by DAS-HRE for the PSM1 position and DAS-HRE would not have approved her filling the position.

Included in the personnel documents we reviewed during testing were telework agreements. Based on documentation we were provided, Mr. Lumbard issued an "action memo" on February 1, 2017 regarding updating of telework agreements for all ICN employees. The memo stated all existing agreements must be re-authorized by March 1, 2017. We reviewed the telework agreements for the Executive Team and identified the effective dates, which are summarized in **Table 17**.

Table 17		
Individual	Effective Date	Effective Until
Phil Groner	02/09/17	Open
Deb Evans	03/01/17	03/01/18
Mark Johnson	02/28/17	07/15/17
Jessica Jensen	02/28/17	07/15/17

As illustrated by the **Table**, the telework agreements for Mr. Johnson and Ms. Jensen terminated on July 15, 2017. We are unable to determine if these dates were specified as a result of the changes Mr. Lumbard planned to make to their positions.

Summary of concerns – A brief listing of the primary concerns identified regarding personnel actions and proposed actions with respect to Ms. Jensen and the duties assigned to her is summarized below.

- Based on her resumé, Ms. Jensen did not meet the minimum qualifications established by DAS-HRE for the Executive Secretary position. However, this position is exempt from screening by DAS. As a result, agencies are not required to comply with the qualifications established by DAS-HRE.
- It is not clear why Mr. Lumbard considered Ms. Jensen as part of the Executive Team. She was hired as an Executive Secretary and was not promoted into another position. The position of Executive Secretary is not considered an Executive level position. In addition, she did not have any supervisory responsibilities.

- Ms. Jensen had a previously established relationship with Mr. Lumbard through a position she holds at WFM. She stated she learned of the Executive Secretary position through Mr. Lumbard.
- Ms. Jensen received a 14.00% salary increase after the end of her 6 month probationary period and a 12.01% increase a year after that. The salary increases Ms. Jensen received during her employment, along with across the board increases, increased her annual salary from \$45,073.60 to \$63,211.20, or 40.24%. These increases exceeded increases provided to other ICN employees we tested.

The justification provided by Mr. Lumbard for the 14.00% pay increase was that Ms. Jensen had been offered a position by the Judicial Department and he wanted to keep her at ICN. Based on confirmation from a Judicial Department official and Ms. Jensen herself, she was not offered a position and had not applied for a position. Mr. Lumbard did not provide DAS-HRE an explanation for the second large increase.

During her employment period, Ms. Jensen's duties, as described in her PPE, did not change significantly. As a result, pay increases totaling 40.24% are unreasonable.

- Ms. Jensen stated she attended "almost all" meetings with Mr. Lumbard, including meetings held out of state. This is very unusual and does not appear to a good use of State resources. The unnecessary costs incurred for Ms. Jensen to travel to out of state meetings with Mr. Lumbard and other members of the Executive Team totaled \$10,360.15. In addition, ICN incurred \$864.00 of overtime costs for the time Ms. Jensen recorded as overtime during these trips. Ms. Jensen also recorded compensatory time during some of these trips which resulted in her receiving 59.25 hours of compensatory time off, which was valued at \$1,735.55.
- Although not yet approved by DAS-HRE, Mr. Lumbard was actively working to establish a new EO5 position and a new PSM1 position at ICN at the time his medical leave began. Documents and emails we reviewed made it clear the EO5 position being developed was to be filled by Mr. Johnson. It is also clear Mr. Lumbard intended for Ms. Jensen to fill the PSM1 position even though her education and work experience did not meet the minimum qualifications established by DAS-HRE. It is also clear the description of the PSM1 in the PDQ Mr. Lumbard prepared "to fit" Ms. Jensen.

While the positions had not yet been approved by DAS-HRE, Mr. Lumbard announced a new realignment of duties and distributed a new DTR at the all-employee meeting on July 11, 2017. He also announced the realignments were to be effective immediately after the meeting. As stated previously, the announcement was made prior to DAS-HRE approving the proposed positions, posting the proposed positions for applicants, and selecting qualified candidates. By making the changes effective at his direction, Mr. Lumbard bypassed the oversight controls in place which require DAS-HRE approvals.

The realignments included in the DTR specified individuals who were to report to the proposed PSM1 position should begin reporting to Ms. Jensen. Ms. Jensen sent an email the next day to those individuals requesting meetings. ICN's DAS-HRE representative stated he was not aware Ms. Jensen was performing the duties associated with the PSM1 position.

In addition, Mr. Lumbard did not discuss the changes which would result from these new positions with the ITTC or Mr. Bruner prior to the all-employee meeting. Based on Ms. Jensen's education and work experience and the minimum requirements established by DAS-HRE for the position, this was not reasonable. A

DAS-HRE representative verified Ms. Jensen's education and work experience did not meet the qualifications established by DAS-HRE for the PSM1 position and DAS-HRE would not have approved her filling the position.

Executive Officer 2, T.J. Boulet

Taylor J. (T.J.) Boulet was hired as a Legislative and Administrative Liaison effective September 29, 2016. The DAS-HRE position he was hired for is an Executive Officer 2 (EO2). During the initial portion of his employment, he resided in Marion, IA, but he subsequently moved to the Des Moines metropolitan area.

As previously stated, Mr. Lumbard is associated with WFM. Mr. Boulet also had been involved with WFM prior to his employment with ICN. During an interview with Mr. Boulet, he stated he learned about the Legislative Liaison position from Mr. Lumbard. He stated Mr. Lumbard contacted him after little to no contact for over 5 years and stated he was thinking about hiring someone into a political position. Mr. Lumbard inquired if Mr. Boulet was interested in the position. While Mr. Boulet was working in dispatching and communications for a trucking company at the time Mr. Lumbard contacted him, he had earned his Political Science degree.

The offer letter extended to Mr. Boulet by Mr. Lumbard specified he would report to Mr. Johnson and his starting annual salary would be \$56,014.40. He received a 5% increase at the end of his 6 month probationary period and 2 across the board increases. His salary has increased a total of 7.4% since he began.

We confirmed ICN had several vacant EO2 positions available in July 2016 and December 2016. As a result, ICN did not need to open up a new position in the State's HRIS system prior to hiring Mr. Boulet.

While a new position did not need to be created within the State's HRIS system for Mr. Boulet, according to Executive Team members we spoke with, the ICN position filled by Mr. Boulet was newly created. He did not fill a position previously held by someone who preceded him. As a result, there was not a defined job description for the position. When we contacted a DAS-HRE representative to obtain a copy of the PDQ and HJ (Hiring Justification), we learned DAS-HRE did not have any documentation related to the position. The DAS-HRE representative we spoke with stated, while it's unusual, agencies have the ability to post a non-merit position and fill it on their own without consulting with DAS-HRE. However, during our review of Mr. Lumbard's ICN emails, we determined DAS-HRE approved the PDQ for the position on September 2, 2016 and DOM approved it on September 8, 2016. We are unable to determine why DAS-HRE did not have a copy available when we asked.

The DAS-HRE representative was able to provide us a copy of the posting ICN established on Brassring.com listing the position. The posting specified, "This is a courtesy posting for a non-merit position" and instructed applicants to send a cover letter and resumé to Ms. Jensen at ICN. The posting stated the closing date was September 22, 2016 and a DAS-HRE representative was able to determine the position was posted on September 12, 2016. As a result, the posting was open for just 10 days.

While the DAS-HRE representative stated agencies have the ability to post a non-merit position and fill it without consulting with DAS-HRE, the job classification description available on DAS' website does not include the notation "Majority of the positions in this class are exempt from the screening and referral requirements of the Iowa Department of Administrative Services – Human Resources Enterprise." It is unclear why DAS-HRE would allow agencies to establish a position such as this without complying with DAS-HRE policies.

The job classification description also specifies the position requires graduation from an accredited 4 year college or university and experience equal to 4 years of full-time professional level work such as program administration, development, management, or operations. There are also alternatives to the education and work experience requirement. However, based on

Mr. Boulet's education and work experience he described to us when we met with him, he does not meet the combined education and work experience requirement or any of the alternatives provided by DAS.

While DAS-HRE did not have a PDQ, HJ, or other documentation related to the establishment of Mr. Boulet's position, we requested any related documentation from Ms. Jensen. As previously stated, Ms. Jensen reported she handled HR responsibilities for ICN. We obtained copies of a HJ and PDQ for Mr. Boulet's position from Ms. Jensen. Copies of the HJ and PDQ are included in **Appendix 15**.

As illustrated by the **Appendix**, on page 1 of the HJ, it was noted the position "has been vacant for sometime [sic]" and "This position was currently assigned to another employee." In addition, on page 3 of the PDQ the answer to questions number 14 and 15, respectively, are "New position to be filled" and "These duties were previously performed by Jontell Harris (Executive Officer 2) and Mark Johnson (Chief Admin Officer)." As previously stated, Executive Team members stated Mr. Boulet's position was new and no one previously held it. It was created as a succession plan to Mr. Johnson's duties. The responses to the questions on the HJ and PDQ do not give this impression.

Executive Team members we spoke with stated Mr. Boulet was hired as a succession plan to Mr. Johnson's position in accordance with Mr. Lumbard's directions. However, Mr. Johnson does not have any plans to retire or leave ICN in the near future. The Executive Team members also stated, if Mr. Johnson were to choose to leave ICN, there was another individual on staff who had previous legislative experience for ICN. They stated that individual could be repositioned to perform legislative duties, if necessary.

As previously stated, when Mr. Lumbard's medical leave began, he was working with DAS-HRE to establish a new EO5 position which he intended to be filled by Mr. Johnson. In addition, according to Mr. Johnson, he met with Mr. Lumbard in June regarding his annual performance review. During the meeting Mr. Lumbard explained his plans to change Mr. Johnson's duties which involved getting his focus back on legislative matters and "forgetting" other duties. Mr. Johnson stated Mr. Lumbard told him the change would result in a pay decrease and asked if he would be interested in this change. Mr. Johnson stated it was not clear what the outcome would have been if he was not interested, but he did agree to the changes Mr. Lumbard described.

When we spoke with Mr. Johnson about the process followed to hire Mr. Boulet, he indicated the process moved rather quickly. He also stated Mr. Lumbard arranged for him to meet Mr. Boulet prior to Mr. Boulet even applying for the position. Specifically, Mr. Lumbard arranged for the 3 of them, along with Ms. Jensen, to have dinner. According to Mr. Johnson, Mr. Lumbard told him on several occasions, while Mr. Lumbard had known Mr. Boulet in the past, there was no current relationship and he didn't owe him anything.

In addition, Mr. Johnson stated part of the analysis of Mr. Boulet's qualifications relied on Mr. Lumbard's indication Mr. Boulet had worked with a Senator from Kansas; however, Mr. Johnson stated he did not speak with any references "as quickly as this was done." He also stated he's not sure Mr. Boulet's experience was as deep as it was portrayed to be.

Mr. Johnson also reported Mr. Boulet's interview was held via video and he believed Mr. Boulet was actually at WFM during the interview. As a result, he expressed concern there may have been more to the relationship between Mr. Lumbard and Mr. Boulet than he had originally been lead to believe.

Executive Team members we spoke with stated there were several candidates who applied and were interviewed by Mr. Lumbard and Mr. Johnson. They also stated they believed Mr. Boulet was the best suited for the position among the candidates; however, an Executive Team member also expressed he felt as if the position had been specifically created for Mr. Boulet.

Members of the Executive Team explained Mr. Boulet was mentored by Mr. Johnson and busy during the Legislative session; however, since then it has been difficult to fill his days with meaningful work. As a result, they expressed concerns whether the costs associated with the position Mr. Boulet holds is a good use of ICN funds.

When we spoke with Mr. Boulet about his duties, he stated he tracks legislative news and politics which may have an influence on ICN. He also stated he did not have an understanding of what his duties would be, if any, after the reorganization Mr. Lumbard announced at the July 11, 2017 all-employee meeting. He stated he was confused because his current responsibilities supported Mr. Johnson's duties, but, with the reorganization, he would be reporting to Ms. Jensen. He also stated he felt Mr. Lumbard explained Mr. Johnson would be performing his current responsibilities and Mr. Boulet stated he was concerned there was a possibility he would no longer be employed by ICN.

As previously stated, Mr. Boulet's employment was terminated effective January 2, 2018. Also as previously stated, Executive Team members reported Mr. Boulet's position was created as a succession plan to Mr. Johnson's duties. However, Mr. Johnson stated he has not developed any plans for leaving ICN's employment. In addition, Executive Team members stated it has been difficult to fill Mr. Boulet's days with meaningful work. Because there is no clear purpose to establishing the position filled by Mr. Boulet, the total costs incurred by ICN for Mr. Boulet's salary during the period of his employment is included in **Exhibit A** along with the value paid to Mr. Boulet for the value of his unused vacation at the time of his termination and the State's share of benefits, such as health, dental, and life insurance. These costs total \$98,600.48.

Summary of concerns – A brief listing of the primary concerns identified regarding personnel actions regarding Mr. Boulet is summarized below.

- Based on his resumé, Mr. Boulet did not meet the minimum qualifications established by DAS-HRE for the EO2 position he was hired for. We are unable to determine why DAS-HRE did not screen applicants for the position.
- DAS-HRE did not have a PDQ or an HJ for the position filled by Mr. Boulet.
- Mr. Boulet had a previous relationship with Mr. Lumbard through WFM. Mr. Boulet stated he learned of the position he was hired for through Mr. Lumbard. In addition, Mr. Lumbard arranged for Mr. Boulet to meet Mr. Johnson prior to applying for the position.
- The process of interviewing applicants moved at a fast pace according to Mr. Johnson. As a result, he did not thoroughly vet the references provided by Mr. Boulet. In addition, Mr. Boulet's interview was held via video which possibly originated from WFM property.
- As previously stated, as the Executive Director, Mr. Lumbard was authorized to make decisions for the agency. Executive Team members we spoke with stated they expressed their concerns to Mr. Lumbard that if a position was to be filled at ICN, an engineering position was the greatest need. However, at Mr. Lumbard's direction, Mr. Boulet was hired. According to Executive Team members, Mr. Lumbard's intent with the position was to have a succession plan in place for when Mr. Johnson retired, even though Mr. Johnson did not have any plans to leave and an existing ICN employee had the experience necessary to step into his role, if needed.
- Since the end of the Legislative session, it has been difficult to fill Mr. Boulet's days with meaningful work. In addition, Mr. Johnson has been able to cover the Legislative season on his own without the assistance of someone in Mr. Boulet's position. As a result, Mr. Boulet's salary does not appear to be a good use of ICN funds. During his employment, ICN has incurred a total of \$98,600.48 for Mr. Boulet's salary, termination pay, and the employer's share of payroll costs.

Temporary Employee, Danielle Steen

The State of Iowa has established a contract with Aureon Staffing. The contract allows agencies to meet temporary staffing needs for a number of positions. Billings ICN received from Aureon document Danielle Steen began providing temporary staffing services to ICN in November 2016. As previously stated, Ms. Steen is also associated with WFM operations.

According to Ms. Steen, she enrolled with Aureon in the fall of 2016 because Ms. Jensen was going to be taking a planned leave from ICN and she was familiar with Mr. Lumbard's needs regarding scheduling and other administrative duties.

As previously stated, Ms. Steen also prepared an inventory of the trailers purchased by ICN after they arrived at the WFM property in June 2017. **Table 18** summarizes the number of hours Ms. Steen worked for ICN based on timesheets obtained from Aureon.

Table 18		
Month	Number of Hours	Total Cost
November 2016	36.00	\$ 712.80
December 2016	83.50	1,653.30
January 2017	15.00	297.00
February 2017	12.00	237.60
March 2017	12.00	237.60
April 2017	2.25	44.55
May 2017	7.75	153.45
June 2017	10.00	198.00
July 2017	46.00	910.80
Total	224.50	\$ 4,445.10

From November 2016 through January 6, 2017, Ms. Steen assisted Mr. Lumbard while Ms. Jensen was on an extended medical leave. As previously stated, Ms. Steen worked 56 hours for ICN from June 26, 2017 through July 14, 2017 preparing inventories of equipment on the trailers purchased by ICN and delivered to WFM property in Marion, IA. According to Ms. Steen, she also provided administrative support to an ICN official from February through May 2017. She stated the ICN official was working on a project and did not require much assistance.

As previously stated, Ms. Steen is an Administrative Officer of WFM. As a result, she was familiar with Mr. Lumbard prior to her temporary employment with ICN through Aureon. She was also familiar with Ms. Jensen through WFM. As previously stated, she enrolled with Aureon because of Ms. Jensen's anticipated leave and her primary duties while assisting Mr. Lumbard involved scheduling, checking emails, and dealing with applications and scheduling interviews for an open position. She also stated she contacted the interviewees. She specified she did not make any travel arrangements for Mr. Lumbard or make any purchases for ICN.

Ms. Steen stated she worked primarily in an office Mr. Lumbard maintained at the WFM property near Marion, IA and used for both WFM and ICN purposes. She did not frequently travel to Des Moines for the duties assigned to her.

Summary of concerns – A brief listing of the primary concerns identified regarding the employment of Ms. Steen as a temporary employee is summarized below.

- Ms. Steen had been Mr. Lumbard's administrative assistant at WFM during the period she also was hired by ICN as a temporary employee.
- During most of the time Ms. Steen worked as a temporary employee for ICN, she worked from WFM properties in Marion, IA.
- At Mr. Lumbard's direction, Ms. Steen removed equipment from the blue trailer which was subsequently listed for sale on eBay by COH Logistics.

Ric Lumbard's Benefits

Minutes from the January 2014 ITTC meeting list Mr. Lumbard's predecessor as the Executive Director and minutes from meetings held in April 2014 through the August 2014 document Mr. Lumbard was the acting Executive Director during these months. While the minutes document the February 2014 meeting was cancelled, minutes from 4 ITTC meetings held in March 2014 and early April 2014 show the ITTC entered closed session in accordance with Chapter 21 of the *Code*. However, the minutes do not document actions taken by the ITTC as a result of discussions held while in closed session. As a result, it appears the ITTC appointed Mr. Lumbard as the acting Executive Director during 1 of these meetings. However, we are unable to determine if the ITTC voted on the appointment because the ITTC's actions were not clearly documented.

As previously stated, Mr. Lumbard was appointed by the ITTC as the Executive Director in September 2014. During an interview with Mr. Bruner, we inquired whether the ITTC was aware Mr. Lumbard resided in the Cedar Rapids metropolitan area when they appointed him Executive Director. Mr. Bruner stated they were aware of this and Mr. Lumbard made being able to continue to live in that area a condition of his accepting the position. We also spoke with a Commissioner who confirmed she understood Mr. Lumbard resided in the Cedar Rapids metropolitan area, but stated Mr. Lumbard was expected to work for the ICN office in Des Moines in order to fulfill his supervisory role for ICN.

When asked if the ITTC expected Mr. Lumbard to report to the Des Moines area on a daily basis for his responsibilities as the Executive Director, Mr. Bruner stated the ITTC "didn't really get into that." He also stated the ITTC's expectation was "basically to get the job done. Do whatever he had to do." In addition, Mr. Bruner stated, "The idea was that he could stay over [in the Des Moines area] like one night a week or something" so "if there was an early morning meeting the next day, so there was a little latitude that way." Later during the conversation with Mr. Bruner, he clarified Mr. Lumbard may not stay one night a week, "but just based upon what he had the following day, a meeting with somebody the next morning or something." When we spoke with a Commissioner, she stated she was not aware ICN reimbursed Mr. Lumbard for the costs associated with overnight stays in the Des Moines area. The Commissioner also stated Mr. Lumbard was expected to work from the ICN office in Des Moines as a result of his supervisory duties.

Mr. Bruner also referred to a State vehicle which was provided to Mr. Lumbard when we were discussing the location of his residence. When asked if the ITTC approved the use and cost of a State vehicle, Mr. Bruner replied "It was understood." However, when we asked 2 other Commissioners if they were aware ICN incurred costs associated with State vehicles used by Mr. Lumbard for commuting, they stated they were not. When asked if there was any written documentation regarding the ITTC's understanding of the vehicle assigned to Mr. Lumbard, Mr. Bruner stated he wasn't aware of any. He also stated he did not recall if there was any input received from DAS officials regarding the use of a State vehicle for commuting to a personal residence.

During the discussion with Mr. Bruner, he reported none of the expectations were in writing. He also reported there was not a written employment contract with Mr. Lumbard.

Because certain travel reimbursement costs and tax issues are related to where an individual's official domicile is located, we asked Mr. Bruner if there was a discussion of Mr. Lumbard's official domicile. Mr. Bruner stated he believed the idea was Mr. Lumbard was to live in the Cedar Rapids area and work in Des Moines. We also confirmed this understanding with a Commissioner we spoke with. As a result, his official domicile should have been Des Moines.

During our review of disbursements made by ICN, we identified lodging costs in the Des Moines area for Mr. Lumbard and costs associated with the State vehicle assigned to him. The lodging costs identified totaled \$1,262.48. The 15 payments identified are listed in **Exhibit F**. As illustrated by the **Exhibit**, the costs were incurred between May 10, 2016 and September 15, 2016. The **Exhibit** also illustrates the costs were incurred on a weekly basis for some months, but there was occasionally a week during which a cost was not incurred. Because Mr. Lumbard's domicile should have been Des Moines, reimbursement of the lodging costs was not in compliance with DAS policies. As a result, the \$1,262.48 is included in **Exhibit A** as improper disbursements.

As previously stated, Mr. Lumbard was appointed by the ITTC in September 2014. However, the lodging costs did not begin until May 2016. In addition, the lodging costs did not continue after September 2016. When we asked Executive Team members if Mr. Lumbard periodically stayed in Des Moines during the periods when lodging costs were not incurred, they stated he did, but were unable to say how frequently. They also stated they were not sure why he did not continue to incur lodging costs, but speculated he may have stayed with friends and/or family members in the Des Moines area.

In accordance with DAS procedure number 210.109 from the State Accounting Policy and Procedures Manual, lodging costs received by an employee while not in travel status (ie, in the official domicile) are subject to withholding to the employee and are to be included on the W-2 form. An ICN staff member we spoke with stated they did not report any taxable income for Mr. Lumbard for the reimbursements he received for lodging costs incurred in his official domicile.

We also determined ICN incurred costs for vehicles assigned to and used by Mr. Lumbard. Prior to March 2016, ICN paid DAS for use of a State Fleet vehicle assigned to Mr. Lumbard. Because records were not available from DAS prior to July 1, 2014, we are unable to determine the date Mr. Lumbard was initially assigned a vehicle. However, based on available records, Mr. Lumbard had a vehicle assigned to him in July 2014. As a result, it is apparent he began using a State vehicle for commuting purposes when he was the acting Executive Director. According to information from DAS, a 2016 Chevrolet Equinox, purchased by ICN, was placed in service on March 16, 2016. The Equinox was assigned to Mr. Lumbard for his use.

From July 2014 through January 2016, ICN paid DAS \$0.34 per mile for the vehicle assigned to Mr. Lumbard. The rate was increased to \$0.3925 effective in February 2016. Using records available from DAS, we determined ICN incurred \$18,012.55 for use of a fleet vehicle from July 2014 through February 2016. **Table 19** summarizes the charges by month. A DAS representative also provided the following information regarding the costs included in **Table 19**:

- DAS did not bill ICN for August 2014 and billed ICN twice for June 2015. Because DAS should have billed ICN \$766.70 for August 2014, the net effect of the errors in the 2 months resulted in DAS overbilling ICN \$143.14.
- ICN did not report the number of miles driven for December 2014 through February 2015 and April 2015. According to a DAS representative, when DAS is unable to obtain this information from an agency, DAS bills the State agency a flat daily fee. However, sufficient information was not provided to determine if the daily rates charged were accurate.

Table 19		
Month	Miles Reported	Monthly Cost
July 2014	2,981	\$ 1,013.54
August 2014	-	-
September 2014	3,065	1,042.10
October 2014	3,028	1,029.52
November 2014	2,435	827.90
December 2014	-	495.00
January 2015	-	478.50
February 2015	-	510.00
March 2015	2,445	831.30
April 2015	-	510.00
May 2015	2,310	785.40
June 2015	2,676	909.84
June 2015	2,676	909.84
July 2015	2,744	932.96
August 2015	2,546	865.64
September 2015	4,635	1,575.90
October 2015	3,386	1,151.24
November 2015	2,730	928.20
December 2015	3,515	1,195.10
January 2016	5,159	1,754.06
February 2016	679	266.51
Total	47,010	\$ 18,012.55

As previously stated, ICN purchased a Chevrolet Equinox in March 2016. The vehicle replaced the fleet vehicle previously assigned to Mr. Lumbard. As previously stated, a Commissioner we spoke with stated she was not aware ICN incurred costs associated with State vehicles used by Mr. Lumbard for commuting. She also stated she was not aware ICN had purchased a vehicle used by Mr. Lumbard.

According to ICN staff members we spoke with, a cost analysis they performed at the time of the purchase showed it was cost beneficial to purchase a vehicle and pay the associated monthly costs rather than continue to pay the monthly costs associated with the use of a State Fleet vehicle. The cost to purchase the Equinox was \$21,063.50. In addition, ICN pays a \$242 monthly charge, but the monthly payment is deposited into a fund which can be applied to a future vehicle purchase. ICN also pays \$23.73 per month for insurance for the vehicle.

We also determined ICN incurred the fuel and maintenance costs summarized in **Table 20** for the State vehicle Mr. Lumbard used to commute from Des Moines to his home from near Marion March 21, 2016 through July 11, 2017. The costs listed in the **Table** were obtained from the WEX credit card billing paid by ICN for the vehicle assigned to Mr. Lumbard. They are summarized by month using the transaction date from the WEX billings. Vehicle costs are also summarized in monthly reports ICN is to provide to DAS. However, the reports we reviewed were not complete. As a result, we relied on the information from the WEX credit card statements.

Table 20

Month	Fuel Costs	Maintenance Costs	Total Costs
March 2016	\$ 139.14	-	139.14
April 2016	317.37	-	317.37
May 2016	270.43	80.03	350.46
June 2016	386.25	-	386.25
July 2016	530.30	56.33	586.63
August 2016	235.30	-	235.30
September 2016	364.38	-	364.38
October 2016	607.74	56.33	664.07
November 2016	429.96	-	429.96
December 2016	548.56	-	548.56
January 2017	500.62	-	500.62
February 2017	351.31	57.77	409.08
March 2017	375.51	49.95	425.46
April 2017	353.00	131.23	484.23
May 2017	306.45	-	306.45
June 2017	389.50	-	389.50
July 2017^	153.85	-	153.85
Total	\$ 6,259.67	431.64	6,691.31

^ - Last purchase at State fuel pump on 07/12/17.

In accordance with section 8A.362(8) of the *Code* and 11-IAC-103.16(1), fuel used in State vehicles is to be purchased at cost from various State installations or garages unless State-owned sources are not reasonably accessible. DAS policy lists State-owned sources, including but not limited to, the DAS Fleet fuel island on the Capitol complex. **Exhibit G** lists the individual fuel purchases made for the vehicle Mr. Lumbard used. As illustrated by the **Exhibit**, only a limited number of fuel purchases for the vehicle were made at a State-owned facility. Because Mr. Lumbard was using the vehicle to commute to Des Moines each day, he had the opportunity to use the State-own facility located on the Capitol complex. The vehicle he used would be able to make a round trip between Des Moines and the Marion area each day with a daily (or less frequent) fill-up at the State-owned fuel pump.

Because Mr. Lumbard purchased fuel from the vendors listed in **Exhibit G** rather than from a State-owned facility where fuel can be purchased at cost, excess costs were incurred. However, because we are unable to determine the amount of excess costs incurred, we have not included an amount in **Exhibit A**.

In accordance with 11 IAC 103.8, each State driver who is assigned a State vehicle or drives a State or private vehicle on State business at least 5,000 miles per year shall attend a Defensive Driving or Driver Improvement course every 3 years. The vehicle assigned to Mr. Lumbard was placed in service as a new vehicle in April 2016. At June 30, 2017, the vehicle's odometer reading was 57,377, according to reports ICN submitted to DAS. As a result, it is apparent the 5,000 miles per year rule was applicable to Mr. Lumbard. However, according to an ICN staff member, he did not enroll in any driving courses required by DAS.

The DAS Fleet Services Policies & Procedures manual states:

“Per Code of Iowa section 8A.363, state officers or employees shall not use a state-owned motor vehicle for personal private use. However, a vehicle may be driven to an assigned driver's home if the driver's home is the approved work location. Upon prior written request, the DAS Fleet Services manager may authorize a state vehicle to be

driven home if the driver lives in the same direction as a scheduled trip destination. If granted, such authorization shall be limited for the specific driver, vehicle and destination. In these instances, department personnel must adhere to Internal Revenue Service commuting valuation regulations and report receiving a taxable benefit of \$1.50 (\$3.00 round trip) per day when using a State-owned vehicle in this manner. Under no other circumstances is commuting in a state vehicle allowed.”

As previously stated, Mr. Lumbard’s official domicile was Des Moines based on the ITTC’s expectation he work in Des Moines while living near Marion in the Cedar Rapids area. As a result, his situation does not comply with requirements established by section 8A.363 of the *Code*.

As previously stated, using a state vehicle for commuting is not in compliance with requirements established by DAS. If an employee does use a vehicle for commuting purposes, the employee should adhere to IRS regulations resulting in reporting a taxable benefit of \$3.00 per day for round trips. In the case of Mr. Lumbard, the taxable benefit would apply for every day he used the State vehicle for commuting, whether the commute was between the ICN office in Des Moines and his home near Marion, if the commute was between the ICN office and the location in which Mr. Lumbard chose to overnight in the Des Moines area, or if the commute was between any other locations. As stated previously, Mr. Lumbard was periodically reimbursed for lodging in the Des Moines area and, according to Executive Team members, he also stayed overnight in the Des Moines area at times without requesting a reimbursement. However, ICN did not report any taxable benefits to DAS for these costs.

The costs paid by ICN for the vehicles used by Mr. Lumbard are summarized in **Table 21**.

Table 21	
Description	Amount
Costs for use of Fleet vehicle in and prior to March 2016:	
Monthly cost paid to DAS (Table 19)	\$ 18,012.55
Costs for vehicle purchased by ICN in March 2016:	
Purchase of vehicle	21,063.50
Maintenance and fuel costs (Table 20)	6,691.31
Monthly cost paid to DAS [^]	3,872.00
Monthly insurance cost*	379.68
Total	<u>\$ 50,019.04</u>

[^] - \$242 paid per month for April 2016 through July 2017.

* - Monthly cost of \$23.73 per month for April 2016 through July 2017.

As previously stated, 2 Commissioners we spoke with were unaware Mr. Lumbard used a State vehicle for commuting purposes and using a State vehicle for commuting is specifically prohibited by DAS. These costs would include incidental usage other than commuting, such as traveling to meetings within the area and a limited number of other trips for ICN operations. Because the majority of the vehicle usage was for commuting, we included the \$50,019.04 paid by ICN for the vehicle costs in **Exhibit A** as improper disbursements.

During an interview with Ms. Jensen, she stated she had used the State vehicle assigned to Mr. Lumbard to travel to a local retail store to purchase supplies when the Governor visited the ICN office. She also stated she drove the vehicle when she took Mr. Lumbard to the airport or picked him up when he returned. She also stated she periodically used the vehicle for commuting between the ICN office and her home when Mr. Lumbard had flown out of Des Moines. When asked why the vehicle wasn’t parked during his absence, she stated he was “trying to cut down on costs” by not leaving the vehicle parked at the airport.

When asked why the vehicle wasn't parked at the Capitol complex, Ms. Jensen stated sometimes she did, but if she had meetings to attend and she needed the vehicle, she just kept it. When asked if it would have made sense to leave the car at the Capitol complex overnight rather than leaving her personal car and using the State vehicle to commute home, Ms. Jensen stated, "I guess it could have." Because Ms. Jensen stated she used the vehicle for personal commuting purposes, she also should have had taxable benefits reported for each day she used it for commuting home.

As previously stated, Mr. Boulet resided in Marion, IA during the initial portion of his employment. When we spoke with Mr. Boulet, he reported during the time he lived in Marion he often rode to Des Moines with Mr. Lumbard. He stated he drove his personal vehicle to the WFM property and rode in the State vehicle driven by Mr. Lumbard. Mr. Boulet also stated on the days Mr. Lumbard teleworked from his office at the WFM property, he was allowed to take the State vehicle to Des Moines on his own. Because Mr. Boulet stated he used the vehicle for personal commuting purposes, he also should have had taxable benefits reported for each day he used it.

During our review of Mr. Lumbard's ICN emails, we identified the email included in **Appendix 16**. As illustrated by the **Appendix**, the email was sent by Mike Cruise to Mr. Lumbard and Ms. Jensen. It was also copied to Tammy Ranfeld. Mr. Cruise and Ms. Ranfeld work within the Financial Services area of ICN. The email included a link to where DAS has summarized the IRS regulations for determining an individual's domicile. The email also states, "If Ric's work week is required to be 56 hours and he works in the Des Moines office 24 hours then we can consider CR [Cedar Rapids] to be the domicile as the DSM [Des Moines] hours would be under the 50%."

According to Mr. Cruise, it was necessary for Mr. Lumbard's domicile to be Cedar Rapids in order to allow the purchase of a vehicle for him to use for commuting to work. As a result, Mr. Lumbard wanted his domicile to be Cedar Rapids. Mr. Cruise also stated he spoke with a DAS official during late 2017 to confirm the determination of Mr. Lumbard's domicile as Cedar Rapids is correct.

We have the following concerns regarding the notations included in the email.

- Directors of state agencies receive established salaries regardless of the number of hours they work each week. They also are instructed to record 56 hours per week (or 8 hours per day) on their weekly timesheet within the HRIS system regardless of the number of hours they work each day. While State agency Directors are considered to be on-call at all times, they are not actually engaged in agency business each and every day.
- When asked the basis for using 24 hours for Mr. Lumbard working in Des Moines, Mr. Cruise stated prior to the time the domicile determination was made, Mr. Lumbard had worked from Marion on Mondays and Fridays and from Des Moines on Tuesdays through Thursdays. However, based on the transaction dates of fuel purchases made with the WEX card starting in March 2016, we determined this was not an accurate reflection of Mr. Lumbard's work locations.

In addition, as previously stated, a Commissioner we spoke with stated Mr. Lumbard was expected to work for the ICN office in Des Moines as a result of his supervisory duties. A member of the Executive Team we spoke with described Mr. Lumbard's schedule with regard to the location he worked from as irregular and unpredictable. He stated it varied from week to week and was not consistent. No one we spoke with during our fieldwork indicated Mr. Lumbard worked from Marion 2 days per week (Monday through Friday). As a result, we take exception to determining Mr. Lumbard's domicile based on a calculation in which it was assumed Mr. Lumbard worked in Des Moines only 24 hours per week.

We confirmed with the DAS official Mr. Cruise spoke with that, in accordance with IRS regulations, it would be appropriate to consider Mr. Lumbard's work week to total 56 hours. However, the DAS official also stated Mr. Cruise reported to him Mr. Lumbard worked in Cedar Rapids in excess of 60% of his work hours.

Because Mr. Lumbard routinely worked 4 or more days per week in Des Moines and because Commissioners we spoke with stated it was their expectation Mr. Lumbard primarily worked from Des Moines, his domicile should have been Des Moines.

Summary of concerns – A brief listing of the primary concerns identified regarding the benefits provided to Mr. Lumbard is summarized below.

- The ITTC did not establish an employment agreement or any other form of written documentation which included the provision of lodging in the Des Moines area or use of a State vehicle, both of which resulted from Mr. Lumbard residing approximately 140 miles from his office in Des Moines.
- ICN has incurred costs of \$50,019.04 for the vehicles used by Mr. Lumbard to commute to his home and related fuel and maintenance. The majority of these costs would have been for commuting. In addition, lodging costs in the Des Moines area totaled \$1,262.48.
- Neither DAS nor ICN reported the taxable benefit received by Mr. Lumbard as a result of receiving reimbursements for lodging costs incurred in his official domicile or being provided a vehicle for commuting purposes. The taxable benefit which should have been reported for him was the \$1,262.48 of lodging costs paid by ICN in 2016 and \$3.00 per day for each day Mr. Lumbard used the State vehicle to travel from his work location to the location where he spent the night, regardless of the locations. Because Mr. Lumbard was not required to be at the ICN office each day and sometimes teleworked from his home, we were unable to readily determine this amount with accuracy.
- ICN did not provide accurate monthly vehicle reports to DAS as required for the vehicles used by Mr. Lumbard.
- The State vehicle assigned to Mr. Lumbard was also periodically used by Ms. Jensen and Mr. Boulet to commute to and from their homes.

Unrecorded vacation days

We reviewed certain documents obtained during a search of Mr. Lumbard's residence by law enforcement officers which listed dates Mr. Lumbard and Ms. Jensen were in or traveled to Belize. The documents are described in the following paragraphs:

- A boarding pass for Mr. Lumbard which shows he traveled from the Dallas/Fort Worth airport to Belize City on Friday, March 27, 2015 of a 12:15 pm flight.
- A rental agreement for a vehicle from a vendor in Belize City which shows Mr. Lumbard rented a vehicle from Monday, October 26, 2015 which was to be returned on Wednesday, October 28, 2015.
- A rental agreement for a vehicle from a vendor in Belize which shows Ms. Jensen rented a vehicle on Thursday, November 5, 2015. The rental agreement also includes another individual. Because the vehicle may have been used by the second individual, we are unable to determine who returned it or on what date it was returned.

We reviewed information recorded on the timesheets within the HRIS system for Mr. Lumbard and Ms. Jensen for these periods and determined neither recorded any vacation time for the dates they were in Belize. We also reviewed Mr. Lumbard and Ms. Jensen's ICN emails for the periods

listed in the documents to determine if it was possible to identify specific days they returned to the office. However, the emails did not provide definitive documentation. As a result, we determined the minimum times Mr. Lumbard and Ms. Jensen would have been out of the office and should have recorded vacation. Our findings are summarized in the following bullets.

- Based on the limited emails responded to by Mr. Lumbard and the content of the responses, it appears Mr. Lumbard may have been traveling on Monday, March 30, 2015 and responding remotely to emails. Because travel from a destination for a personal purpose should be considered vacation, we determined Mr. Lumbard should have recorded a minimum of 2 vacation days for the trip.
- Based on emails we reviewed, it is clear Mr. Lumbard was out of the office from October 26, through October 28, 2015. As a result, these 3 days should have been recorded as vacation.
- We are unable to determine when Ms. Jensen returned to the office. However, but because she rented a vehicle in Belize on Thursday, November 5, 2015, it is likely the earliest she would have traveled back was Friday, November 6, 2015. As a result, a minimum of 2 days of vacation should have been recorded.

Because neither Mr. Lumbard nor Ms. Jensen recorded vacation for the trips identified, the amount they were paid at the termination of their employment was greater than it should have been. Specifically, ICN incurred \$2,860.04 too much for the 5 days of vacation Mr. Lumbard should have recorded. In addition, ICN incurred \$451.95 too much for the 2 days of vacation Ms. Jensen should have recorded. These amounts include the employer's share of FICA ICN paid for Mr. Lumbard and Ms. Jensen. The \$3,311.99 additional costs are included in **Exhibit A** as improper disbursements.

Because sufficient documentation was not available, we were unable to identify any additional unrecorded vacation time.

Summary of concerns – All personal time taken away from ICN duties should be recorded as vacation time. We identified 3 instances in which Mr. Lumbard and Ms. Jensen did not record vacation time when away from the office for personal purposes. Because sufficient records are not readily available, we are unable to determine if additional personal time was taken but not properly recorded as vacation time.

ADMINISTRATIVE ISSUES

Preferred Partners vs Vendors

As previously stated, we interviewed Ms. Jensen on September 27, 2017 with the assistance of a DCI agent. In response to a question during the interview of whether there were any vendors who Mr. Lumbard worked closely with, Ms. Jensen stated he primarily worked with FNS, but also specified he worked with Speak PR and Aeritae. She also stated he categorized vendors between "vendors" and "partners." She also stated he worked more routinely with the partners and did not interact much with vendors.

When asked to explain how Mr. Lumbard distinguished between partners and vendors, she explained partners "look like us [ICN]." She also stated, "they kind of act as an employee but [are] our vendor" and explained partners tend to handle aspects of ICN "day-to-day operations." In contrast, a vendor does not have an on-going relationship with ICN and are more "transitional."

During the interview, Ms. Jensen also explained the partners were involved in leadership meetings held in Whalen, MN and had a voice in decisions made at the meetings. She also explained some partners had more than 1 representative at the meetings.

When we asked a member of the Executive Team about the distinction between partners and vendors, it was explained there was more flexibility, to a certain extent, in dealing with partners. It was also explained that, in the event problems were encountered, there was more of “an opportunity to maybe try and work through those issues, and figure out” how to resolve the concern with partners.

To avoid the appearance of preferential treatment or potential conflicts of interest, all State agencies should ensure all vendors are treated in the same manner. Individuals making purchases on behalf of state agencies should ensure the procurement process followed is fair and open to the competitive process. In addition, vendors should not be considered part of the management team and, while their input may be considered valuable, it cannot be used in place of management input.

Teleworking

As previously stated, we reviewed the telework agreements established for certain ICN employees. During our review of various documents and emails, we identified instances in which certain employees notified others they would be teleworking at certain times. Specifically, we identified instances in which Ms. Jensen and Mr. Lumbard reported they would be teleworking but would be available if needed. An Executive Team member also reported at the end of Ms. Jensen’s tenure she worked in the office 9 hours per day from Monday through Thursday and teleworked from home for 4 hours each Friday. The Executive Team member stated Ms. Jensen performed the same duties at home that she did in the office, including scheduling, administrative duties, and secretarial duties.

The policy established by DAS for the Telework program specifies examples for which teleworking may be suitable. The examples include when job tasks are easily quantifiable or primarily project oriented. An Executive Team member we spoke with stated ICN employees are provided the opportunity to telework if their position involves sitting in front of a computer screen and work can be done remotely. Due to the nature of Ms. Jensen’s work, we were unable to readily determine the efficiency of allowing her to telework from home each Friday.

The DAS policy also states, “Prior to the commencement of a telework arrangement, a telework agreement must be completed and executed by the manager and the employee.” As illustrated by **Table 17** telework agreements were updated in February and March 2017 for members of the Executive Team. We determined telework agreements were not in effect prior to the dates shown in the **Table**. Ms. Jensen reported this was because the members of the Executive Team “did not have designated telework days” during that period.

As illustrated by **Table 17**, the telework agreements for Ms. Jensen and Mr. Johnson had expired in July 2017. The acting Executive Director was not aware of this until we asked about them.

The DAS Telework policy specifies 8 items to be addressed in the telework agreement established with each employee, including the duties to be performed by the employee, the telework site, and workdays and duty hours at the telework site. The telework agreements established for the Executive Team members were very broad when addressing some of these items. Specifically, the duties to be performed were the individuals’ working titles for Mr. Groner, Mr. Johnson, and Ms. Jensen. Individual duties were not specified. In addition, the work dates and duty hours at the telework site were stated as “TBD as needed or required” for these individuals. The telework agreement for Ms. Evans did not specify any duties or the work days and duty hours at the telework site.

While the duties listed in the telework agreements for Mr. Groner, Mr. Johnson, and Ms. Evans were very broad or not specified at all, each of these individuals has a number of executive level and management duties for which they are responsible and it would be difficult to enumerate in an effective manner in a telework agreement. In addition, none of these 3 individuals telework on a routine, repetitive basis as Ms. Jensen did during the end of her tenure with ICN. As a result, the need for formal telework agreements for Mr. Groner, Mr. Johnson, and Ms. Evans is not clear.

In contrast, at the end of her tenure at ICN, Ms. Jensen routinely teleworked from home. In addition, her duties were clearly stated on her PDQ and annual PPE in a manner which allowed the duties to be summarized in a telework agreement. As previously stated, her primary duties involved providing direct administrative support to the Executive Director and ITTC members and performing administrative and operational duties and responsibilities to support the function of the ICN Executive and Leadership Teams.

Also as previously stated, Ms. Jensen told Executive Team members after Mr. Lumbard's medical leave began she didn't have anything to do; her job was to talk to the Executive Director. In addition, according to Executive Team members, it had been challenging since Mr. Lumbard's medical leave began to find enough work to fill Ms. Jensen's days. As a result, we identified a concern establishing a set time each week Ms. Jensen was able to work at home.

Summary of concerns – Due to the nature of Ms. Jensen's work, we were unable to readily determine the efficiency of allowing her to telework from home each Friday.

Meetings in Minnesota

As previously stated, a leadership meeting was held in Whalen, MN from May 17, 2017 through May 19, 2017 during which Mr. Lumbard presented a proposal to purchase a semi-trailer. Meetings were also held at the same resort from May 3, 2016 through May 5, 2016, from June 6, 2016 through June 8, 2016, and from May 15, 2017 through May 16, 2017.

Of these 3 meetings, 2 were referred to as Secluded Strategy Sessions or a Leadership Retreat and the May 3, 2016 through May 5, 2016 meeting was referred to as a Business Services meeting.

The costs for the meetings are summarized in **Table 22**. A detailed listing of costs is included in **Exhibit H**.

Table 22				
Description	Lodging	Meals	Mileage*	Total
Business Services Meeting, May 2016	\$ 1,426.90	261.12	-	1,688.02
Secluded Strategy Session, June 2016	4,141.25	297.23	88.92	4,527.40
Combined meetings^, May 2017	5,651.20	825.11	173.55	6,649.86
Total	\$ 11,219.35	1,383.46	262.47	12,865.28

* - Includes only reimbursements for use of personal vehicles. Costs incurred by ICN for State vehicles used to travel to Whalen are not included in **Table 22**.

^ - Included the Business Services meeting and Secluded Strategy Session.

While ICN would have been able to hold Leadership meetings at a lesser cost within the State of Iowa, we are unable to determine any excess costs incurred by holding the meetings at the resort in Minnesota. As a result, we have not included any costs in **Exhibit A**.

The costs summarized in **Table 22** were obtained from reimbursement documents submitted by employees, PCard statements, and payments from the State's accounting system. The reimbursement documents submitted by employees include receipts from grocery stores. The facilities at which the meetings were held include kitchens and accommodations for overnight lodging. At Mr. Lumbard's direction, Ms. Jensen prepared a menu for each event and purchased groceries in the Des Moines area to transport to the meeting location. According to Ms. Jensen, for the initial meeting, she paid for the groceries with her personal funds and later received reimbursements from participants for their "share" of the total cost. For subsequent meetings, she received contributions from the participants prior to purchasing groceries. In both cases, the participants then reported their "share" of the cost reimbursed to Ms. Jensen on a travel reimbursement request and were subsequently reimbursed for the cost.

When we compared the reimbursement documents submitted by employees to the grocery store receipts, we determined the amount reimbursed to employees for groceries exceeded the amount of groceries purchased by \$22.95. Because the employees reimbursed Ms. Jensen for these costs, she ultimately received reimbursements in excess of the amount she spent for groceries. The \$22.95 of excess reimbursements are included in **Exhibit A** as improper disbursements.

As illustrated by the schedule provided to staff who attended the Leadership retreats, the travel time to the resort for each individual attending was 3.5 hours from Des Moines. After arriving at the resort in Whalen, MN, staff held meetings and had meals together. A limited amount of free time was also provided. When we spoke with Executive Team members regarding the meetings, they confirmed much of the time at the resort was spent in meetings and following the established agenda. We were also told the goal of the retreats was to take staff out of their typical work setting and place them at a location where they would not be distracted in order to determine goals and identify changes for the organization for the next year. The meetings followed Roberts Rules of Order and involved discussions of proposals, motions, and ultimately, a “deck” of successful motions used to establish goals for the coming fiscal year.

An Executive Team member we spoke with reported the Business Services meeting held in May 2016 was limited to the CFO, a Business Services official, and a partner who helped develop a sales strategy for ICN. In 2017, the Business Services meeting was held the same week as the Leadership retreat. As a result, the CFO, Business Services official, Mr. Lumbard, and Ms. Jensen traveled to the resort on Monday, May 15, 2017 and spent Monday and Tuesday at the meeting, then were joined by the rest of the Leadership on Wednesday for the Leadership Retreat.

As stated previously ICN vendors who were considered partners participated in the Leadership retreats. Specifically, a representative of FNS participated in the retreats held in 2016 and 2017. In addition, representatives of Aeritae and Speak PR participated in the 2017 Leadership retreat. According to Ms. Jensen, CenturyLink couldn’t make it to the meeting. When we spoke with Executive Team members, they expressed concern vendors were allowed to attend and participate in the Leadership meetings which set the course for the coming year.

In addition to attending the meetings, the vendors, with the exception of the FNS representative, contributed to the discussions and participated in voting on motions of proposed changes and initiatives. As previously stated, we were told by Executive Team members the FNS representative abstained from voting. When we spoke with the representative of FNS, he confirmed he abstained from voting during both retreats he attended.

According to the acting Executive Director, he voiced his concerns to Mr. Lumbard regarding having vendors vote on matters; in particular, matters that had a financial impact on ICN and which potentially could impact the vendors as well. He stated Mr. Lumbard’s response was ICN staff would still have final decision on everything. However, the successful motions from the meetings were implemented, regardless of the Executive Team’s input. An example would be the motion to purchase the semi-trailer which passed even though the Executive Team members voted against it.

In addition to expressing concern regarding the participants in the meeting, an Executive Team member we spoke with voiced concern regarding the location chosen for the retreats. Specifically, the Executive Team member questioned why the meetings needed to be held outside Iowa. By staying in Iowa staff travel time could have been reduced and there are comparable facilities operated by another state agency which could have met their needs.

As previously stated, materials were provided to those attending the Leadership retreats. We reviewed the materials and identified a cover letter Mr. Lumbard enclosed in the materials each year. A copy of the cover letter from 2017 is included in **Appendix 17**. As illustrated by the **Appendix**, the cover letter stated, “I will chair the meeting, not as Executive Director, but more as a tour guide to the process.” Individuals we spoke with stated Mr. Lumbard did not have “an

agenda” in the motions presented or the direction the discussion at the retreat took. According to Ms. Jensen, Mr. Lumbard was the only ICN staff member who did not vote at the meetings. She reported he only facilitated the meeting. However, an Executive Team member believed there were individuals at the meeting who were aware of Mr. Lumbard’s interests and helped “drive his agenda,” even though he did not vote. The Executive Team member stated the opinion it was odd these individuals were participating in the Leadership meeting because they did not supervise anyone, and as a result, were not usually considered part of the “Leadership” team.

When we spoke with Mr. Bruner, he stated the ITTC received verbal reports about work performed at the meetings held in Minnesota after they were held. However, the reports did not focus on the fact that they were held in Minnesota. He also stated he was aware the meetings were planned to be held off-site, but no one questioned why it was necessary to hold the meetings at a resort. Another Commissioner we spoke with confirmed the ITTC received verbal reports regarding meetings held by ICN leadership, but also stated she was not aware ICN meetings were held at a resort in Minnesota. The Commissioner also stated she was not aware vendors attended the meetings. Mr. Bruner stated he was aware vendors attended the meetings; however, he was not aware they also voted on matters discussed at the meetings.

Summary of concerns – A brief listing of the primary concerns identified regarding the meetings held at the Minnesota resort is summarized below.

- Mr. Lumbard allowed vendors to participate in the meetings and vote on motions along with ICN Leadership staff. It may not serve ICN’s best interest to have this level of participation from vendors.
- Vendors were allowed to vote on all proposals presented at the meetings they attended. The participation of vendors in voting on the proposed purchase of a semi-trailer impacted the result of the vote.
- While the resort chosen for the meetings provided seclusion from distractions, the costs incurred for the events totaled \$12,865.28. Seclusion from distractions likely could have been found at a closer location at a lesser cost.

IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION

During our testing, we reviewed minutes of the ITTC meetings, spoke with certain members of the ITTC, and reviewed payments to ITTC members. We also evaluated the oversight of ICN operations provided by the ITTC. The following paragraphs describe our findings.

ITTC Duties and Oversight

Section 8D.3 of the *Code* specifies the ITTC was “established with the sole authority to supervise the management, development, and operation of the network and ensure that all components of the network are technically compatible.”

When we spoke with Mr. Bruner, he stated the function of the ITTC is really to oversee the vision of the ICN. When asked if Mr. Lumbard or his predecessor had made any changes to the organization which should have been approved by the ITTC, Mr. Bruner stated he discussed changes with Mr. Lumbard during their weekly conversations. However, the weekly meetings were only between Mr. Lumbard (or his predecessor) and Mr. Bruner. In addition, Mr. Bruner described the weekly meetings as a standing appointment for a phone call each Friday morning which usually was 10 to 15 minutes in duration. He stated topics discussed included updates on what was happening and no decisions were made.

We spoke with ICN and ITTC officials regarding the level of supervision provided by the ITTC and discussed whether it would be more appropriate for the ITTC to be an advisory board. However, ICN and ITTC officials voiced concern that not having an independent oversight board may impact ICN’s status as a common carrier by federal oversight authorities.

Mr. Bruner explained changes such as restructuring the agency or realigning duties were not taken to the ITTC. He also stated “the Commission meetings, it was more of an advisory thing.” In addition, Mr. Bruner stated, “the Executive Director... was responsible for the operation” of the ICN. Another Commissioner we spoke with characterized the input provided by the ITTC as advisory and visionary in nature as opposed to supervisory. She also stated this has been the nature of the ITTC input during her tenure as a Commissioner and it did not change when there were changes in the Executive Director’s position. As previously stated, the *Code* specifies the ITTC has the sole authority to supervise the management of the network. The meaning of “management” extends beyond supervising the Executive Director’s actions. In addition, the *Code* also specifies the ITTC has sole authority for the operation of the network.

As previously stated, we were unable to determine what action, if any, the ITTC took to appoint Mr. Lumbard as the acting Executive Director during the first part of 2014. When we asked Mr. Bruner whether the ITTC voted on this action, he stated, “That, you know, was basically my decision.” Section 8D.4 of the *Code* specifies the ITTC shall appoint an Executive Director. While it may have been appropriate for Mr. Bruner to temporarily appoint an acting Executive Director until the next time the ITTC met, the *Code* does not allow for the authority to appoint the Executive Director to be delegated to the Chairperson.

We also discussed Mr. Bruner’s understanding of the staffing changes Mr. Lumbard announced at the all-employee meeting held on July 11, 2017. As previously stated, Mr. Lumbard and Ms. Jensen were working with a DAS-HRE representative to establish a PSM1 position for Ms. Jensen and an EO5 position for Mr. Johnson. When we asked if Mr. Bruner was aware of the changes prior to the announcement, he stated, “they were recommendations at that point. I don’t think we had made any staffing changes that I’m aware of.” Another Commissioner we spoke with also stated the ITTC had not been informed of the planned changes in Ms. Jensen’s and Mr. Johnson’s duties. As previously stated, Mr. Lumbard announced the staffing changes would be effective immediately. This intent is also confirmed by emails previously described.

During the conversation with Mr. Bruner, we agreed the 2 proposed positions had not yet been approved by DAS-HRE, but shared with Mr. Bruner that, based on our observations and discussions with various ICN staff, Ms. Jensen was moving into the PSM1 position which would be supervising staff members. When asked if that surprised him, he stated he would be surprised. When asked if he felt that would be an appropriate role for her, he stated, “no.” Another Commissioner we spoke with stated the proposed positions were not communicated to the ITTC prior to the announcement Mr. Lumbard made at the July 11, 2017 meeting. She also stated she was surprised by the proposed shift in duties.

Payments to Commissioners

Voting Commissioners receive a salary for serving on the ITTC. However, the 2 ex-officio members do not receive any payments. The voting Commissioners’ salary payments are issued on a biweekly basis through the State’s payroll system. The amount paid to the Commissioners is in accordance with section 8D.3(2) of the *Code*.

When we spoke with Mr. Bruner, he stated “this is almost a volunteer job” when describing the work performed for the ITTC. He also estimated, as the Chairperson, he spends approximately 2-4 hours per week on ITTC duties in addition to the monthly ITTC meetings. As the Chairperson, he takes a more active role by communicating with the Executive Director on a weekly basis. Another Commissioner we spoke with estimated she spends approximately 6 hours per month regarding ITTC duties. During our review of 40 ITTC meeting minutes, we determined 12 were approximately half an hour long, 7 were approximately an hour long, and 13 were between half an hour and an hour long. In addition, 3 were less than 20 minutes long and 5 were over an hour in duration.

In total, Commissioners received \$281,661.12 of gross wages from January 1, 2014 through the pay period ended September 26, 2017. **Exhibit I** summarizes the gross salary paid to each Commissioner during this period. The amounts in the **Exhibit** do not include any travel costs reimbursed to the Commissioners. As illustrated by the **Exhibit**, the annual salary has been \$13,856.96 per Commissioner since July 1, 2014 and Mr. Bruner, as the Chairperson, has received \$19,631.82 per year. The **Exhibit** also illustrates the amount paid to the Commissioners and the Chairperson during the fiscal year ended June 30, 2016 exceeded these amounts. This is a result of 27 pay periods during the fiscal year instead of the typical 26 pay periods.

As illustrated by **Exhibit I**, a Commissioner resigned during the fiscal year ended June 30, 2017. Minutes from the ITTC meetings document the Commissioner's resignation was announced at the April 20, 2017 meeting. During our review of Ms. Jensen's ICN emails, we determined the Commissioner's resignation date was April 18, 2017. However, the Commissioner was not removed from the State's payroll system in a timely manner. Specifically, in an email dated May 20, 2017, Mr. Johnson questioned Ms. Jensen about the Commissioner's resignation date because the Commissioner was still included in the payroll listing. As a result of Mr. Johnson's inquiry, Ms. Jensen contacted a DAS-HRE representative to request the Commissioner be removed from the current payroll.

While the DAS-HRE representative was able to remove the Commissioner from the current payroll, she had already been paid for the pay period ended May 4, 2017 and a full payment for the pay period ended April 20, 2017 even though she resigned prior to that date.

In an email Ms. Jensen sent to the DAS-HRE representative on May 22, 2017, she stated "Due to our oversight we will not have any clawback on the last pay period and allow that to be as it is, however, please do not process payment for this pay period or any moving forward." When we spoke with Ms. Jensen about this email, she stated it was Mr. Lumbard's decision to not pursue repayment. ICN officials have subsequently contacted the former Commissioner who has agreed to repay ICN for the payments received after the resignation date.

Meeting Minutes

Minutes from the January 2014 ITTC meeting list David Lingren as the Executive Director of ICN and minutes from meetings held in April 2014 through the August 2014 document Mr. Lumbard was the acting Executive Director. Based on information available in the minutes from meetings held between January 16, 2014 and April 16, 2014, we are unable to determine what action, if any, the ITTC took regarding Mr. Lingren's employment and what action, if any, the ITTC took to appoint Mr. Lumbard as the acting Executive Director.

The ITTC minutes document the February 2014 meeting was cancelled. In addition, minutes from 4 ITTC meetings held in March 2014 and early April 2014 show the ITTC entered closed session in accordance with Chapter 21 of the *Code*. After establishing a quorum existed for each of the 4 meetings, the first order of business, was to go into closed session. We determined the following from the minutes of the 4 meetings:

- March 10, 2014 – The minutes document "the meeting is in regard to a personnel issue." The minutes also document, at the recommendation of a representative from the Attorney General's Office, a Commissioner moved for a motion "to approve directives as discussed in closed session." The motion was unanimously approved.
- March 20, 2014 – The minutes document "the meeting is in regard to a personnel issue." The meeting was adjourned after the meeting returned to open session.
- March 25, 2014 – The minutes document "the meeting is in regard to a personnel issue." There were no notations in the minutes after the vote to go into closed session was recorded. There was not a notation the ITTC came back into open session or voted to adjourn.

- April 2, 2014 - The minutes document “the meeting is in regard to a personnel issue.” The minutes also document, at the recommendation of a representative from the Attorney General’s Office, a Commissioner moved for a motion “to take action as discussed in closed session.” The motion was unanimously approved.

Section 21.5(3) of the *Code* states, “Final action by any governmental body on any matter shall be taken in an open session unless some other provision of the *Code* expressly permits such actions be taken in closed session.” The actions taken by the ITTC after the closed session portions of the March 10, 2014 and April 2, 2014 meetings were at the recommendation of a representative of the Attorney General’s Office. However, sufficient information is not available to determine if the action taken by the Commission affected Mr. Lingren’s employment and/or if it was to appoint Mr. Lumbard as the acting Executive Director.

We did not attempt to determine if the disclosures in the March 10, 2014 and April 2, 2014 meeting minutes meet the requirements of section 21.5(3) of the *Code*. However, we determined the final decisions made by the ITTC during these meetings are not easily accessible to the public. As a result, the minutes do not provide any measure of transparency regarding the ITTC’s actions. Section 21.1 of the *Code* states, “This chapter seeks to assure, through a requirements of open meetings of governmental bodies, that the basis and rationale of governmental decisions, as well as those decisions themselves, are easily accessible to the people. Ambiguity in the construction or application of this chapter should be resolved in the favor of openness.”

When we asked Mr. Bruner if the ITTC voted on appointing Mr. Lumbard the acting Executive Director, he replied, “That, you know, was basically my decision.” Another Commissioner we spoke with also stated she did not recall the ITTC voting on Mr. Lumbard’s appointment as acting Executive Director. As a result, it appears the ITTC did not vote on Mr. Lumbard’s appointment as the acting Executive Director.

The minutes of ITTC meetings available on the ICN website include those from meetings held on September 18, 2014 and October 15, 2014. The minutes from the September meeting document Mr. Lumbard was present as the acting Executive Director and the minutes from the October meeting document he attended as the Executive Director. When we requested minutes of any ITTC meetings held between these dates or minutes of the meeting where Mr. Lumbard was appointed the Executive Director, we were provided minutes from a meeting held on September 4, 2014 which were marked “Draft” and were not signed.

The minutes document the topic covered by the September 4, 2014 meeting was the “Executive Director Final Interview – Ric Lumbard.” The minutes also include an explanation from a Commissioner that a subcommittee of the ITTC “interviewed three qualified and competent individuals but decided that Ric Lumbard was one of the top two candidates for very good and obvious reasons. However, the commissioners would welcome the opportunity to bring back any of the candidates for an additional interview. I do not feel that this is necessary as the subcommittee interviewed them for quite a long time. Ric had a tremendous interview and the experience he brings to the table is exactly what the ICN needs.” Following the Commissioner’s comments, the ITTC unanimously voted to appoint Mr. Lumbard as Executive Director.

While Mr. Lumbard’s appointment was approved by the ITTC as documented in the minutes, as previously stated, the minutes we were provided were in “draft” form. They were not officially voted on and accepted by the ITTC at a subsequent meeting.

Based on emails obtained from ICN officials, we determined the other top candidate identified by the subcommittee for a final interview declined the opportunity when he learned the interview would be held in a public meeting forum.

As previously stated, Mr. Bruner notified Mr. Lombard in a letter dated September 29, 2014 he had been selected for the position of Executive Director and the appointment would become retroactively effective September 12, 2014. ICN officials were unable to locate any subsequent minutes where the minutes from the September 4, 2014 meeting were approved. We also spoke with the individual who was the ITTC's legal counsel from the Attorney General's Office at the time. An ICN official and the former legal counsel both believe the lack of approval was an administrative oversight.

In addition, the minutes of the July 20, 2017 ITTC meeting document:

"On Tuesday, July 11, 2017, ICN's Executive Director Ric Lombard, experienced a medical emergency which resulted in him being absent from the office for an extended period of time. In Director Lombard's absence, the ITTC has appointed Phil Groner, COO, to serve as acting Executive Director"

As illustrated by the quote shown, there was simply a notation Mr. Groner was appointed by the ITTC. The minutes do not document the ITTC appointed him by voting on his appointment. A Commissioner we spoke with stated she did not think the ITTC voted on appointing Mr. Groner as the acting Executive Director.

Summary of concerns – A brief listing of the primary concerns identified regarding the operations of the ITTC is summarized below.

- The ITTC does not take an active role in the oversight of ICN operations in accordance with requirements established by the *Code*. While the *Code* requires the ITTC to supervise the management, development, and operations of the network, the ITTC instead acted in an advisory manner. Very few actions were taken by the ITTC and input was not provided for significant ICN actions, such as awarding a multi-year contract to FNS for network management services.
- The Commissioners, who are acting in an advisory capacity, are paid annual salaries ranging from \$13,856.96 to \$19,631.82 and are reimbursed travel costs. However, they are not providing more guidance than Board members of other state agencies' advisory boards who are not compensated for their service.

DAS OVERSIGHT

During our testing, we found it necessary to speak with representatives of DAS for certain information. Some of the information related to personnel matters, such as approving timesheets and leave requests, establishing positions, hiring individuals, and salary increases. Other matters involved policies regarding the use of State vehicles. We identified the following concerns during our testing.

- A DAS-HRE representative approved Mr. Lombard's and Ms. Jensen's timesheets without knowledge of their daily activities, such as leave time.
- A DAS-HRE representative stated not all candidates are vetted by DAS-HRE and the education and experience criteria for certain positions is a "guideline" rather than requirements.
- DAS representatives did not follow-up with ICN staff when monthly reports were not submitted in a complete and timely manner for State Fleet vehicles.

We will address these concerns during audit procedures performed as part of the annual financial statement audit for DAS.

OVERALL CONCLUSION

A number of management decisions made by Mr. Lombard were not in the taxpayers' best interest. Specifically, we identified concerns in the areas of procurement, personnel matters, and administrative operations. These concerns are briefly summarized in the following paragraphs.

Procurement - DAS has developed administrative rules and related requirements which are designed to ensure state agencies obtain goods and services from the private sector for public purposes to achieve value for the taxpayer through a competitive selection process that is fair, open, and objective. As previously described, the semi-trailers and certain services were procured in a manner which was not compliant with the administrative rules and related requirements established by DAS. Upon inquiry and review of certain documents, it was determined the DAS controls and requirements were circumvented at Mr. Lombard's direction. We identified contracts that were inappropriately established as sole source contracts, indicating there were no other viable vendors from which services could have been procured in a competitive manner. We also identified instances where services were obtained without any contract.

The instances identified include:

- Purchase of semi-trailers described as following an informal procurement process, but that process was documented following the commitment to purchase the trailers. In addition, the "comparable items" documented in the informal procurement process were not commensurate with the trailers procured or consistent with the purpose described for the purchase of the trailers.
- The amount paid to S & R Painting and Staining was just below the \$5,000.00 threshold requiring an informal competitive process be followed.
- Sole source contracts were established with Speak PR for marketing services prior to June 30, 2016 even though a number of marketing firms are readily available in the Des Moines area. In addition, the RFP process started for the period following June 30, 2016 was abandoned at Mr. Lombard's direction and most of the subsequent payments to the vendor were kept under the \$5,000.00 threshold.
- A sole source contract was established with Aeritae in March 2017 to facilitate deployment of a new central database/service orchestration system. However, Aeritae is not the only vendor which can provide this service. Since March 2017, 4 additional statements of work have been established with Aeritae, for which none went through a competitive procurement process.
- A contract was not established with Character Genetics, an organization which has provided leadership training and coaching services to ICN. ICN paid the vendor \$71,186.97 from January 15, 2015 through October 16, 2017 for homogenous services. DAS rules require an informal or formal competitive procurement process be followed when services exceeding \$15,000.00 are received over several years.
- A contract amendment was established with FNS in May 2017 for a sales consultant position dedicated to managed voice services. The amendment was beyond the scope of the contract to which the amendment was referenced. In addition, the position should have been established as an ICN employee rather than through a contract amendment process.

As a result of the circumventions, there is no assurance the goods and services were obtained through a competitive process which was fair and open. In addition, in the case of the semi-trailers purchase, it appears they were procured in a manner which was beneficial to WFM and COH Logistics, and, as a result, beneficial to Mr. Lumbard due to his affiliation with these organizations.

Personnel - Based on her resumé, Ms. Jensen did not meet the education and experience criteria for an Executive Secretary and, as a result, should not have been hired for the position. She also was not qualified for the position Mr. Lumbard identified her as responsible for in the DTR distributed on July 11, 2017. Despite her lack of qualifications, Mr. Lumbard also authorized unusually large payroll increases for Ms. Jensen which were not reasonable. Because of actions taken by the acting Executive Director after Mr. Lumbard's medical leave began, Ms. Jensen was reassigned duties consistent with the position she was hired for. Because her employment was terminated on January 2, 2018, there is no further action required by ICN officials regarding Ms. Jensen's employment.

In addition to hiring Ms. Jensen, Mr. Lumbard was instrumental in establishing positions filled by Mr. Boulet and Mr. Conzett. ICN officials have subsequently also terminated these positions.

Using the authority of his position, Mr. Lumbard created unnecessary positions, hired unqualified individuals, and awarded excessive pay increases. His actions resulted in payroll costs which were not reasonable or necessary for ICN operations.

In addition to Mr. Lumbard's decisions, we determined the ITTC is not taking an active role in the supervision and management of ICN operations, as required by the *Code*. Because ICN's operations are very technical in nature and ITTC meetings are held only on a monthly basis, it is not possible for the ITTC to effectively oversee ICN operations.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Iowa Communications Network. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from errors and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be identified within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen ICN's internal controls.

(A) Personnel Concerns – We identified concerns with decisions made by Mr. Lumbard regarding hiring individuals with whom he had a previous association through WFM. Specifically, Mr. Lumbard:

- 1) hired Ms. Jensen as his Executive Secretary. According to Ms. Jensen, she learned about the position from Mr. Lumbard.
- 2) created a position which was filled by Mr. Boulet. According to Mr. Boulet, Mr. Lumbard approached him to determine if he had an interest in the position.
- 3) hired Ms. Steen as a temporary ICN employee. Ms. Steen performed several functions for ICN as a temporary employee, including filling in for Ms. Jensen while she was on an extended medical leave. Ms. Steen was also Mr. Lumbard's administrative assistant at WFM during the periods she was a temporary employee for ICN.

In addition to hiring Ms. Jensen as his Executive Secretary, Mr. Lumbard was working with DAS to establish a new PSM1 position at the time he began his medical leave. Based on documentation we reviewed and information obtained from individuals we interviewed, it is clear Mr. Lumbard intended for Ms. Jensen to fulfill the duties assigned to the PSM1 position.

Included in the documentation we reviewed was a revised DTR Mr. Lumbard distributed at the all-employee meeting on July 11, 2017. He also explained the DTR would be effective immediately following the meeting. The DTR documented Ms. Jensen would be responsible for the duties Mr. Lumbard specified on the PDQ for the PSM1 position. According to the DAS-HRE representative Mr. Lumbard was working with, he was unaware Ms. Jensen had been assigned the PSM1 duties.

By assigning the PSM1 duties to Ms. Jensen prior to receiving authorization to establish the position, Mr. Lumbard circumvented DAS-HRE and DOM controls established to ensure only authorized, necessary positions are created and filled.

We also identified another instance in which Mr. Lumbard circumvented controls established by DAS-HRE and DOM. When Mr. Lumbard wished to establish a managed voice services sales position but an Account Consultant position was not available on ICN's table of organization, Mr. Lumbard asked an FNS official if FNS would be able to fulfill the position for ICN. An amendment to an existing contract ICN had with FNS was the result of FNS complying with Mr. Lumbard's request. Filling the sales consultant role through a contract amendment because there was not an open position circumvented the controls established by DAS-HRE and DOM.

Recommendation – DAS-HRE and DOM have established controls over personnel actions, including establishing employment positions, hiring employees, promotions, and pay raises. ICN and ITTC officials should develop procedures to ensure DAS-HRE and DOM policies and procedures are complied with on a consistent basis. Specifically, decisions regarding personnel actions should not be made by a single individual or an individual who can use undue influence over others.

- (B) Pay Increases - Mr. Lumbard authorized a 14.00% pay increase for Ms. Jensen 6 months after her employment began. The explanation Mr. Lumbard provided to DAS-HRE for the increase was not true. In addition, he authorized a 12.01% pay increase after she had been employed for 18 months. We did not identify pay increases in excess of 5% for any other ICN employees tested, with the exception of employees who received a raise as a result of a promotion.

Recommendation - ICN and ITTC officials should ensure sufficient procedures are put in place which ensure all pay raises are reasonable and justified based on performance. In addition, ICN should maintain documentation of the reasons for salary increases. Also, someone independent of awarding pay raises should review individual amounts for reasonableness prior to final approval.

- (C) Vendor Concerns - In addition to concerns with decisions made by Mr. Lumbard regarding hiring individuals with whom he had a previous association through WFM, we identified an instance in which Mr. Lumbard procured services from a vendor which was represented by an individual with whom he had a previous association through WFM. Specifically, Mr. Lumbard procured services from S & R Painting and Staining for painting ceiling tiles and refinishing certain furniture. We determined the following:

- The address of the vendor was property owned by WFM.
- A single payment was issued to the vendor for all invoices submitted and the payment totaled \$4,954.00, just below the \$5,000.00 threshold which would have required an informal competitive procurement process be followed.
- Of the 4 invoices submitted by the vendor, 1 described painting a ceiling “on-site” in the ICN office. However, individuals occupying the office area described stated a vendor did not paint the ceiling on-site. Instead, the ceiling tiles were removed and transported to the vendor for painting.

Recommendation - DAS has established controls over procurement of goods and services, including when competitive procurement is required. ICN and ITTC officials should develop procedures to ensure DAS policies and procedures are complied with on a consistent basis. Specifically, decisions regarding procurements should not be made by a single individual or an individual who can use undue influence over others.

- (D) Purchase of Semi-Trailers - In early June 2017, ICN paid for 2 pre-owned semi-trailers purchased from a vendor located on eBay. According to ICN officials, the idea of procuring a trailer had not been addressed prior to May 2017. After Mr. Lumbard mentioned the idea to Executive Team members, he formally proposed it at a Leadership meeting in mid-May during which all proposals were discussed and voted on by ICN Leadership members and vendors who also attended the meeting. The proposal to purchase a single trailer passed during the Leadership meeting by 1 vote as a result of the vendors participating in the process.

The negotiations for the trailers were handled by Mr. Lumbard during a 2 week period following the Leadership meeting. There was limited documentation available regarding the purchase; however, during the negotiations, the proposed purchase changed from purchasing a semi-tractor and 1 trailer to purchasing a semi-tractor and 2 trailers. Ultimately, ICN received the 2 trailers without the tractor and paid the same price as planned for the 2 trailers with the tractor.

The procurement process followed did not comply with DAS requirements or the internal processes usually followed by ICN. Mr. Bruner stated the ITTC was not aware the trailers had been purchased. He specified he first learned about the trailers when Mr. Lumbard made an announcement at the all-employee meeting on July 11, 2017.

Once the trailers were purchased, they were delivered to property owned by WFM, which was also Mr. Lumbard's personal residence. Mr. Lumbard reported to WFM representatives equipment included in the blue trailer had been donated to WFM; however, we confirmed with the vendor the trailers and all equipment was sold to ICN. Equipment included with the trailers at the time of their purchase was removed and some was listed and subsequently sold on eBay. The proceeds from the sale of the equipment were not remitted to ICN.

After consideration of all documentation available regarding the purchase and interviews with a number of individuals regarding the purchase, it is apparent Mr. Lumbard intended for WFM to benefit, to some extent, by the purchase paid for by ICN.

Recommendation – ICN and ITTC officials should ensure sufficient procedures are put in place which ensure compliance with all DAS and ICN requirements, policies, and procedures regarding purchases. All purchases should be reviewed by an independent party prior to approval and, once received, the goods or services should be verified by someone independent of the purchasing process. Significant purchase decisions should not be made by a single individual or an individual who can use undue influence over others.

In addition, ICN officials should ensure all goods purchased by ICN are delivered to an appropriate location of ICN operations and all items to be disposed of are done so in compliance with DAS requirements.

- (E) Compliance with Procurement Requirements – We identified a number of purchases of services which were not procured in compliance with requirements established by 11-IAC-117 and 11-IAC-118. In some of these instances, services were received from the vendor for an extended period of time and/or for a significant amount. In addition, the procurements were often at the direction of Mr. Lumbard.

In accordance with IAC 11-118.7, a sole source procurement shall be avoided unless clearly necessary and justifiable. The IAC also specifies under what circumstances a sole source procurement process may be used, including when an agency determines that a service provider is the only one qualified or eligible or is quite obviously the most qualified or eligible to perform the service. We reviewed the sole source documentation prepared by ICN and information available regarding the services provided by Speak PR and Aeritae and determined procuring services from these vendors through the sole source process was not appropriate because they were not the only qualified or eligible service provider.

Ms. Jensen and Mr. Lumbard were provided a Pcard and travel card, respectively, at Mr. Lumbard's direction. Purchases made with the card were not required to comply with ICN purchasing review and approval processes.

Recommendation - ICN and ITTC officials should ensure sufficient procedures are put in place which ensure compliance with all requirements established by 11-IAC-117 and 11-IAC-118. In addition, procedures should be put in place which ensure compliance with DAS and ICN internal policies and procedures. All purchases should be reviewed by an independent party prior to approval and, once received, the goods or services should be verified by someone independent of the purchasing process.

- (F) State Vehicles and Lodging Costs – Mr. Lumbard was provided a State vehicle to be used for commuting from his home near Marion to work in Des Moines, even though his domicile, based on IRS requirements, should have been Des Moines. In addition, he was reimbursed lodging costs for nights he spent in Des Moines.

DAS policies prohibit using State vehicles for personal purposes, including commuting. However, DAS policies state the DAS Fleet Services manager may authorize a State vehicle to be driven home in certain circumstances. In those instances, a taxable benefit must be recorded for the individual in accordance with IRS requirements. Neither ICN nor DAS reported taxable benefits for the times Mr. Lumbard used a State vehicle to commute home or when he received reimbursement of lodging costs in Des Moines.

Recommendation – ICN officials should consult with DAS officials and possibly legal counsel to determine what corrective action, if any, is necessary for the unreported taxable benefits Mr. Lumbard received. In addition, ICN and ITTC officials should ensure sufficient procedures are put in place which ensure compliance with applicable DAS requirements.

- (G) Oversight by the ITTC and Compensation - Section 8D.3 of the *Code of Iowa* specifies the ITTC was “established with the sole authority to supervise the management, development, and operation of the network and ensure that all components of the network are technically compatible.” Based on our observations and discussions with certain Commissioners, the ITTC does not provide supervisory oversight of the ICN. Instead, the ITTC functions in an advisory capacity.

Minutes of ITTC meetings reflect the ITTC does not make decisions regarding the management, development, and operation of the ICN. Instead, the ITTC typically receives reports from ICN officials on actions already taken or plans already established by ICN management. Only a limited amount of additional information is requested by Commissioners. ICN officials do not seek guidance or approval from the ITTC on management decisions.

In addition, the agenda for ITTC meetings is not established by the Commission Chairperson or other Commissioners. Instead, the agenda is established by ICN staff members. As a result, Mr. Lumbard determined the topics presented to the ITTC and the content of the information presented. As a result, he was able to limit and control the items he wished to inform the ITTC about.

Due to the highly technical nature of ICN operations, it is difficult to ensure the ITTC is adequately prepared to provide the level of oversight required by the *Code of Iowa*. Contributing factors to this condition is the limited frequency of ITTC meetings, the limited time spent at meetings, and the limited information provided to Commissioners to prepare for meetings. Meetings are held each month and are frequently an hour long or less. In addition, as previously stated, Commissioners are only able to review the information they are provided by ICN officials and Commissioners we spoke with estimated they spend only a limited amount of time preparing for the monthly meetings.

With the exception of the 2 non-voting ex-officio members, Commissioners and the Chairperson receive \$13,856.96 and \$19,631.82 per year, respectively, for serving on the ITTC. They also receive reimbursement of travel costs related to ICN operations. However, as previously stated, they are functioning as an advisory board. Boards and commissions functioning in an advisory capacity to other state agencies do not receive an annual salary.

Recommendation - The Legislature should consider if the purpose and duties of the ITTC should be revisited. Due to the complex nature of ICN operations, it is difficult to fill all positions of the ITTC with individuals who have technical knowledge in the telecommunications and broadband industry necessary to provide the level of oversight currently required by Section 8D of the *Code*.

To determine the appropriate action moving forward, the Legislature should consider how the taxpayers and customers would best be served. While there are a number of options available to the Legislature, there are 2 primary alternatives as summarized below.

- a) The Legislature may determine ITTC's duties as currently established by section 8D.3 of the *Code of Iowa* should not be revised and the ITTC should take a more active role in the oversight of ICN operations in accordance with those requirements. This would require Commissioners to provide input regarding decisions which are currently made by ICN management staff, such as developing and monitoring budgets, approving personnel actions, evaluating RFPs, awarding contracts, and periodically evaluating the structure of ICN to ensure it is operating in the most efficient manner possible.

This option would also require more frequent interaction between Commissioners and ICN management. Because the data Commissioners currently receive is at a "high level", the level of details provided to Commissioners would need to increase and, as a result, Commissioners would have to commit more time to ICN obligations than they currently do.

- b) The Legislature may determine taxpayers would be better served by establishing an advisory board for ICN which is comprised of individuals who represent ICN customers in education, healthcare, government, and public safety organizations.

If the Legislature determines it is appropriate to revise the purpose of the ITTC from providing supervisory duties to functioning as an advisory board, the Executive Director would serve at the pleasure of the Governor and biweekly compensation to the Commissioners should be eliminated to ensure operational consistency with advisory boards serving other State agencies.

As the Legislature evaluates options to determine the most appropriate direction to move forward, it will be important to keep in mind how any changes impact the ICN's designation as a "common carrier" for purposes of complying with regulations established by the Federal Communications Commission (FCC).

- (H) Notification of Concerns - We identified a number of instances in which ICN officials expressed concerns regarding directives issued by Mr. Lumbard. The ICN officials we spoke with also reported they frequently expressed their concerns to Mr. Lumbard; however, it did not often impact his decision. For example, ICN officials expressed concern regarding establishing a sales position for managed voice services through a contract amendment with FNS and the related costs. They also reported they advised Mr. Lumbard to establish a contract with Speak PR for services received during fiscal year 2017, but he instead directed services be procured in smaller increments from the vendor.

Recommendation - ICN and ITTC officials should ensure all ICN employees are aware of their responsibility to report improper actions in the event controls and/or established procedures are not followed by someone in a position of authority. Specifically, employees have an obligation to report noncompliance with controls and procedures established internally by ICN and requirements established by DAS, DOM, or any other statewide oversight authority.

Instances of suspected financial irregularities should be immediately reported to the Office of Auditor of State in accordance with requirements established by Chapter 11 of the *Code of Iowa*. In addition, other instances of noncompliance or concerns should be reported in a timely manner to members of the ITTC, DAS officials, DOM officials, the Office of Auditor of State, and/or representatives of the Governor's Office as appropriate.

Exhibits

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Summary of Findings
For the period January 1, 2015 through January 2, 2018

Description	Exhibit/Table/ Page Number	Amount
Undeposited collections:		
Equipment sold from trailers	Table 4	\$ 2,319.00
Improper disbursements:		
Costs related to semi-trailers	Table 5	63,748.66
S & R Painting and Staining	Page 27	1,400.00
Character Genetics	Page 33	71,186.97
Fiberutilities Network Services contract amendment	Table 10	51,400.00
Procurement card purchases:		
Google Home purchases	Page 38	546.96
LED lamps and backlit keyboards	Page 39	1,991.95
Payment of sales tax	Page 39	18.23
Travel card charges:		
Charges from airline ticket changes	Page 39	849.00
Excess charges for suite rooms	Page 40	86.36
Costs associated with Jessica Jensen:		
Unreasonable pay increases and related costs	Page 44	19,823.88
Out-of-state travel costs	Table 13	10,360.15
Value of compensatory time for out-of-state travel	Page 46	1,735.55
Overtime costs for out-of-state travel	Page 47	864.00
T. J. Boulet's employment costs	Page 57	98,600.48
Richard Lumbard's lodging costs in Des Moines	Page 60	1,262.48
Use of state vehicles	Table 21	50,019.04
Unrecorded vacation days	Page 66	3,311.99
Excess reimbursements for meal costs	Page 69	22.95
Subtotal of improper disbursements		377,228.65
Total undeposited collections and improper disbursements		\$ 379,547.65

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Payments to Speak PR (also DBA Blur Mediaworks)
For the period January 1, 2015 through January 2, 2018

Accounting System Date	Transaction Number	Accounting Code	Description
10/16/14	15TR012203	Promotional Development	INV # 12-0342
11/19/14	15TR012303	Promotional Development	INV # 12-0346
12/19/14	15TR012432	Promotional Development	INV # 12-0352
03/26/15	15TR012706	Promotional Supplies & Expense	INV # 15-0001
03/26/15	15TR012706	Promotional Supplies & Expense	INV # 15-0002
06/22/15	15TR012927	Promotional Supplies & Expense	INV # 15-0011
06/22/15	15TR012927	Promotional Supplies & Expense	INV # 15-0015
06/22/15	15TR012927	Promotional Supplies & Expense	INV # 15-0021
07/21/15	15TR012992	Promotional Supplies & Expense	INV: 15-0025 DATE: 6-30-2015 MEDIA RELATIONS- JUNE 2015
08/07/15	16TR013065	Promotional Supplies & Expense	INV # 15-0030
09/24/15	16TR013195	Promotional Supplies & Expense	INV # 15-0032
12/28/15	16TR013524	Promotional Supplies & Expense	INV # 15-0037
12/28/15	16TR013524	Promotional Supplies & Expense	INV # 15-0038
12/28/15	16TR013524	Promotional Supplies & Expense	INV # 15-0044
01/22/16	16CO013562	Promotional Supplies & Expense	INV: 15-0050DATE: 12-31-2015
02/03/16	16CO013638	Promotional Supplies & Expense	INV: 15-0053DATE: 12-31-2015
02/05/16	16CO013651	Promotional Supplies & Expense	INV: 15-0055DATE: 01-31-2016
02/29/16	16CO013747	Promotional Supplies & Expense	INV: 16-0061DATE: 02-29-2016
05/11/16	16CO014149	Promotional Supplies & Expense	ACCT: ICNINV: 16-0069DATE: 03-31-2016
05/11/16	16CO014149	Promotional Supplies & Expense	ACCT: ICNINV: 16-0076DATE: 04-30-2016
06/10/16	16CO014228	Promotional Supplies & Expense	ACCT: ICNINV: 16-0080DATE: 05-31-2016
09/29/16	17TR014643	Promotional Supplies & Expense	INV # 16-0084, PO # 006849
02/23/17	17TR015070	Professional Fees	INV # ICN_0002
02/23/17	17TR015070	Professional Fees	INV # ICN_0003
04/14/17	17TR015212	Professional Fees	INV # ICN_0004
08/23/17	17TR015730	Professional Fees	INV # ICN_0005 - PO # 007218
08/28/17	17TR015753	Professional Fees	INV # ICN_0007 - PO # 007252
08/28/17	17TR015753	Professional Fees	INV # ICN_0009 - PO # 007145
11/01/17	18TR016007	Professional Fees	INV # ICN_0006 - PO # 007217
Total			

^ - Warrant issued to Blur Mediaworks, dba Speak PR.

Amount		Warrant Number	Issue Date
\$ 7,500.00	7,500.00	67081033 ^	10/16/14
2,990.00	2,990.00	67295506 ^	11/19/14
15,500.00	15,500.00	67348557 ^	12/19/14
8,500.00			
268.20	8,768.20	67511441	03/26/15
8,400.00			
5,550.00			
2,187.00	16,137.00	67666831	06/22/15
2,125.00	2,125.00	67716620	07/21/15
4,166.00	4,166.00	67755162	08/07/15
4,166.00	4,166.00	67874688	09/24/15
5,706.00			
4,166.00			
4,166.00	14,038.00	68038603	12/28/15
4,166.00	4,166.00	68077966	01/22/16
2,334.21	2,334.21	68103212	02/03/16
4,166.00	4,166.00	68109164	02/05/16
4,166.00	4,166.00	68141622	02/29/16
4,166.00	4,166.00	68274184	05/11/16
4,166.00	4,166.00	68274185	05/11/16
4,455.00	4,455.00	68323044	06/10/16
9,025.00	9,025.00	68517795	09/29/16
5,000.00			
5,000.00	10,000.00	68762015	02/23/17
3,625.00	3,625.00	68850108	04/14/17
1,375.00	1,375.00	69069423	08/23/17
5,425.00			
1,812.50	7,237.50	69078033	08/28/17
3,000.00	3,000.00	69198244	11/01/17
\$ 137,271.91	137,271.91		

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Payments to Aeritae
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Accounting System Date	Transaction Number	Accounting Code	Description
03/28/17	17TR015175	Consultants	INV # 45483, PO # 007209
05/11/17	17TR015298	Consultants	INV # 45703, PO # 007209
05/26/17	17TR015372	Consultants	INV # 45805
06/12/17	17TR015382	Consultants	INV # 45845 - PO # 007209
07/18/17	17TR015564	Consultants	INV # 45969 - PO # 007209
07/18/17	17TR015564	Consultants	INV # 46002 - PO # 007209
08/11/17	17TR015696	Consultants	INV # 45913
08/30/17	17TR015697	Current Pers Mileage Rate - In-State	NONEMPLOYEE
08/30/17	17TR015697	Transportation-In State	NONEMPLOYEE
08/30/17	17TR015697	Food - In State	NONEMPLOYEE
08/30/17	17TR015697	Lodging - In State	NONEMPLOYEE
08/30/17	17TR015697	Misc Tvl Exp In State	NONEMPLOYEE
08/31/17	17TR015781	Food - In State	NONEMPLOYEE
08/31/17	17TR015781	Lodging - In State	NONEMPLOYEE
08/31/17	17TR015781	Transportation-In State	NONEMPLOYEE
08/31/17	17TR015781	Food - In State	NONEMPLOYEE
08/31/17	17TR015781	Transportation-In State	NONEMPLOYEE
08/31/17	17TR015782	Lodging - In State	NONEMPLOYEE
08/31/17	17TR015782	Transportation-In State	NONEMPLOYEE
08/31/17	17TR015782	Food - In State	NONEMPLOYEE
08/31/17	17TR015784	Lodging - In State	NONEMPLOYEE
08/31/17	17TR015784	Current Pers Mileage Rate - In-State	NONEMPLOYEE
08/31/17	17TR015784	Food - In State	NONEMPLOYEE
08/31/17	17TR015784	Transportation-In State	NONEMPLOYEE
08/11/17	18TR015695	Consultants	INV # 46127
08/11/17	18TR015695	Consultants	INV # 46109
08/11/17	18TR015695	Consultants	INV # 46110
08/11/17	18TR015695	Consultants	INV # 46175
08/11/17	18TR015695	Consultants	INV # 46176

Amount		Warrant Number	Issue Date
95,000.00	95,000.00	68816073	03/28/17
50,000.00	50,000.00	68897307	05/11/17
50,000.00	50,000.00	68919788	05/26/17
10,000.00	10,000.00	68945943	06/12/17
13,000.00			
47,800.00	60,800.00	69007784	07/18/17
54,700.00	54,700.00	69053664	08/11/17
214.50			
330.06			
126.70			
400.96			
44.97	1,117.19	69083086	08/30/17
10.00			
97.56			
162.59			
27.28			
23.19	320.62	69085010	08/31/17
403.20			
182.50			
95.55	681.25	69085011	08/31/17
235.73			
116.86			
64.21			
188.37	605.17	69085012	08/31/17
52,500.00			
5,675.00			
8,356.25			
6,500.00			
6,700.00	79,731.25	69053711	08/11/17

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Accounting System Date	Transaction Number	Accounting Code	Description
08/31/17	18TR015787	Food - In State	NONEMPLOYEE
08/31/17	18TR015787	Transportation-In State	NONEMPLOYEE
08/31/17	18TR015787	Current Pers Mileage Rate - In-State	NONEMPLOYEE
08/31/17	18TR015787	Lodging - In State	NONEMPLOYEE
09/29/17	18TR015903	Consultants	INV # 46199
09/29/17	18TR015903	Consultants	INV # 46200
09/29/17	18TR015903	Consultants	INV # 46210
09/29/17	18TR015903	Consultants	INV # 46211
09/29/17	18TR015903	Consultants	INV # 46247
09/29/17	18TR015903	Consultants	INV # 46248
09/29/17	18TR015903	Consultants	INV # 46274
09/29/17	18TR015903	Consultants	INV # 46318
09/29/17	18TR015903	Consultants	INV # 46319
09/29/17	18TR015903	Consultants	INV # 46393
09/29/17	18TR015903	Consultants	INV # 46392
10/02/17	18TR015911	Consultants	INV # 46375
10/02/17	18TR015911	Consultants	INV # 46374
10/02/17	18TR015906	Food - In State	NONEMPLOYEE
10/02/17	18TR015906	Transportation-In State	NONEMPLOYEE
10/02/17	18TR015907	Food - In State	NONEMPLOYEE
10/02/17	18TR015907	Current Pers Mileage Rate - In-State	NONEMPLOYEE
10/02/17	18TR015908	Food - In State	NONEMPLOYEE
10/02/17	18TR015908	Transportation-In State	NONEMPLOYEE
10/05/17	18TR015926	Consultants	INV # 46422
10/13/17	18TR015949	Consultants	INV # 46456
10/16/17	18TR015960	Consultants	INV # 46275
10/17/17	18TR015963	Food - In State	NONEMPLOYEE
10/17/17	18TR015963	Transportation-In State	NONEMPLOYEE
10/17/17	18TR015963	Current Pers Mileage Rate - In-State	NONEMPLOYEE

Amount		Warrant Number	Issue Date
85.68			
313.49			
4.99			
110.88	515.04	69085021	08/31/17
17,175.00			
7,625.00			
27,937.50			
9,450.00			
36,662.50			
8,750.00			
40,637.50			
43,493.75			
9,275.00			
6,300.00			
54,237.50	261,543.75	69135804	09/29/17
9,100.00			
53,331.25	62,431.25	69139332	10/02/17
84.23			
131.61	215.84	69139329	10/02/17
38.67			
109.20	147.87	69139330	10/02/17
4.65			
96.71	101.36	69139331	10/02/17
66,393.75	66,393.75	69153365	10/05/17
57,775.00	57,775.00	69167250	10/13/17
10,487.50	10,487.50	69169454	10/16/17
124.71			
435.62			
8.58			

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Accounting System Date	Transaction Number	Accounting Code	Description
10/17/17	18TR015963	Lodging - In State	NONEMPLOYEE
10/17/17	18TR015964	Food - In State	NONEMPLOYEE
10/17/17	18TR015964	Lodging - In State	NONEMPLOYEE
10/17/17	18TR015964	Current Pers Mileage Rate - In-State	NONEMPLOYEE
10/18/17	18TR015965	Consultants	INV # 46497
10/18/17	18TR015965	Consultants	INV # 46457
10/18/17	18TR015965	Consultants	INV # 46363
10/23/17	18TR015978	Transportation-In State	NONEMPLOYEE
10/23/17	18TR015978	Lodging - In State	NONEMPLOYEE
10/23/17	18TR015978	Food - In State	NONEMPLOYEE
10/23/17	18TR015979	Food - In State	NONEMPLOYEE
10/23/17	18TR015979	Lodging - In State	NONEMPLOYEE
10/23/17	18TR015979	Transportation-In State	NONEMPLOYEE
10/26/17	18TR015993	Consultants	INV # 46340
10/26/17	18TR015980	Transportation-In State	NONEMPLOYEE
10/26/17	18TR015980	Food - In State	NONEMPLOYEE
10/26/17	18TR015980	Lodging - In State	NONEMPLOYEE
10/26/17	18TR015980	Misc Tvl Exp In State	NONEMPLOYEE
11/28/17	18TR016066	Consultants	INV # 46517
11/28/17	18TR016066	Consultants	INV # 46549
11/28/17	18TR016066	Consultants	INV # 46560
11/28/17	18TR016066	Consultants	INV # 46579
11/28/17	18TR016066	Consultants	INV # 46678
11/28/17	18TR016068	Lodging - In State	NONEMPLOYEE
11/28/17	18TR016068	Current Pers Mileage Rate - In-State	NONEMPLOYEE
11/28/17	18TR016068	Food - In State	NONEMPLOYEE
11/28/17	18TR016068	Transportation-In State	NONEMPLOYEE
11/28/17	18TR016069	Transportation-In State	NONEMPLOYEE
11/28/17	18TR016069	Misc Tvl Exp In State	NONEMPLOYEE

Amount		Warrant Number	Issue Date
439.04	1,007.95	69171107	10/17/17
41.64	225.88	69171108	10/17/17
75.04			
109.20			
1,881.25	13,181.25	69174533	10/18/17
5,250.00			
6,050.00			
263.81	405.22	69181582	10/23/17
95.20			
46.21			
155.75	662.41	69181583	10/23/17
219.52			
287.14			
51,300.00	51,300.00	69188811	10/26/17
997.54	1,781.82	69188810	10/26/17
274.66			
494.62			
15.00			
56,350.00	274,643.75	69240611	11/28/17
29,818.75			
104,310.00			
14,625.00			
69,540.00			
329.28	848.59	69240612	11/28/17
168.48			
96.01			
254.82			
208.19	235.59	69240613	11/28/17
18.43			

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Accounting System Date	Transaction Number	Accounting Code	Description
11/28/17	18TR016069	Food - In State	NONEMPLOYEE
11/28/17	18TR016070	Misc Tvl Exp In State	NONEMPLOYEE
11/28/17	18TR016072	Current Pers Mileage Rate - In-State	NONEMPLOYEE
Total			

Amount		Warrant Number	Issue Date
8.97			
18.34	18.34	69240614	11/28/17
8.58	8.58	69240615	11/28/17
\$ 1,206,886.22	1,206,886.22		

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Payments to Character Genetics (also DBA Convergence 360)
For the period January 1, 2015 through January 2, 2018

Accounting System Date	Transaction Number	Accounting Description	Description	Amount	
2/18/2015	15TR012581	Registration - In State	TROYANOVI88	\$ 689.00	689.00
2/24/2015	15TR012612	Registration - In State	TROYANOVI88	689.00	689.00
3/19/2015	15TR012642	Registration - In State	LUMBARDRI25	375.00	
3/19/2015	15TR012642	Registration - In State	JENSENJES93	425.00	
3/19/2015	15TR012642	Registration - In State	JENSENJES93	689.00	1,489.00
3/24/2015	15TR012700	Registration - In State	TROYANOVI88	689.00	689.00
3/24/2015	15TR012700	Registration - In State	JENSENJES93	689.00	689.00
4/23/2015	15TR012788	Registration - In State	TROYANOVI88	689.00	689.00
4/23/2015	15TR012788	Registration - In State	JENSENJES93	689.00	689.00
5/14/2015	15TR012788TP	Registration - In State	PAPPANSCO50	300.00	300.00
6/10/2015	15TR012888	Registration - In State	TROYANOVI88	689.00	689.00
6/10/2015	15TR012888	Registration - In State	JENSENJES93	689.00	689.00
6/22/2015	15TR012930	Registration - In State	TROYANOVI88	689.00	689.00
6/22/2015	15TR012930	Registration - In State	JENSENJES93	689.00	689.00
08/07/15	16TR013065TP	Registration - In State	JENSENJES93	689.00	689.00
10/28/15	16TR013360	Registration - In State	PAPPANSCO50	689.00	
10/28/15	16TR013360	Registration - In State	MARLEYDAV28	689.00	1,378.00
12/15/15	16TR013480	Registration - In State	MARLEYDAV28	689.00	
12/15/15	16TR013480	Registration - In State	PAPPANSCO50	689.00	1,378.00
12/15/15	16TR013483	Registration - In State	LUMBARDRI25	697.50	
12/15/15	16TR013483	Registration - In State	PAPPANSCO50	689.00	
12/15/15	16TR013483	Registration - In State	MARLEYDAV28	689.00	2,075.50
01/06/16	16TR013556	Registration - In State	PAPPANSCO50	689.00	
01/06/16	16TR013556	Registration - In State	MARLEYDAV28	689.00	1,378.00
01/07/16	16TR013557	Registration - In State	LUMBARDRI25	124.42	

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67449512	2/18/2015
67459160	2/24/2015
67500942	3/19/2015
67507820	3/24/2015
67507820	3/24/2015
67562936	4/23/2015
67562936	4/23/2015
67603507	5/14/2015
67666832	6/22/2015
67666832	6/22/2015
67651485	6/10/2015
67651485	6/10/2015
67755165	08/07/15
67936578	10/28/15
68023393	12/15/15
68023395	12/15/15
68054700	01/06/16

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01/07/16	16TR013557	Registration - In State	JENSENJES93	124.42
01/07/16	16TR013557	Registration - In State	EVANSDEBO08	124.42
01/07/16	16TR013557	Registration - In State	GRONERPHI08	124.42
01/07/16	16TR013557	Registration - In State	CRUISEMIC84	124.42
01/07/16	16TR013557	Registration - In State	PHILLIPSB18	124.42
01/07/16	16TR013557	Registration - In State	CLAYTONBR45	124.42
01/07/16	16TR013557	Registration - In State	DAYTONMAR12	124.43
01/07/16	16TR013557	Registration - In State	HEINZEROT61	124.43
01/07/16	16TR013557	Registration - In State	MCHONEKAM21	124.43
01/07/16	16TR013557	Registration - In State	WALLISVIC78	124.43
01/07/16	16TR013557	Registration - In State	JOHNSONMA67	124.42
01/07/16	16TR013557	Registration - In State	MARLEYDAV28	124.42
01/07/16	16TR013557	Registration - In State	HARRISVIC36	124.42
01/07/16	16TR013557	Registration - In State	PAPPANSCO50	124.43
01/07/16	16TR013557	Registration - In State	AUGSPURGE84	124.43
01/07/16	16TR013557	Registration - In State	DUNNMICHA05	124.43
01/07/16	16TR013557	Registration - In State	SCHUCHARD93	124.43
01/07/16	16TR013557	Registration - In State	STUBERPAU56	124.43
01/07/16	16TR013557	Registration - In State	LUMBARDRI25	47.37
01/07/16	16TR013557	Registration - In State	JENSENJES93	47.37
01/07/16	16TR013557	Registration - In State	EVANSDEBO08	47.37
01/07/16	16TR013557	Registration - In State	GRONERPHI08	47.37
01/07/16	16TR013557	Registration - In State	CRUISEMIC84	47.37
01/07/16	16TR013557	Registration - In State	PHILLIPSB18	47.37
01/07/16	16TR013557	Registration - In State	CLAYTONBR45	47.37

Warrant Number	Issue Date
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01/07/16	16TR013557	Registration - In State	DAYTONMAR12	47.37	
01/07/16	16TR013557	Registration - In State	HEINZEROT61	47.37	
01/07/16	16TR013557	Registration - In State	MCHONEKAM21	47.37	
01/07/16	16TR013557	Registration - In State	WALLISVIC78	47.37	
01/07/16	16TR013557	Registration - In State	JOHNSONMA67	47.37	
01/07/16	16TR013557	Registration - In State	MARLEYDAV28	47.37	
01/07/16	16TR013557	Registration - In State	HARRISVIC36	47.37	
01/07/16	16TR013557	Registration - In State	PAPPANSCO50	47.37	
01/07/16	16TR013557	Registration - In State	AUGSPURGE84	47.37	
01/07/16	16TR013557	Registration - In State	DUNNMICHA05	47.36	
01/07/16	16TR013557	Registration - In State	SCHUCHARD93	47.36	
01/07/16	16TR013557	Registration - In State	STUBERPAU56	47.36	3,264.07
01/12/16	16TR013575	Registration - In State	GRONERPHI08	689.00	689.00
01/25/16	16TR013616	Registration - In State	GRONERPHI08	689.00	689.00
02/16/16	16TR013710	Registration - In State	PAPPANSCO50	47.36	
02/16/16	16TR013710	Registration - In State	MARLEYDAV28	689.00	
02/16/16	16TR013710	Registration - In State	GRONERPHI08	689.00	
02/16/16	16TR013710	Registration - In State	LUMBARDRI25	689.00	
02/16/16	16TR013710	Registration - In State	JENSENJES93	47.37	
02/16/16	16TR013710	Registration - In State	EVANSDEBO08	47.37	
02/16/16	16TR013710	Registration - In State	GRONERPHI08	47.37	
02/16/16	16TR013710	Registration - In State	CRUISEMIC84	47.37	
02/16/16	16TR013710	Registration - In State	PHILLIPSB18	47.37	
02/16/16	16TR013710	Registration - In State	CLAYTONBR45	47.37	
02/16/16	16TR013710	Registration - In State	DAYTONMAR12	47.37	

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68056827	01/07/16
68062182	01/12/16
68082206	01/25/16

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02/16/16	16TR013710	Registration - In State	HEINZEROT61	47.37	
02/16/16	16TR013710	Registration - In State	MCHONEKAM21	47.37	
02/16/16	16TR013710	Registration - In State	WALLISVIC78	47.37	
02/16/16	16TR013710	Registration - In State	JOHNSONMA67	47.37	
02/16/16	16TR013710	Registration - In State	MARLEYDAV28	47.37	
02/16/16	16TR013710	Registration - In State	HARRISVIC36	47.37	
02/16/16	16TR013710	Registration - In State	PAPPANSCO50	47.37	
02/16/16	16TR013710	Registration - In State	AUGSPURGE84	47.37	
02/16/16	16TR013710	Registration - In State	DUNNMICHA05	47.37	
02/16/16	16TR013710	Registration - In State	SCHUCHARD93	47.36	
02/16/16	16TR013710	Registration - In State	STUBERPAU56	47.36	2,967.00
02/29/16	16TR013753	Registration - In State	GRONERPHI08	180.00	180.00
03/16/16	16TR013837	Registration - In State	PAPPANSCO50	689.00	
03/16/16	16TR013837	Registration - In State	MARLEYDAV28	689.00	
03/16/16	16TR013837	Registration - In State	GRONERPHI08	689.00	
03/16/16	16TR013837	Registration - In State	LUMBARDRI25	47.37	
03/16/16	16TR013837	Registration - In State	JENSENJES93	47.37	
03/16/16	16TR013837	Registration - In State	EVANSDEBO08	47.37	
03/16/16	16TR013837	Registration - In State	GRONERPHI08	47.37	
03/16/16	16TR013837	Registration - In State	CRUISEMIC84	47.37	
03/16/16	16TR013837	Registration - In State	PHILLIPSB18	47.37	
03/16/16	16TR013837	Registration - In State	CLAYTONBR45	47.37	
03/16/16	16TR013837	Registration - In State	DAYTONMAR12	47.37	
03/16/16	16TR013837	Registration - In State	HEINZEROT61	47.37	
03/16/16	16TR013837	Registration - In State	MCHONEKAM21	47.37	

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68123744	02/16/16
68141631	02/29/16

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03/16/16	16TR013837	Registration - In State	WALLISVIC78	47.37	
03/16/16	16TR013837	Registration - In State	JOHNSONMA67	47.37	
03/16/16	16TR013837	Registration - In State	MARLEYDAV28	47.37	
03/16/16	16TR013837	Registration - In State	HARRISVIC36	47.37	
03/16/16	16TR013837	Registration - In State	PAPPANSCO50	47.37	
03/16/16	16TR013837	Registration - In State	AUGSPURGE84	47.37	
03/16/16	16TR013837	Registration - In State	DUNNMICHA05	47.36	
03/16/16	16TR013837	Registration - In State	SCHUCHARD93	47.36	
03/16/16	16TR013837	Registration - In State	STUBERPAU56	47.36	
03/16/16	16TR013837	Registration - In State	BUSHMANIL21	128.45	3,095.45
04/11/16	16TR013951	Registration - In State	MULHALLRY22	689.00	
04/11/16	16TR013951	Registration - In State	GODDARDRA54	689.00	1,378.00
04/14/16	16TR013964	Registration - In State	GODDARDRA54	446.80	
04/14/16	16TR013964	Registration - In State	MULHALLRY22	446.80	893.60
04/19/16	16TR014014	Registration - In State	MULHALLRY22	47.37	
04/19/16	16TR014014	Registration - In State	GODDARDRA54	47.37	
04/19/16	16TR014014	Registration - In State	GRONERPHI08	47.37	
04/19/16	16TR014014	Registration - In State	LUMBARDRI25	47.37	
04/19/16	16TR014014	Registration - In State	JENSENJES93	47.37	
04/19/16	16TR014014	Registration - In State	EVANSDEBO08	47.37	
04/19/16	16TR014014	Registration - In State	GRONERPHI08	47.37	
04/19/16	16TR014014	Registration - In State	CRUISEMIC84	47.37	
04/19/16	16TR014014	Registration - In State	PHILLIPSB18	47.37	
04/19/16	16TR014014	Registration - In State	CLAYTONBR45	47.37	
04/19/16	16TR014014	Registration - In State	DAYTONMAR12	47.37	

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68175246	03/16/16
68218653	04/11/16
68226199	04/14/16

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04/19/16	16TR014014	Registration - In State	HEINZEROT61	47.37	
04/19/16	16TR014014	Registration - In State	MCHONEKAM21	47.37	
04/19/16	16TR014014	Registration - In State	WALLISVIC78	47.37	
04/19/16	16TR014014	Registration - In State	JOHNSONMA67	47.37	
04/19/16	16TR014014	Registration - In State	MARLEYDAV28	47.36	
04/19/16	16TR014014	Registration - In State	HARRISVIC36	47.36	
04/19/16	16TR014014	Registration - In State	PAPPANSCO50	47.36	
04/19/16	16TR014014	Registration - In State	AUGSPURGE84	689.00	
04/19/16	16TR014014	Registration - In State	DUNNMICHA05	689.00	
04/19/16	16TR014014	Registration - In State	SCHUCHARD93	689.00	
04/19/16	16TR014014	Registration - In State	STUBERPAU56	47.37	2,967.00
05/19/16	16TR014186	Registration - In State	MULHALLRY22	689.00	
05/19/16	16TR014186	Registration - In State	GODDARDRA54	689.00	
05/19/16	16TR014186	Registration - In State	GRONERPHI08	689.00	
05/19/16	16TR014186	Registration - In State	LUMBARDRI25	47.37	
05/19/16	16TR014186	Registration - In State	JENSENJES93	47.37	
05/19/16	16TR014186	Registration - In State	EVANSDEBO08	47.37	
05/19/16	16TR014186	Registration - In State	GRONERPHI08	47.37	
05/19/16	16TR014186	Registration - In State	CRUISEMIC84	47.37	
05/19/16	16TR014186	Registration - In State	PHILLIPSB18	47.37	
05/19/16	16TR014186	Registration - In State	CLAYTONBR45	47.37	
05/19/16	16TR014186	Registration - In State	DAYTONMAR12	47.37	
05/19/16	16TR014186	Registration - In State	HEINZEROT61	47.37	
05/19/16	16TR014186	Registration - In State	MCHONEKAM21	47.37	
05/19/16	16TR014186	Registration - In State	WALLISVIC78	47.37	

Warrant Number	Issue Date
68232652	04/19/16

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Accounting System Date	Transaction Number	Accounting Description	Description	Amount	
05/19/16	16TR014186	Registration - In State	JOHNSONMA67	47.37	
05/19/16	16TR014186	Registration - In State	MARLEYDAV28	47.37	
05/19/16	16TR014186	Registration - In State	HARRISVIC36	47.37	
05/19/16	16TR014186	Registration - In State	PAPPANSCO50	47.37	
05/19/16	16TR014186	Registration - In State	AUGSPURGE84	47.37	
05/19/16	16TR014186	Registration - In State	DUNNMICHA05	47.36	
05/19/16	16TR014186	Registration - In State	SCHUCHARD93	47.36	
05/19/16	16TR014186	Registration - In State	STUBERPAU56	47.36	2,967.00
06/16/16	16TR014265	Registration - In State	INV # 001159	165.15	165.15
06/16/16	16TR014264	Registration - In State	MULHALLRY22	689.00	
06/16/16	16TR014264	Registration - In State	GODDARDRA54	47.37	
06/16/16	16TR014264	Registration - In State	LUMBARDRI25	47.37	
06/16/16	16TR014264	Registration - In State	JENSENJES93	47.37	
06/16/16	16TR014264	Registration - In State	EVANSDEBO08	47.37	
06/16/16	16TR014264	Registration - In State	GRONERPHI08	47.37	
06/16/16	16TR014264	Registration - In State	CRUISEMIC84	47.37	
06/16/16	16TR014264	Registration - In State	PHILLIPSB18	47.37	
06/16/16	16TR014264	Registration - In State	CLAYTONBR45	47.37	
06/16/16	16TR014264	Registration - In State	DAYTONMAR12	47.37	
06/16/16	16TR014264	Registration - In State	HEINZEROT61	47.37	
06/16/16	16TR014264	Registration - In State	MCHONEKAM21	47.37	
06/16/16	16TR014264	Registration - In State	WALLISVIC78	47.37	
06/16/16	16TR014264	Registration - In State	JOHNSONMA67	47.37	
06/16/16	16TR014264	Registration - In State	MARLEYDAV28	47.37	
06/16/16	16TR014264	Registration - In State	HARRISVIC36	47.37	

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68284601	05/19/16
68333486	06/16/16

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06/16/16	16TR014264	Registration - In State	PAPPANSCO50	47.37	
06/16/16	16TR014264	Registration - In State	AUGSPURGE84	47.36	
06/16/16	16TR014264	Registration - In State	DUNNMICHA05	47.36	
06/16/16	16TR014264	Registration - In State	SCHUCHARD93	47.36	
06/16/16	16TR014264	Registration - In State	STUBERPAU56	689.00	2,278.00
07/15/16	17TR014386	Registration - In State	INV # 001161	36.70	36.70
07/15/16	17TR014386	Registration - In State	MULHALLRY22	689.00	
07/15/16	17TR014386	Registration - In State	GODDARDRA54	689.00	1,378.00
08/17/16	17TR014501	Registration - In State	MULHALLRY22	689.00	
08/17/16	17TR014501	Registration - In State	GODDARDRA54	689.00	1,378.00
09/08/16	17TR014562	Registration - In State	JENSENJES93	150.23	
09/08/16	17TR014562	Registration - In State	LUMBARDRI25	150.23	
09/08/16	17TR014562	Registration - In State	PHILLIPSB18	150.23	
09/08/16	17TR014562	Registration - In State	CLAYTONBR45	150.23	
09/08/16	17TR014562	Registration - In State	CRUISEMIC84	150.23	
09/08/16	17TR014562	Registration - In State	DAYTONMAR12	150.23	
09/08/16	17TR014562	Registration - In State	EVANSDEBO08	150.23	
09/08/16	17TR014562	Registration - In State	GODDARDRA54	150.26	
09/08/16	17TR014562	Registration - In State	HEINZEROT61	150.23	
09/08/16	17TR014562	Registration - In State	MCHONEKAM21	150.23	
09/08/16	17TR014562	Registration - In State	WALLISVIC78	150.24	
09/08/16	17TR014562	Registration - In State	BUSHMANIL21	150.26	
09/08/16	17TR014562	Registration - In State	DUNNMICHA05	150.24	
09/08/16	17TR014562	Registration - In State	GRONERPHI08	150.23	
09/08/16	17TR014562	Registration - In State	MULHALLRY22	150.26	

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68333485	06/16/16
68385649	07/15/16
68385650	07/15/16
68446648	08/17/16

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09/08/16	17TR014562	Registration - In State	PAPPANSCO50	150.24	
09/08/16	17TR014562	Registration - In State	SCHUCHARD93	150.24	
09/08/16	17TR014562	Registration - In State	STUBERPAU56	150.25	
09/08/16	17TR014562	Registration - In State	AUGSPURGE84	150.24	
09/08/16	17TR014562	Registration - In State	HARRISVIC36	150.24	
09/08/16	17TR014562	Registration - In State	JOHNSONMA67	150.24	
09/08/16	17TR014562	Registration - In State	MARLEYDAV28	150.24	3,305.25
10/19/16	17TR014707	Registration - In State	BOULETTAY55	591.75	591.75
12/14/16	17TR014873	Registration - In State	BOULETTAY55	1,378.00	1,378.00
01/23/17	17TR014940	Registration - In State	BOULETTAY55	689.00	
01/23/17	17TR014940	Registration - In State	EVANSDEBO08	1,378.00	
01/23/17	17TR014940	Registration - In State	JOHNSONMA67	1,378.00	3,445.00
02/08/17	17TR015009	Registration - In State	CRUISEMIC84	689.00	689.00
02/22/17	17TR015068	Registration - In State	JOHNSONMA67	39.50	
02/22/17	17TR015068	Registration - In State	EVANSDEBO08	39.50	
02/22/17	17TR015068	Registration - In State	CRUISEMIC84	98.75	
02/22/17	17TR015068	Registration - In State	CRUISEMIC84	689.00	
02/22/17	17TR015068	Registration - In State	BOULETTAY55	689.00	
02/22/17	17TR015068	Registration - In State	JOHNSONMA67	689.00	
02/22/17	17TR015068	Registration - In State	EVANSDEBO08	689.00	2,933.75
03/21/17	17TR015160	Registration - In State	BOULETTAY55	689.00	
03/21/17	17TR015160	Registration - In State	CRUISEMIC84	689.00	1,378.00
03/31/17	17TR015194	Registration - In State	LUMSDENMA87	591.75	591.75
04/21/17	17TR015276	Registration - In State	BOULETTAY55	689.00	
04/21/17	17TR015276	Registration - In State	CRUISEMIC84	689.00	1,378.00

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68485503	09/08/16
68552342	10/19/16
68647364	12/14/16
68706423	01/23/17
68733280	02/08/17
68760774	02/22/17
68806763	03/21/17
68823515	03/31/17
68861934	04/21/17

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05/11/17	17TR015336	Registration - In State	LUMSDENMA87	1,378.00	
05/11/17	17TR015336	Registration - In State	BOULETTAY55	689.00	2,067.00
06/22/17	17TR015465	Registration - In State	CRUISEMIC84	689.00	
06/22/17	17TR015465	Registration - In State	PAPPANSCO50	689.00	
06/22/17	17TR015465	Registration - In State	BOULETTAY55	689.00	
06/22/17	17TR015465	Registration - In State	LUMSDENMA87	689.00	2,756.00
7/18/2017	18TR015563	Registration - In State	CRUISEMIC84	689.00	
7/18/2017	18TR015563	Registration - In State	PAPPANSCO50	689.00	
7/18/2017	18TR015563	Registration - In State	BOULETTAY55	689.00	
7/18/2017	18TR015563	Registration - In State	LUMSDENMA87	689.00	2,756.00
8/16/2017	18TR015704	Registration - In State	BOULETTAY55	689.00	
8/16/2017	18TR015704	Registration - In State	PAPPANSCO50	689.00	
8/16/2017	18TR015704	Registration - In State	NONEMPLOYEE	689.00	2,067.00
9/20/2017	18TR015857	Registration - In State	NONEMPLOYEE	689.00	
9/20/2017	18TR015857	Registration - In State	BOULETTAY55	689.00	1,378.00
10/16/2017	18TR015958	Registration - In State	BOULETTAY55	689.00	689.00
Total				\$ 67,306.97	

Warrant Number	Issue Date
68897323	05/11/17
68965164	06/22/17
69007786	7/18/2017
69060130	8/16/2017
69119633	9/20/2017
69169453	10/16/2017

Report on Special Investigation of the
Iowa Communications Network

Travel Costs
For the period January 1, 2015 through January 2, 2018

Date	Beginning Travel Date	Ending Travel Date	Vendor
09/28/15	10/25/15	10/26/15	Expedia/United
02/25/16	03/15/16	03/18/16	United
02/25/16	03/15/16	03/18/16	United
02/25/16	03/15/16	03/18/16	United
03/17/16	03/15/16	03/18/16	Westminster Residence
03/18/16	03/15/16	03/18/16	The Joule Hotel
03/16/16	03/15/16	03/18/16	<i>Not specified</i>
03/17/16	03/15/16	03/18/16	Wild Salsa
03/18/16	03/15/16	03/18/16	Pour la France!
03/31/16	04/13/16	04/14/16	United
04/15/16	04/13/16	04/14/16	Hilton
04/13/16	04/13/16	04/14/16	<i>Not specified</i>
04/13/16	04/13/16	04/14/16	<i>Not specified</i>
04/13/16	04/13/16	04/14/16	<i>Not specified</i>
04/14/16	04/13/16	04/14/16	The Cheesecake Factory
08/26/16	09/21/16	09/23/16	United
09/24/16	09/21/16	09/23/16	Residence Inns
09/21/16	09/21/16	09/23/16	Iowa Tap Room, Des Moines Int'l Airport
09/21/16	09/21/16	09/23/16	Pumphouse Brewery & Red Zone Sports Bar
09/22/16	09/21/16	09/23/16	Pumphouse Brewery & Red Zone Sports Bar

Description / Destination	Amount
Des Moines to Chicago, IL	\$ 319.20
Des Moines to Denver, CO	479.10
Denver, CO to Dallas/Ft. Worth	168.10
Dallas/Ft. Worth to Des Moines via Denver, CO	443.60
Westminster, CO	139.70
Dallas, TX	804.52
Dinner in Denver, 03/16/16	10.83
Dinner in Denver, 03/17/16	16.03
Breakfast in Denver, 03/18/16	8.00
Round trip, Des Moines to Washington, DC via Chicago, IL	648.70
McLean, VA	350.56
Breakfast in Washington, DC on 04/13/16	6.52
Lunch in Washington, DC on 04/13/16	13.61
Dinner in Washington, DC on 04/13/16	19.00
Lunch in Washington, DC on 04/14/16	15.67
Round trip, Des Moines to Denver, CO via Chicago, IL	398.20
Boulder, CO	515.20
Lunch on 09/21/16	10.59
Dinner in Denver on 09/21/16	18.00
Lunch in Denver on 09/22/16	17.43

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Travel Costs
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Date	Beginning Travel Date	Ending Travel Date	Vendor
09/23/16	09/21/16	09/23/16	Wolfgang Puck Express, Denver Airport
10/07/16	10/26/16	10/28/16	United
10/29/16	10/26/16	10/28/16	SpringHill Suites
10/26/16	10/26/16	10/28/16	The Boulder Cork
10/27/16	10/26/16	10/28/16	El Jardin Mexican Restaurant
10/28/16	10/26/16	10/28/16	The Cantina Grill, Denver Airport
02/14/17	02/12/17	02/13/17	Hampton Inns
02/12/17	02/12/17	02/13/17	Kincaids Lawson Commons
02/13/17	02/12/17	02/13/17	Casey's General Store
01/24/17	02/26/17	02/28/17	United
02/17/17	02/26/17	02/28/17	ElDorado Resort Casino
03/02/17	02/26/17	02/28/17	ElDorado Resort Casino
02/26/17	02/26/17	02/28/17	Millies 24
02/27/17	02/26/17	02/28/17	ElDorado Resort Casino
02/27/17	02/26/17	02/28/17	Silver Legacy Resort Casio
02/28/17	02/26/17	02/28/17	Wetzel's Pretzels in Denver Airport
03/09/17	03/29/17	03/31/17	United
04/01/17	03/29/17	03/31/17	Hampton Inn & Suites
03/29/17	03/29/17	03/31/17	Billy Goat in Chicago Airport
03/29/17	03/29/17	03/31/17	Jackson's

Description / Destination	Amount
Lunch in Denver on 09/23/16	15.39
Round trip, Des Moines to Denver, CO via Chicago, IL	395.20
Longmont, CO	291.08
Dinner in Boulder, CO on 10/26/16	41.00
Dinner in Boulder, CO on 10/27/16	24.20
Dinner in Boulder, CO on 10/28/16	19.25
St. Paul, MN	134.25
Dinner in St. Paul, MN on 02/12/17	41.00
Mid-afternoon meal (no other meals charged)	7.31
Round trip, Des Moines to Reno via Denver	439.60
Reno, NV	179.97
Reno, NV	46.86
Dinner in Reno on 02/26/17	14.12
Breakfast in Reno on 02/27/17	12.92
Dinner in Reno on 02/27/17	30.08
Lunch in Denver on 02/28/17	5.27
Round trip, Des Moines to Washington, DC via Chicago, IL	434.60
VA / Washington DC	384.13
Breakfast on 03/29/17	9.24
Dinner in Reston, VA on 03/29/17	25.41

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Travel Costs
For the period January 1, 2015 through January 2, 2018

Date	Beginning Travel Date	Ending Travel Date	Vendor
03/30/17	03/29/17	03/31/17	Union Pub
03/31/17	03/29/17	03/31/17	Chef Geoff in Dulles Airport
03/31/17	03/29/17	03/31/17	Des Moines Intl. Airport
02/21/17	05/08/17	05/12/17	United
02/21/17	05/08/17	05/12/17	Rosen Shingle Creek
02/23/17	05/08/17	05/12/17	Service Now
05/01/17	05/08/17	05/12/17	Rosen Shingle Creek
05/08/17	05/08/17	05/12/17	Buffalo Wild Wings
05/08/17	05/08/17	05/12/17	Mi Casa Tequila
05/10/17	05/08/17	05/12/17	Urban Tide
05/10/17	05/08/17	05/12/17	Buffalo Wild Wings
05/11/17	05/08/17	05/12/17	Buffalo Wild Wings
05/11/17	05/08/17	05/12/17	
05/12/17	05/08/17	05/12/17	Qdoba
07/08/17	07/06/17	07/07/17	Hampton Inns

Total

Note: The Pcard assigned to Jessica Jensen also included a \$744.35 charge at the DoubleTree in Minneapolis, MN on 05/22/15. Because supporting documentation is not available from ICN, we are unable to determine to traveled to Minneapolis and stayed at the DoubleTree. As a result, this charge is not included in Exhibit E.

Description / Destination	Amount
Lunch in Washington, DC on 03/30/17	18.00
Lunch in Washington, DC on 03/31/17	18.45
Parking fee	30.00
Round trip, Des Moines to Orlando via Chicago	491.60
Orlando, FL (lodging)	942.24
Conference registration fee	1,295.00
Additional night of lodging in Orlando, FL	284.70
Lunch in Orlando, FL on 05/08/17	12.50
Dinner in Orlando, FL on 05/08/17	30.50
Breakfast in Orlando, FL on 05/10/17	26.73
Lunch in Orlando, FL on 05/10/17	13.10
Dinner in Orlando, FL on 05/11/17	17.87
Parking fee	15.00
Breakfast in Orlando, FL on 05/12/17	10.33
St. Paul, MN	200.69
	<u>\$ 10,360.15</u>

**Report on Special Investigation of the
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Richard Lombard's Lodging Costs in Des Moines, IA
For the period January 1, 2015 through January 2, 2018

Lodging Dates		Description of Cost	Amount
Beginning	Ending		
05/10/16	05/11/16	Overnight stay at the Wildwood Lodge in Clive, IA at a rate of \$55.00 per night plus tax	\$ 61.60
05/17/16	05/18/16	Overnight stay at the Wildwood Lodge in Clive, IA at a rate of \$55.00 per night plus tax	61.60
05/24/16	05/25/16	Overnight stay at the Wildwood Lodge in Clive, IA at a rate of \$55.00 per night plus tax	61.60
05/31/16	06/01/16	Overnight stay at the Wildwood Lodge in Clive, IA at a rate of \$55.00 per night plus tax ^	61.60
06/21/16	06/22/16	Overnight stay at the Wildwood Lodge in Clive, IA at a rate of \$55.00 per night plus tax	61.60
07/06/16	07/07/16	Overnight stay at the Wildwood Lodge in Clive, IA at a rate of \$65.00 per night plus tax	72.80
07/13/16	07/15/16	Two night stay at the Microtel in Urbandale, IA at a rate of \$65.00 per night plus tax	145.60
07/20/16	07/21/16	Overnight stay at the Fairfield Inn in West Des Moines, IA at a rate of \$65.00 per night plus tax	72.80
07/26/16	07/27/16	Overnight stay at the Wildwood Lodge in Clive, IA at a rate of \$65.00 per night plus tax	72.80
08/04/16	08/05/16	Overnight stay at the Fairfield Inn in West Des Moines, IA at a rate of \$65.00 per night plus tax	72.80
08/16/16	08/17/16	Overnight stay at the Country Inn & Suites in Clive, IA at a rate of \$169.00 per night plus tax. Exception granted due to limited options as a result of the Iowa State Fair.	189.28
08/30/16	08/31/16	Overnight stay at an AirBnB at "Home Away From Home" in Des Moines, IA at a rate of \$85 per night plus fees	110.00
09/06/16	09/07/16	Overnight stay at the Fairfield Inn in West Des Moines, IA at a rate of \$65.00 per night plus tax	72.80
09/13/16	09/14/16	Overnight stay at the Wildwood Lodge in Clive, IA at a rate of \$65.00 per night plus tax	72.80
09/14/16	09/15/16	Overnight stay at the AmericInn in Grimes, IA at a rate of \$65.00 per night plus tax	72.80
Total			<u><u>\$ 1,262.48</u></u>

^ - Supporting documentation not available.

Exhibit G

Report on Special Investigation of the
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Fuel Purchases
For the period January 1, 2015 through January 2, 2018

Per WEX Statement

Transaction Date	Post Date	Merchant Name	Merchant Address	Merchant City	Amount
03/21/16	03/23/16	Kum & Go #92	1025 E 1st St	Ankeny	\$ 23.75
03/22/16	03/24/16	Kum & Go #4110	2110 Guthrie Ave	Des Moines	20.19
03/24/16	03/28/16	St. of Iowa	301 E 7th St	Des Moines	16.54
03/28/16	03/30/16	St. of Iowa	301 E 7th St	Des Moines	17.99
03/29/16	03/31/16	St. of Iowa	301 E 7th St	Des Moines	17.72
03/30/16	04/01/16	Kum & Go #6137	101 Village Dr	Tiffin	17.70
03/31/16	04/04/16	Kum & Go #509	1203 Blairs Ferry Rd	Marion	25.25
Subtotal for March 2016					139.14
04/01/16	04/05/16	BP 9778663	3445 County Home Rd	Robins	22.02
04/04/16	04/06/16	St. of Iowa	301 E 7th St	Des Moines	16.89
04/05/16	04/07/16	Kum & Go	1200 N Walnut St	Colfax	22.16
04/06/16	04/08/16	St. of Iowa	301 E 7th St	Des Moines	18.26
04/08/16	04/11/16	BP 9771718	1494 Hwy 30 1	Tama	25.01
04/09/16	04/12/16	BP 9778663	3445 County Home Rd	Robins	15.85
04/11/16	04/13/16	St. of Iowa	301 E 7th St	Des Moines	18.44
04/16/16	04/19/16	BP 9778663	3445 County Home Rd	Robins	26.21
04/19/16	04/20/16	BP 9778663	3445 County Home Rd	Robins	21.07
04/20/16	04/21/16	BP 9778663	3445 County Home Rd	Robins	23.79
04/22/16	04/26/16	BP 9778663	3445 County Home Rd	Robins	25.93
04/26/16	04/28/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	16.16
04/27/16	04/28/16	BP 9778663	3445 County Home Rd	Robins	16.94
04/28/16	05/02/16	Kum & Go #520	2604 16th Ave SW	Cedar Rapids	23.98
04/29/16	05/03/16	Kum & Go #509	1203 Blairs Ferry Rd	Marion	24.66
Subtotal for April 2016					317.37
05/03/16	05/04/16	BP 9778663	3445 County Home Rd	Robins	24.18
05/03/16	05/05/16	Kum & Go #302	2905 4th Ave S	Clear Lake	20.48
05/05/16	05/09/16	Kum & Go #133	553 Highway 175 Ave	Ellsworth	33.03
05/09/16	05/10/16	BP 9778663	3445 County Home Rd	Robins	24.08
05/10/16	05/11/16	BP 9778663	3445 County Home Rd	Robins	21.35
05/13/16	05/17/16	BP 9778663	3445 County Home Rd	Robins	22.00

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Fuel Purchases
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Per WEX Statement

Transaction Date	Post Date	Merchant Name	Merchant Address	Merchant City	Amount
05/18/16	05/20/16	BP 9771718	1494 Hwy 30 1	Tama	28.81
05/20/16	05/24/16	Caseys Gen. Store 277	201 8th Ave SE	Cedar Rapids	8.19
05/23/16	05/24/16	BP 9778663	3445 County Home Rd	Robins	30.64
05/24/16	05/25/16	BP 9778663	3445 County Home Rd	Robins	30.84
05/25/16	05/27/16	BP 9771718	1494 Hwy 30 1	Tama	26.83
Subtotal for May 2016					270.43
06/01/16	06/03/16	Kum & Go #141	1950 Princeton Dr	Grimes	22.00
06/02/16	06/06/16	St. of Iowa	301 E 7th St	Des Moines	20.50
06/06/16	06/07/16	BP 9778663	3445 County Home Rd	Robins	28.38
06/08/16	06/10/16	Farmers Win Cooperat	3480 US Highway 52	Decorah	28.71
06/09/16	06/14/16	BP 9771718	1494 Hwy 30 1	Tama	12.18
06/13/16	06/15/16	Kum & Go #62	6130 NW 86th St	Johnston	29.26
06/14/16	06/16/16	Kum & Go #133	553 Highway 175 Ave	Ellsworth	37.46
06/16/16	06/21/16	Schreiner's Mobil	1308 1st Ave	Rock Falls	44.59
06/17/16	06/21/16	Kum & Go #0267	2050 Highway 38	Tipton	25.00
06/20/16	06/21/16	BP 9778663	3445 County Home Rd	Robins	26.42
06/21/16	06/22/16	BP 9778663	3445 County Home Rd	Robins	16.44
06/22/16	06/24/16	Kum & Go #62	6130 NW 86th St	Johnston	28.57
06/23/16	06/27/16	Kum & Go #4110	2110 Guthrie Ave	Des Moines	26.81
06/24/16	06/28/16	St. of Iowa	301 E 7th St	Des Moines	21.12
06/28/16	06/30/16	St. of Iowa	301 E 7th St	Des Moines	18.81
Subtotal for June 2016					386.25
07/01/16	07/05/16	Meskwaki Travel Plaz	1496 Highway 30	Tama	22.33
07/03/16	07/06/16	Meskwaki Travel Plaz	1496 Highway 30	Tama	23.75
07/05/16	07/07/16	Meskwaki Travel Plaz	1496 Highway 30	Tama	22.79
07/06/16	07/11/16	Meskwaki Travel Plaz	1496 Highway 30	Tama	25.81
07/08/16	07/11/16	BP 9778663	3445 County Home Rd	Robins	24.49
07/12/16	07/13/16	BP 9778663	3445 County Home Rd	Robins	28.39
07/12/16	07/15/16	Meskwaki Travel Plaz	1496 Highway 30	Tama	26.26
07/14/16	07/18/16	Kum & Go #141	1950 Princeton Dr	Grimes	20.61

Exhibit G

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Fuel Purchases
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Per WEX Statement

Transaction Date	Post Date	Merchant Name	Merchant Address	Merchant City	Amount
07/16/16	07/19/16	BP 9778663	3445 County Home Rd	Robins	28.77
07/17/16	07/19/16	BP 9778663	3445 County Home Rd	Robins	26.87
07/18/16	07/19/16	BP 9778663	3445 County Home Rd	Robins	29.95
07/19/16	07/21/16	BP 6433445	1759 Madison Ave	Council Bluffs	34.27
07/20/16	07/21/16	BP 9778663	3445 County Home Rd	Robins	23.45
07/22/16	07/25/16	BP 9778663	3445 County Home Rd	Robins	28.42
07/25/16	07/27/16	Kum & Go #6137	101 Village Dr	Tiffin	25.17
07/25/16	07/27/16	BP 9778663	3445 County Home Rd	Robins	33.72
07/26/16	07/28/16	Kum & Go #62	6130 NW 86th St	Johnston	26.15
07/27/16	07/29/16	Kum & Go #4110	2110 Guthrie Ave	Des Moines	31.51
07/28/16	08/01/16	Kum & Go #6137	101 Village Dr	Tiffin	22.69
07/31/16	08/02/16	BP 9778663	3445 County Home Rd	Robins	24.90
Subtotal for July 2016					530.30
08/11/16	08/15/16	Kum & Go #4110	2110 Guthrie Ave	Des Moines	25.01
08/12/16	08/16/16	Kum & Go	1200 N Walnut St	Colfax	23.99
08/14/16	08/16/16	St. of Iowa	301 E 7th St	Des Moines	16.69
08/15/16	08/17/16	St. of Iowa	301 E 7th St	Des Moines	14.97
08/16/16	08/18/16	St. of Iowa	301 E 7th St	Des Moines	20.74
08/18/16	08/22/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	19.48
08/19/16	08/22/16	BP 9778663	3445 County Home Rd	Robins	19.88
08/23/16	08/26/16	Meskwaki Travel Plaz	1496 Highway 30	Tama	22.26
08/24/16	08/26/16	St. of Iowa	301 E 7th St	Des Moines	15.13
08/25/16	08/29/16	St. of Iowa	301 E 7th St	Des Moines	17.84
08/29/16	08/31/16	BP 9778663	3445 County Home Rd	Robins	20.50
08/30/16	09/01/16	St. of Iowa	301 E 7th St	Des Moines	18.81
Subtotal for August 2016					235.30
09/02/16	09/05/16	BP 9778663	3445 County Home Rd	Robins	26.36
09/06/16	09/07/16	BP 9778663	3445 County Home Rd	Robins	29.85
09/07/16	09/09/16	Kum & Go	1200 N Walnut St	Colfax	21.06
09/08/16	09/12/16	St. of Iowa	301 E 7th St	Des Moines	18.51

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Transaction Date	Post Date	Merchant Name	Merchant Address	Merchant City	Amount
09/11/16	09/13/16	St. of Iowa	301 E 7th St	Des Moines	16.10
09/13/16	09/15/16	St. of Iowa	301 E 7th St	Des Moines	19.84
09/14/16	09/16/16	Kum & Go #62	6130 NW 86th St	Johnston	23.64
09/16/16	09/20/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	16.64
09/20/16	09/21/16	BP 9778663	3445 County Home Rd	Robins	28.72
09/20/16	09/22/16	BP 9778663	3445 County Home Rd	Robins	27.84
09/24/16	09/27/16	Kum & Go #507	610 N Kansas Ave	North Liberty	27.11
09/25/16	09/27/16	Kum & Go #141	1950 Princeton Dr	Grimes	25.67
09/27/16	09/29/16	Kum & Go #141	1950 Princeton Dr	Grimes	24.32
09/27/16	09/30/16	Meskwaki Travel Plaz	1496 Highway 30	Tama	7.97
09/29/16	10/03/16	Kum & Go #6137	101 Village Dr	Tiffin	23.27
09/30/16	10/03/16	BP 9778663	3445 County Home Rd	Robins	27.48
Subtotal for September 2016					364.38
10/03/16	10/04/16	BP 9778663	3445 County Home Rd	Robins	29.95
10/03/16	10/05/16	BP 9778663	3445 County Home Rd	Robins	32.96
10/04/16	10/06/16	Kum & Go #503	3370 7th Ave	Marion	27.22
10/05/16	10/10/16	Meskwaki Travel Plaz	1496 Highway 30	Tama	21.56
10/06/16	10/10/16	BP 9778663	3445 County Home Rd	Robins	31.42
10/07/16	10/11/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	25.37
10/09/16	10/11/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	24.69
10/10/16	10/13/16	Meskwaki Travel Plaz	1496 Highway 30	Tama	24.53
10/11/16	10/14/16	Meskwaki Travel Plaz	1496 Highway 30	Tama	23.72
10/12/16	10/14/16	Kum & Go #503	3370 7th Ave	Marion	29.32
10/14/16	10/18/16	Kum & Go #503	3370 7th Ave	Marion	24.97
10/16/16	10/18/16	BP 9778663	3445 County Home Rd	Robins	34.29
10/16/16	10/18/16	BP 9778663	3445 County Home Rd	Robins	27.75
10/17/16	10/19/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	16.43
10/18/16	10/20/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	23.78
10/19/16	10/21/16	Kum & Go #6137	101 Village Dr	Tiffin	27.83
10/20/16	10/24/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	21.92
10/21/16	10/25/16	St. of Iowa	301 E 7th St	Des Moines	19.62

Exhibit G

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Fuel Purchases
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Per WEX Statement

Transaction Date	Post Date	Merchant Name	Merchant Address	Merchant City	Amount
10/24/16	10/26/16	Kum & Go #503	3370 7th Ave	Marion	19.96
10/24/16	10/27/16	Meskwaki Travel Plaz	1496 Highway 30	Tama	22.48
10/25/16	10/27/16	St. of Iowa	301 E 7th St	Des Moines	11.03
10/26/16	10/28/16	Kum & Go #4110	2110 Guthrie Ave	Des Moines	22.31
10/27/16	10/31/16	Kum & Go #4110	2110 Guthrie Ave	Des Moines	23.23
10/28/16	11/01/16	St. of Iowa	301 E 7th St	Des Moines	18.37
10/31/16	11/02/16	Kum & Go #4110	2110 Guthrie Ave	Des Moines	23.03
Subtotal for October 2016					607.74
11/01/16	11/03/16	Kum & Go #4110	2110 Guthrie Ave	Des Moines	23.81
11/02/16	11/04/16	St. of Iowa	301 E 7th St	Des Moines	21.07
11/03/16	11/07/16	St. of Iowa	301 E 7th St	Des Moines	18.10
11/04/16	11/08/16	Kwik Trip 403	2270 NW 46th St	Owatonna	31.88
11/05/16	11/08/16	Kum & Go #509	1203 Blairs Ferry Rd	Marion	24.58
11/09/16	11/11/16	St. of Iowa	301 E 7th St	Des Moines	22.19
11/10/16	11/14/16	St. of Iowa	301 E 7th St	Des Moines	22.17
11/15/16	11/17/16	Kum & Go #4110	2110 Guthrie Ave	Des Moines	24.25
11/16/16	11/18/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	23.82
11/17/16	11/21/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	22.49
11/18/16	11/22/16	St. of Iowa	301 E 7th St	Des Moines	17.61
11/22/16	11/23/16	BP 9778663	3445 County Home Rd	Robins	20.10
11/25/16	11/28/16	BP 9778663	3445 County Home Rd	Robins	26.58
11/27/16	11/29/16	Kum & Go #62	6130 NW 86th St	Johnston	22.12
11/28/16	12/01/16	Caseys Gen. Store 276	130 W Evans St	Williamsburg	19.58
11/29/16	12/01/16	Kum & Go #6137	101 Village Dr	Tiffin	24.00
11/29/16	12/02/16	Caseys Gen. Store 276	130 W Evans St	Williamsburg	28.74
11/30/16	12/02/16	Kum & Go #570	5800 Northglenn Dr	Johnston	24.24
11/30/16	12/02/16	BP 9778663	3445 County Home Rd	Robins	12.63
Subtotal for November 2016					429.96
12/01/16	12/05/16	Kum & Go #141	1950 Princeton Dr	Grimes	22.55

Report on Special Investigation of the
Iowa Communications Network

Fuel Purchases
For the period January 1, 2015 through January 2, 2018

Per WEX Statement

Transaction Date	Post Date	Merchant Name	Merchant Address	Merchant City	Amount
12/03/16	12/06/16	BP 9778663	3445 County Home Rd	Robins	27.73
12/05/16	12/07/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	26.32
12/06/16	12/08/16	St. of Iowa	301 E 7th St	Des Moines	17.14
12/07/16	12/12/16	Caseys Gen. Store 276	780 N Center Point Rd R	Hiawatha	26.85
12/08/16	12/12/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	25.38
12/09/16	12/13/16	Kum & Go	1200 N Walnut St	Colfax	26.96
12/12/16	12/14/16	Pilot #495	4126 Highway 21	Brooklyn	26.63
12/13/16	12/14/16	BP 9778663	3445 County Home Rd	Robins	25.74
12/14/16	12/16/16	Kum & Go #141	1950 Princeton Dr	Grimes	28.66
12/15/16	12/19/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	26.87
12/17/16	12/20/16	Kum & Go 0532	5901 Mills Civic Pkwy	West Des Moines	24.86
12/19/16	12/21/16	Kum & Go #22	715 Lang Creek Ave	Grinnell	30.06
12/20/16	12/22/16	Kum & Go #137	101 Village Dr	Tiffin	27.73
12/21/16	12/26/16	Caseys Gen. Store 276	130 W Evans St	Williamsburg	28.79
12/22/16	12/27/16	Caseys Gen. Store 287	1419 1st Ave N	Altoona	15.91
12/23/16	12/27/16	St. of Iowa	301 E 7th St	Des Moines	19.12
12/27/16	12/28/16	BP 9778663	3445 County Home Rd	Robins	29.62
12/28/16	01/02/17	Caseys Gen. Store 281	6417 Northglenn Dr	Johnston	25.64
12/29/16	01/02/17	Kum & Go #22	715 Lang Creek Ave	Grinnell	28.92
12/30/16	01/03/17	Kum & Go #443	2177 M Ave	Williamsburg	37.08
Subtotal for December 2016					548.56
01/02/17	01/04/17	Kum & Go #137	101 Village Dr	Tiffin	17.99
01/03/17	01/05/17	Fas. Mart 5149	2349 Blairs Ferry Rd NE	Cedar Rapids	27.32
01/04/17	01/06/17	Kum & Go #517	3132 1st Ave NE	Cedar Rapids	30.60
01/05/17	01/09/17	Kwik Trip 303	4177 Highway 21	Brooklyn	31.62
01/06/17	01/10/17	St. of Iowa	301 E 7th St	Des Moines	15.30
01/09/17	01/10/17	BP 9778663	3445 County Home Rd	Robins	27.75
01/09/17	01/11/17	Kum & Go #141	1950 Princeton Dr	Grimes	15.55
01/10/17	01/12/17	Kum & Go #141	1950 Princeton Dr	Grimes	34.40
01/12/17	01/17/17	Caseys Gen. Store 263	10010 NW 62nd Ave	Johnston	37.12
01/17/17	01/18/17	BP 9778663	3445 County Home Rd	Robins	29.43

Exhibit G

Report on Special Investigation of the
Iowa Communications Network

Fuel Purchases
For the period January 1, 2015 through January 2, 2018

Per WEX Statement

Transaction Date	Post Date	Merchant Name	Merchant Address	Merchant City	Amount
01/18/17	01/19/17	BP 9778663	3445 County Home Rd	Robins	31.76
01/18/17	01/23/17	Caseys Gen. Store 288	1202 S 13th St	Omaha	33.46
01/21/17	01/24/17	BP 9778663	3445 County Home Rd	Robins	32.74
01/23/17	01/25/17	Kum & Go #503	3370 7th Ave	Marion	30.87
01/26/17	01/31/17	Caseys Gen. Store 276	380 33rd Ave SW	Cedar Rapids	40.35
01/27/17	01/31/17	BP 9472598	1111 Lincoln St	Bondurant	37.66
01/31/17	02/02/17	Kum & Go #141	1950 Princeton Dr	Grimes	26.70
Subtotal for January 2017					500.62
02/06/17	02/09/17	Caseys Gen. Store 277	2217 U Ave	Williamsburg	39.89
02/07/17	02/10/17	Meskwaki Travel Plaz	1496 Highway 30	Tama	26.70
02/09/17	02/13/17	BP 9778663	3445 County Home Rd	Robins	33.75
02/10/17	02/14/17	Kum & Go #507	610 N Kansas Ave	North Liberty	30.57
02/13/17	02/15/17	Kum & Go #503	3370 7th Ave	Marion	31.91
02/15/17	02/17/17	Kum & Go #443	2177 M Ave	Williamsburg	39.90
02/21/17	02/22/17	BP 9778663	3445 County Home Rd	Robins	28.64
02/22/17	02/23/17	BP 9778663	3445 County Home Rd	Robins	32.10
02/23/17	02/24/17	BP 9778663	3445 County Home Rd	Robins	27.53
02/24/17	02/28/17	Kum & Go #137	101 Village Dr	Tiffin	31.44
02/25/17	02/28/17	Kum & Go #509	1203 Blairs Ferry Rd	Marion	28.88
Subtotal for February 2017					351.31
03/01/17	03/02/17	BP 9778663	3445 County Home Rd	Robins	35.27
03/02/17	03/06/17	BP 9778663	3445 County Home Rd	Robins	33.30
03/05/17	03/07/17	BP 9778663	3445 County Home Rd	Robins	34.69
03/06/17	03/08/17	Kum & Go #137	101 Village Dr	Tiffin	33.14
03/08/17	03/10/17	St. of Iowa	301 E 7th St	Des Moines	13.85
03/09/17	03/10/17	BP 9778663	3445 County Home Rd	Robins	22.44
03/10/17	03/14/17	St. of Iowa	301 E 7th St	Des Moines	18.07
03/12/17	03/14/17	Kum & Go #509	1203 Blairs Ferry Rd	Marion	17.73
03/18/17	03/21/17	St. of Iowa	301 E 7th St	Des Moines	13.74
03/20/17	03/22/17	Kum & Go #22	715 Lang Creek Ave	Grinnell	31.46

Report on Special Investigation of the
Iowa Communications Network

Fuel Purchases
For the period January 1, 2015 through January 2, 2018

Per WEX Statement

Transaction Date	Post Date	Merchant Name	Merchant Address	Merchant City	Amount
03/21/17	03/23/17	Kum & Go #141	1950 Princeton Dr	Grimes	26.69
03/23/17	03/27/17	St. of Iowa	301 E 7th St	Des Moines	20.59
03/24/17	03/28/17	St. of Iowa	301 E 7th St	Des Moines	23.27
03/27/17	03/30/17	Meskwaki Travel Plaz	1496 Highway 30	Tama	24.94
03/28/17	03/30/17	Kum & Go #22	715 Lang Creek Ave	Grinnell	26.33
Subtotal for March 2017					375.51
04/02/17	04/04/17	BP 9778663	3445 County Home Rd	Robins	26.71
04/05/17	04/07/17	BP 9778663	3445 County Home Rd	Robins	9.98
04/05/17	04/07/17	Kum & Go #22	715 Lang Creek Ave	Grinnell	31.16
04/06/17	04/10/17	BP 9778663	3445 County Home Rd	Robins	34.17
04/11/17	04/13/17	St. of Iowa	301 E 7th St	Des Moines	19.87
04/18/17	04/20/17	BP 6857254	710 Washburn	Lamont	38.02
04/20/17	04/24/17	St. of Iowa	301 E 7th St	Des Moines	16.43
04/21/17	04/25/17	Caseys Medford	101 Riverview Ct	Medford	37.30
04/25/17	04/26/17	BP 9778663	3445 County Home Rd	Robins	30.82
04/25/17	04/27/17	7-Eleven Store 34709	504 N Crego Rd	DeKalb	27.33
04/26/17	04/27/17	BP 9778663	3445 County Home Rd	Robins	27.95
04/26/17	04/28/17	BP 9778663	3445 County Home Rd	Robins	33.48
04/28/17	05/02/17	St. of Iowa	301 E 7th St	Des Moines	19.78
Subtotal for April 2017					353.00
05/02/17	05/03/17	BP 9778663	3445 County Home Rd	Robins	19.93
05/03/17	05/08/17	Caseys Gen. Store 287	1419 1st Ave N	Altoona	27.04
05/04/17	05/08/17	Kum & Go	1200 N Walnut St	Colfax	26.58
05/05/17	05/09/17	St. of Iowa	301 E 7th St	Des Moines	18.63
05/07/17	05/09/17	BP 9778663	3445 County Home Rd	Robins	24.56
05/15/17	05/17/17	The Pumper	515 W Water St	Fayette	13.56
05/20/17	05/23/17	BP 9778663	3445 County Home Rd	Robins	25.29
05/22/17	05/23/17	BP 9778663	3445 County Home Rd	Robins	33.18
05/22/17	05/24/17	Kum & Go #137	101 Village Dr	Tiffin	32.89
05/23/17	05/25/17	BP 9778663	3445 County Home Rd	Robins	33.66

Exhibit G

Report on Special Investigation of the
Iowa Communications Network

Fuel Purchases
For the period January 1, 2015 through January 2, 2018

Per WEX Statement

Transaction Date	Post Date	Merchant Name	Merchant Address	Merchant City	Amount
05/30/17	05/31/17	BP 9778663	3445 County Home Rd	Robins	32.52
05/31/17	06/02/17	St. of Iowa	301 E 7th St	Des Moines	18.61
Subtotal for May 2017					306.45
06/01/17	06/05/17	St. of Iowa	301 E 7th St	Des Moines	17.30
06/02/17	06/06/17	St. of Iowa	301 E 7th St	Des Moines	18.84
06/03/17	06/06/17	BP 9778663	3445 County Home Rd	Robins	19.97
06/05/17	06/07/17	Kum & Go	1200 N Walnut St	Colfax	29.08
06/07/17	06/09/17	Kum & Go #141	1950 Princeton Dr	Grimes	26.90
06/09/17	06/13/17	Caseys Gen. Store 278	1495 Blairs Ferry Rd NE	Cedar Rapids	39.85
06/13/17	06/14/17	BP 9778663	3445 County Home Rd	Robins	29.14
06/16/17	06/20/17	St. of Iowa	301 E 7th St	Des Moines	21.58
06/19/17	06/21/17	Kum & Go #572	4860 NW Urbandale Dr	Urbandale	31.00
06/22/17	06/26/17	Kum & Go #22	715 Lang Creek Ave	Grinnell	25.44
06/25/17	06/27/17	BP 9778663	3445 County Home Rd	Robins	25.46
06/27/17	06/29/17	BP 9778663	3445 County Home Rd	Robins	32.27
06/28/17	07/03/17	Meskwaki Travel Plaz	1496 Highway 30	Tama	33.69
06/29/17	07/03/17	St. of Iowa	301 E 7th St	Des Moines	18.63
06/30/17	07/04/17	St. of Iowa	301 E 7th St	Des Moines	20.35
Subtotal for June 2017					389.50
07/02/17	07/04/17	BP 9778663	3445 County Home Rd	Robins	17.57
07/04/17	07/06/17	BP 9778663	3445 County Home Rd	Robins	19.62
07/04/17	07/07/17	Thorntons #315	2609 N Farnsworth Ave	Aurora	30.82
07/05/17	07/07/17	BP 9778663	3445 County Home Rd	Robins	34.19
07/10/17	07/11/17	BP 9778663	3445 County Home Rd	Robins	29.83
07/12/17	07/14/17	St. of Iowa	301 E 7th St	Des Moines	21.82
Subtotal for July 2017					153.85
Total					\$ 6,259.67

**Report on Special Investigation of the
Iowa Communications Network**

Report on Special Investigation of the
Iowa Communications Network

Costs for Meetings Held at Resort in Whalen, MN
For the period January 1, 2015 through January 2, 2018

Dates of Event	Transaction Date	Paid by Travel Card / Employee Reimbursed	Vendor / Description	Amount
May 3-5, 2016				
	04/12/16	Travel Card	Cedar Valley Resort	\$ 620.00
	05/03/16	Ric Lombard	Groceries	65.28
	05/04/16	Jessica Jensen	Groceries	65.28
	05/04/16	Deb Evans	Groceries	65.28
	05/04/16	Randy Goddard	Groceries	65.28
	05/05/16	Travel Card	Cedar Valley Resort	806.90
	Subtotal			<u>1,688.02</u>
June 6-8, 2016				
	05/11/16	Travel Card	Cedar Valley Resort	1,860.00
	06/07/16	Ric Lombard	Groceries	29.29
	06/07/16	Jessica Jensen	Groceries	29.29
	06/07/16	Phil Groner	Groceries	29.29
	06/07/16	Deb Evans	Groceries	29.29
	06/07/16	Mark Johnson	Groceries	29.29
	06/07/16	Scott Pappan	Groceries	29.29
	06/07/16	Mike Cruise	Groceries	29.29
	06/07/16	Randy Goddard	Groceries	29.29
	06/07/16	Ryan Mulhall	Groceries	29.29
	06/07/16	Dave Marley	Groceries	29.29
	06/08/16	Travel Card	Cedar Valley Resort	2,281.25
	06/08/16	Scott Pappan	Travel Reimbursement	88.92
	06/08/16	Mike Cruise	Travel Reimbursement	4.33
	Subtotal			<u>4,527.40</u>

Meals	Lodging	Mileage
-	620.00	-
65.28	-	-
65.28	-	-
65.28	-	-
65.28	-	-
-	806.90	-
261.12	1,426.90	-
-	-	-
-	1,860.00	-
29.29	-	-
29.29	-	-
29.29	-	-
29.29	-	-
29.29	-	-
29.29	-	-
29.29	-	-
29.29	-	-
29.29	-	-
-	2,281.25	-
-	-	88.92
4.33	-	-
297.23	4,141.25	88.92

Report on Special Investigation of the
Iowa Communications Network

Costs for Meetings Held at Resort in Whalen, MN
For the period January 1, 2015 through January 2, 2018

Dates of Event	Transaction Date	Paid by Travel Card / Employee Reimbursed	Vendor / Description	Amount
May 17-19, 2017				
	01/10/17	Lumbard Travel Card	Cedar Valley Resort	4,768.20
	05/11/17	Lumbard Travel Card	Cedar Valley Resort	883.00
	05/15/17	Ric Lumbard	Groceries	90.00
	05/15/17	Ric Lumbard	Pedal Pushers Café	14.00
	05/15/17	Jessica Jensen	Pedal Pushers Café	12.00
	05/15/17	Jessica Jensen	Groceries	90.00
	05/15/17	Phil Groner	Groceries	40.00
	05/15/17	Deb Evans	Pedal Pushers Café	11.87
	05/17/17	Phil Groner	Casey's General Store	9.79
	05/17/17	Phil Groner	High Court Pub	10.00
	05/17/17	Deb Evans	High Court Pub	13.00
	05/17/17	Deb Evans	Groceries	50.00
	05/17/17	Deb Evans	Groceries	40.00
	05/17/17	Mark Johnson	Groceries	40.00
	05/17/17	Scott Pappan	Groceries	40.00
	05/17/17	Scott Pappan	Hy-Vee	7.94
	05/17/17	Scott Pappan	High Court Pub	16.06
	05/17/17	Mark Lumsden	Groceries	40.00
	05/17/17	TJ Boulet	Groceries	40.00
	05/17/17	Mike Cruise	Groceries	40.00
	05/17/17	Mike Cruise	High Court Pub	11.50
	05/17/17	Randy Goddard	Groceries	90.00
	05/17/17	Ryan Mulhall	Groceries	40.00

Meals	Lodging	Mileage
-	-	-
-	4,768.20	-
-	883.00	-
90.00	-	-
14.00	-	-
12.00	-	-
90.00	-	-
40.00	-	-
11.87	-	-
9.79	-	-
10.00	-	-
13.00	-	-
50.00	-	-
40.00	-	-
40.00	-	-
40.00	-	-
7.94	-	-
16.06	-	-
40.00	-	-
40.00	-	-
40.00	-	-
11.50	-	-
90.00	-	-
40.00	-	-

Report on Special Investigation of the
Iowa Communications Network

Costs for Meetings Held at Resort in Whalen, MN
For the period January 1, 2015 through January 2, 2018

Dates of Event	Transaction Date	Paid by Travel Card / Employee Reimbursed	Vendor / Description	Amount
	05/17/17	Ryan Mulhall	Hy-Vee	15.03
	05/17/17	Ryan Mulhall	High Court Pub	8.97
	05/17/17	Ryan Mulhall	Travel Reimbursement	84.24
	05/17/17	Dave Marley	Groceries	40.00
	05/17/17	Dave Marley	High Court Pub	14.95
	05/19/17	Scott Pappan	Travel Reimbursement	89.31
	Subtotal			6,649.86
	Total			\$ 12,865.28

Meals	Lodging	Mileage
15.03	-	-
8.97	-	-
-	-	84.24
40.00	-	-
14.95	-	-
-	-	89.31
825.11	5,651.20	173.55
1,383.46	11,219.35	262.47

**Report on Special Investigation of the
Iowa Communications Network**

Report on Special Investigation of the
Iowa Communications Network

Gross Salary Costs for ITTC Commissioners
For the period January 1, 2015 through January 2, 2018

Name	01/01/14 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 06/30/16	07/01/16 - 06/30/17	07/01/17 - 09/26/17	Total
Richard Bruner	\$ 9,815.91	19,631.82	20,387.07	19,631.82	4,530.42	73,997.04
Robert Hardman	5,025.02	-	-	-	-	5,025.02
Kathleen Kohorst	6,928.48	13,856.96	14,389.96	13,856.96	3,197.76	52,230.12
Timothy Lapointe	6,928.48	13,856.96	14,389.96	13,856.96	3,197.76	52,230.12
Kelly Dolan Lange	1,903.43	13,856.96	14,389.96	13,856.96	3,197.76	47,205.07
Mary Sellers	6,928.48	13,856.96	14,389.96	11,725.12	-	46,900.52
Robert Holz Jr.	-	-	-	1,065.92	3,007.31	4,073.23
Total	\$ 37,529.80	75,059.66	77,946.91	73,993.74	17,131.01	281,661.12

Report on Special Investigation of the
Iowa Communications Network

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Stephen J. Hoffman, Senior II Auditor
Matthew C. Hickenbottom, Senior Auditor
Cody L. Mathews, Assistant Auditor

A handwritten signature in black ink, reading "Tamera S. Kusian". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices


Report on Special Investigation of the Iowa Communications Network

eBay Listing for Remote Video Production Truck

Remote Video Production Truck | eBay

<https://www.ebay.com/itm/Remote-Video-Production-Tru...>


[Hi! Sign in or register](#) [Daily Deals](#) [Gift Cards](#) [Help & Contact](#)

 [Shop by category](#)

[Back to home page](#) | Listed in category: [Cameras & Photo](#) > [Video Production & Editing](#) > [Other Production & Editing](#)

This listing was ended by the seller because the item is no longer available.

Remote Video Production Truck [See original listing](#)



Item condition: **Used**

Ended: May 22, 2017, 6:46PM

Price: **US \$25,000.00**

Shipping: Free Local Pickup

Item location: Auburn, California, United States

Seller: [atwoodvideoproductions1 \(16\)](#) | [Seller's other items](#)

[Sell one like this](#)

Report on Special Investigation of the Iowa Communications Network

eBay Listing for Remote Video Production Truck

Remote Video Production Truck | eBay

<https://www.ebay.com/itm/Remote-Video-Production-Tru...>

Description

Seller assumes all responsibility for this listing.

Item specifics

Condition: Used: An item that has been used previously. The item may have some signs of cosmetic wear, but is fully operational and functions as intended. This item may be a floor model or store return that has been used. See the seller's listing for full details and description of any imperfections. See all condition definitions

Country/Region of Manufacture: United States

MPN: Does Not Apply

[See full item description](#)

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Report on Special Investigation of the Iowa Communications Network

eBay Listing for Remote Video Production Truck

<http://vi.vipr.ebaydesc.com/ws/eBayISAPI.dll?ViewItemD...>

48 foot remote television production trailer.

Built in 1990 for NBC. In 1994 became part of the NEP fleet. Rack Ready. Single Expando.

Goto <http://www.ntt-group.org/> to see truck layout and to take a tour.

Unit comes with all equipment shown in the photos

Link to information shown on next page

16:9 SD truck with SD to HD upconverters.

- Grass Valley Kalypso 4 M/E switcher
- Yamaha PM-4000 audio mixer
 - 44 mono channels plus 8 stereo channels
- Configured for 8 Ikegami HK-388 cameras
 - 12 cameras come with the unit.
 - Mix of handheld and Studio/Hard cameras, and lenses.
- Wired for 14 cameras
- Philips/BTS 64x64x3 Router
 - SD-SDI/Stereo Analog audio
 - Auto changeover redundant controller
- control panels
- Six channel EVS-XT Playback server
- Multiple other Fast Forward and GVG video servers included
- Lots of patching
- Required three phase plus ground power cables included

Report on Special Investigation of the
Iowa Communications Network

eBay Listing for Remote Video Production Truck

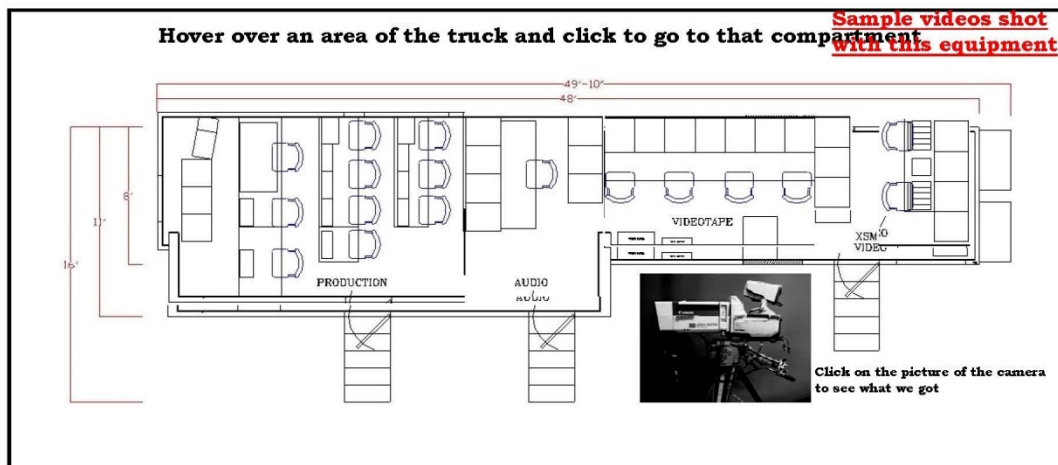
53 Foot Production Trailer

<http://www.ntt-group.org/>

**53 foot trailer, single expando
production trailer**

[Email Jim Boston](#) or phone 530-305-0008

[Email Rick Bernard](#) or phone 916-712-281



**Report on Special Investigation of the
Iowa Communications Network**

Report on Special Investigation of the
Iowa Communications Network

Picture of the Blue Trailer's Exterior



Appendix 3

Report on Special Investigation of the
Iowa Communications Network

Copy of Original Invoice for White Trailer and Truck Dated May 23, 2017

Northeast Technical Training Group, Inc.

12018 Hanley Drive
Grass Valley, California 95949

Federal ID NO.
47-2644812

5/23/2017

Invoice #

105

Bill To

Ric Lumbard, Executive Director
Iowa Communications Network
State of Iowa
Des Moines, Iowa 50319

Ship To

P.O. Number		Terms		Rep	Ship	Via	F.O.B.		Project	
					5/23/2017					
Quantity		Item Code		Description				Price Each		Amount
1		Equipment		1983 Autocar, Model AT64F, ID# 1watdeig7du095188				25,000.00		25,000.00
1		Equipment		Trailer - 1990 Vin # 1M9VS4820L1298001 Lic # 4ND4836				0.00		0.00

Report on Special Investigation of the
Iowa Communications Network

Copy of Invoice Dated May 25, 2017

NORTHEAST TECHNICAL TRAINING GROUP
12018 Hanley Drive
Grass Valley, California 95949
FEDERAL EIN# 47-2644812
May 25, 2017

INVOICE #106-107

Bill To

Customer Iowa Communication Network
State of Iowa
Customer ID# Executive Director – Ric Lumbard
Address 400 E. 14th St
Des Moines, Iowa 50319
Phone 515-725-4910
Payment Due June 9, 2017
Salesperson Jim Boston
Payment Terms Payment – Delivery – Title FOB IOWA

Ship To

Recipient Iowa Communication Network
State of Iowa
Address 3243 Wind and Fire Drive
Marion, IA
(Suitable Parking Lot)
Phone 515-571-2893
Delivery Date ASAP
Shipping Method Pre-Arranged
Shipping Terms Included in sale terms

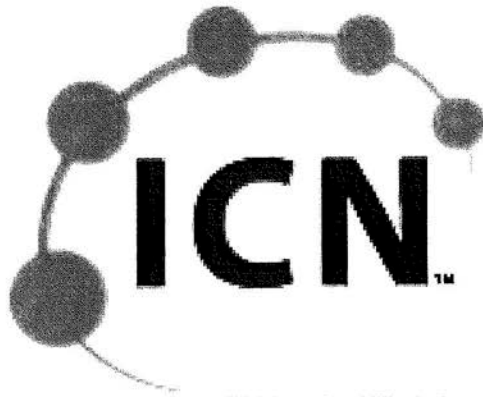
Qty.	Item#	Description	Unit Price	Discount	Line Total
1		TRACTOR: 1983 Autocar, Model AT64F, ID# 1watdcjg7du095188	10,000		10,000
1		TRAILER: - 1990 Vin # 1M9VS4820L1298001 Lic # 4ND4836	15,000		15,000
1		TRAILER: - 1985 Vin # 11AS4520XF1006339 License # 1UA2246	13,300		13,300
1		PREPARATION, TRANSPORTATION and DELIVERY of all three vehicles to IOWA. Includes driver, lodging all permits, fuel, return airfare and rental tractor.	11,500		11,500
Total Discount					49,800
Subtotal					49,800
Sales Tax					0
Total					49,800

Thank you for your business!

NORTHEAST TECHNICAL TRAINING GROUP – 12018 Hanley Drive – Grass Valley CA 95949 – 530-305-0008

Report on Special Investigation of the
Iowa Communications Network

Copy of Business Plan Dated May 31, 2017



***ICN FUTURE: MOBILITY BUSINESS
CASE FOR TRAILER BASED
COMMUNICATION AND TRAINING***

***PROJECT:
BROADBAND
ANYWHERE***

Version 1
Wednesday, May 31,
2017

Report on Special Investigation of the Iowa Communications Network

Copy of Business Plan Dated May 31, 2017

Overview

The ICN has the opportunity to launch two key mobile initiatives previously discussed following the meeting and display from Fortinet.

Application #1: MOBILE COMMUNICATIONS DISASTER SUPPORT VEHICLE.

- This is a multi-discipline vehicle able to support mobile broadband applications for PSAP dispatch operations, mobile LMR operations, and mobile Internet or ICN network operations.
- The ICN does not currently have a way to approach disaster or critical infrastructure with any mobile operations.

Application #2: ICN Mobile CYBER training and Education vehicle.

- This vehicle would fill an expressed need to have a mobile broadband / Cyber vehicle that could park on location, in partnership, with a community college, connect and provide onsite Cyber internship and training opportunities. This would significantly improve the ICN's ability to obtain and retain caliber young Cyber Specialist from partner colleges who are not able to travel to an onsite location.

Opportunity

Sacramento CA

A non-profit in Sacramento California is closing its doors and liquidating its mobile fleet of training and communication equipment equipped trucks and trailers. Time is of the essence as the NPO is being forced out of its property, warehousing and parking lots.

This organization has in its possession the vehicles needed to establish as start-up point for this project with relatively low point of entry financial and a significant cost saving ranging in the hundreds of thousands of dollars, due to the distressed state of the closing organization. These vehicles are both rack ready and would be at a 70%+ build state and obtaining vehicles at this state of readiness is unheard of.

Vendor:

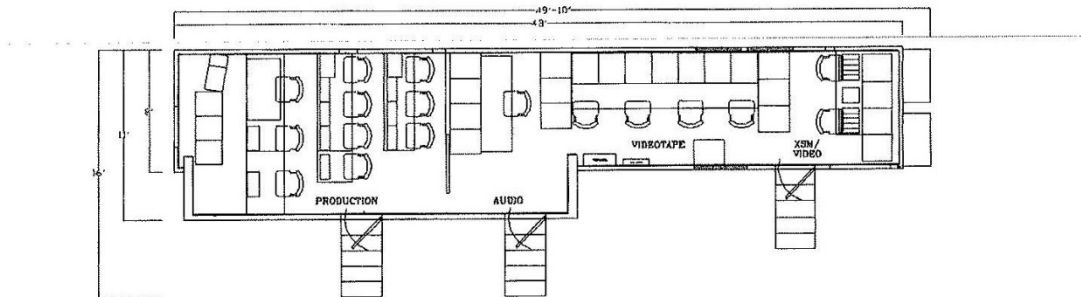
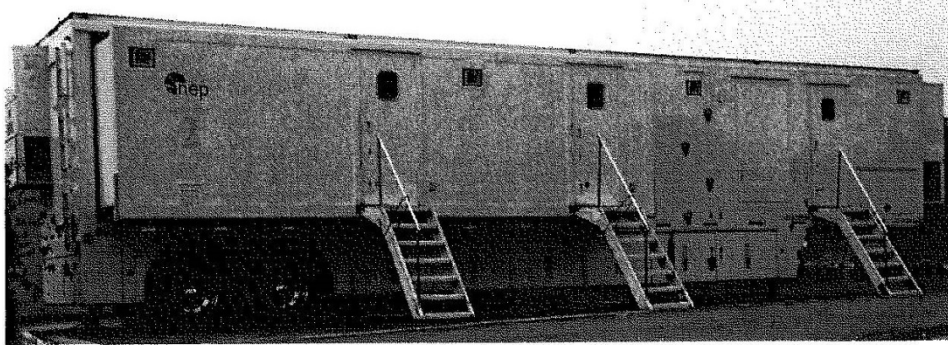
NORTHEAST TECHNICAL TRAINING GROUP
12018 Hanley Drive
Grass Valley, California 95949
FED EIN # 47-2644812
Name: Jim Boston
Phone: 530-305-0008
Email: sigma@jimboston.com

Vehicle #1: TRUCK AND TRAILER

- 1983 Autocar, Model AT64F, ID# 1watdcjg7du095188
- Trailer - 1990 Vin # 1M9VS4820L1298001 Lic # 4ND4836

Report on Special Investigation of the
Iowa Communications Network

Copy of Business Plan Dated May 31, 2017



Report on Special Investigation of the
Iowa Communications Network

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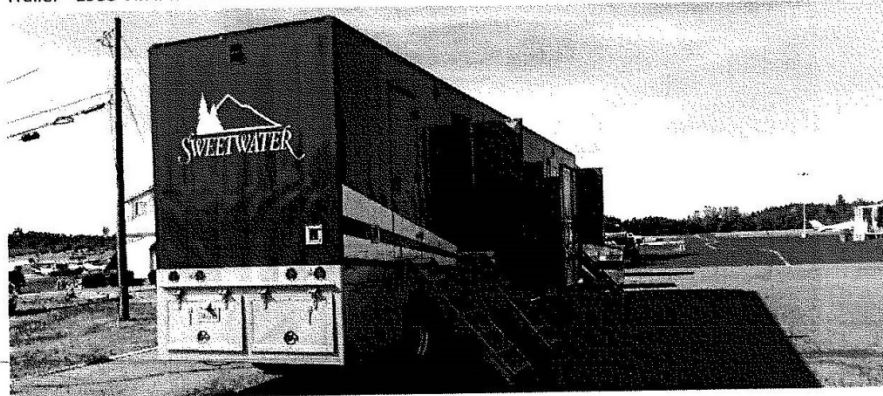


Report on Special Investigation of the
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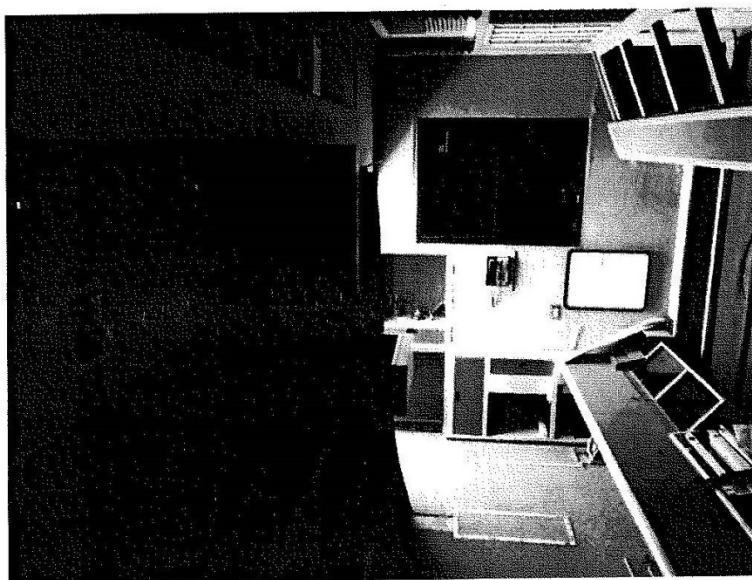
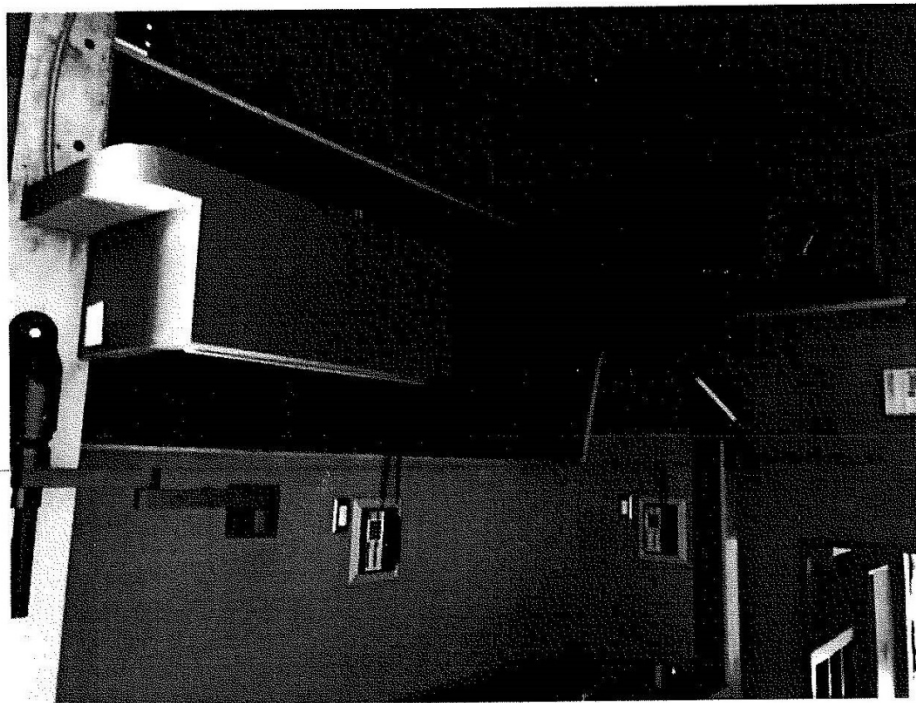
Vehicle #2: TRAILER

- Trailer - 1985 Vin # 11AS4520XF1006339 License # 1UA2246



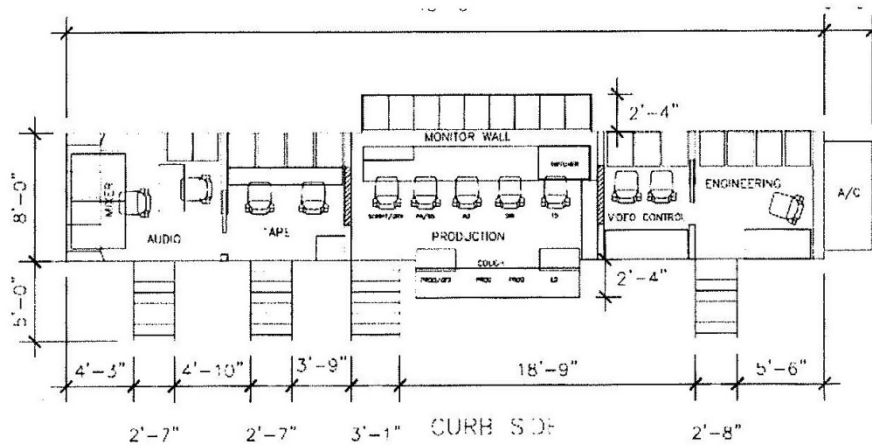
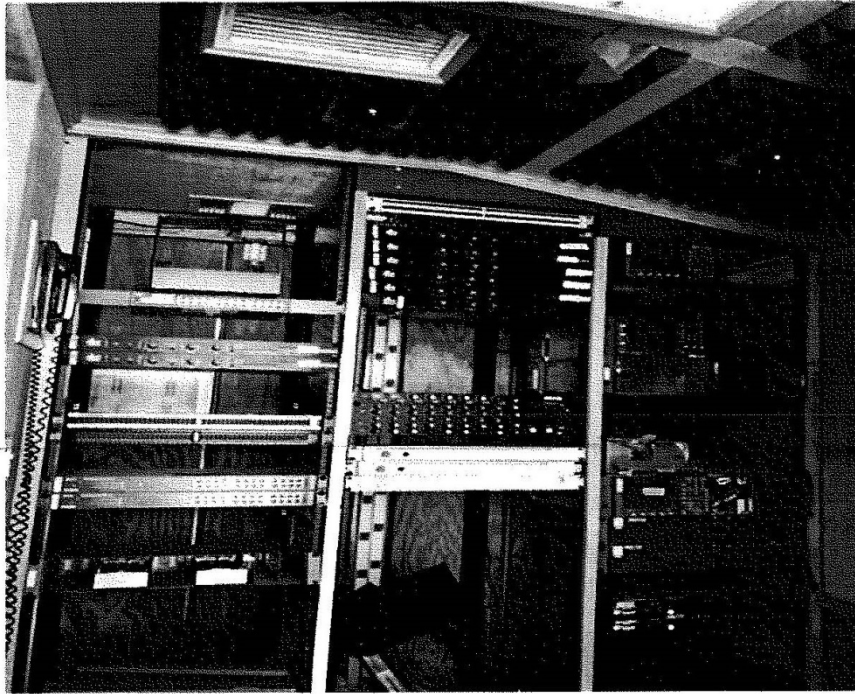
Report on Special Investigation of the
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Copy of Business Plan Dated May 31, 2017



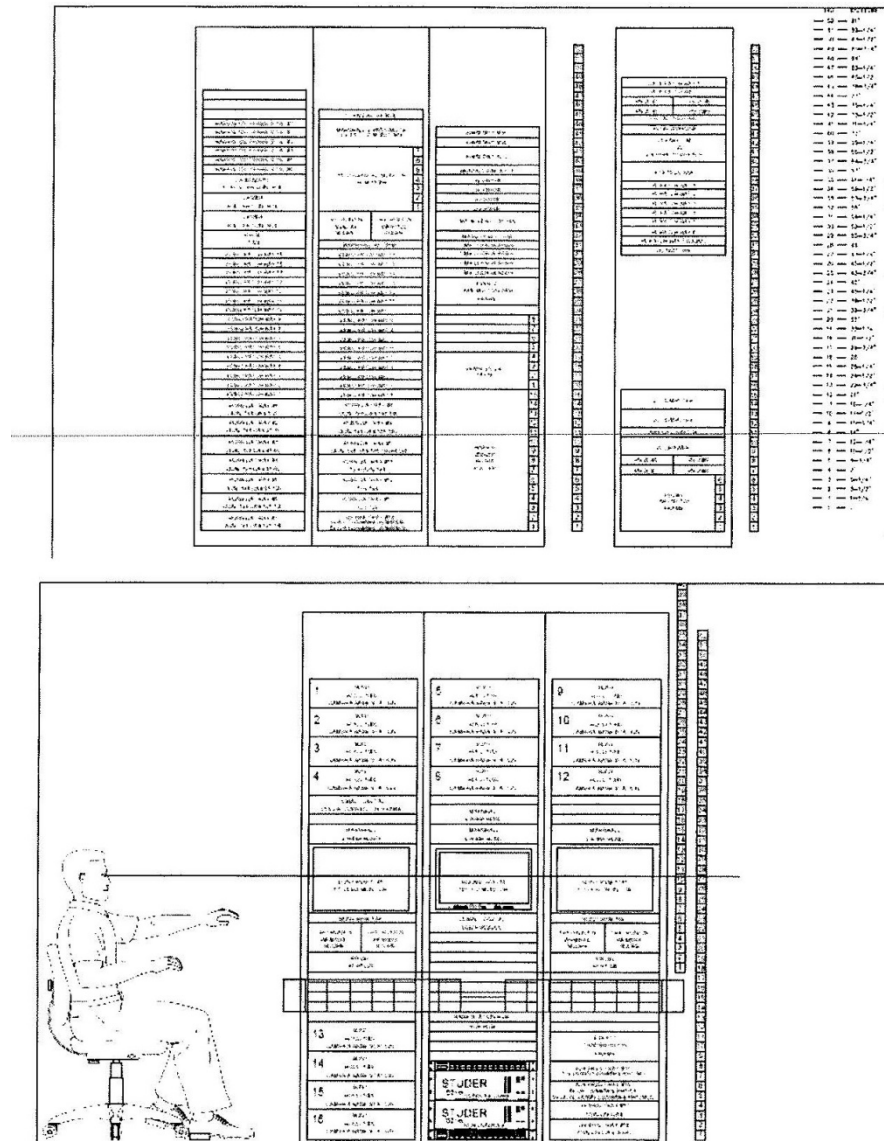
Report on Special Investigation of the
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Copy of Business Plan Dated May 31, 2017



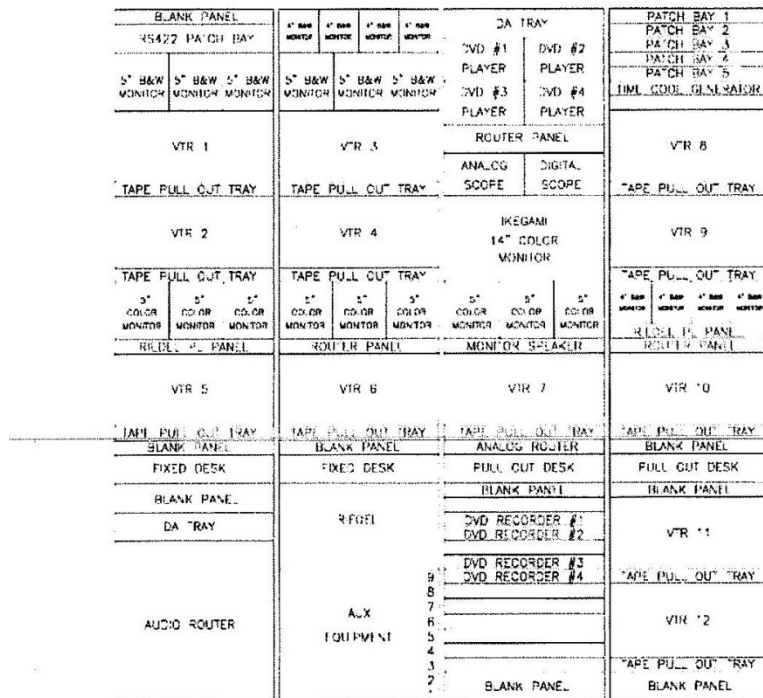
Report on Special Investigation of the Iowa Communications Network

Copy of Business Plan Dated May 31, 2017



Report on Special Investigation of the Iowa Communications Network

Copy of Business Plan Dated May 31, 2017



Cost of Procurement

Qty.	Item#	Description	Unit Price	Discount	Line Total
1		TRACTOR: 1983 Autocar, Model AT64F, ID# 1watdcjg7du095188	10,000		10,000
1		TRAILER: - 1990 Vin # 1M9VS4820L1298001 Lic # 4ND4836	15,000		15,000
1		TRAILER: - 1985 Vin # 11A54520XF1006339 License # 1UA2246	13,300		13,300
1		PREPARATION, TRANSPORTATION and DELIVERY of all three vehicles to IOWA. Includes driver, lodging all permits, fuel, return airfare and rental tractor.	11,500		11,500
Total Discount					49,800
Subtotal					49,800
Sales Tax					0
Total					49,800

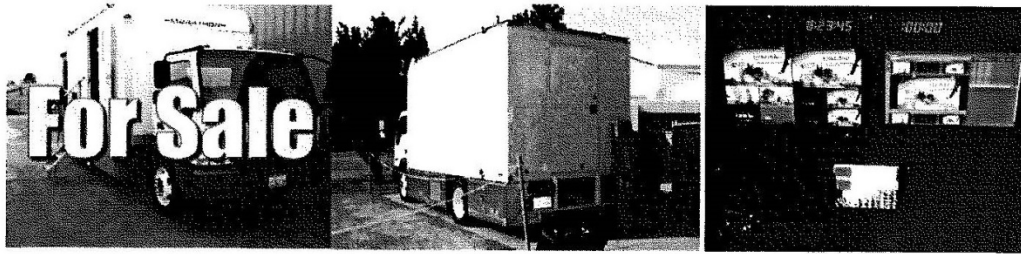
Report on Special Investigation of the
Iowa Communications Network

Copy of Business Plan Dated May 31, 2017

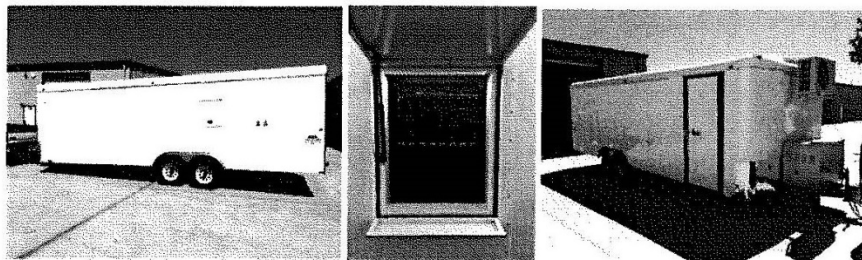
Procurement Decision for the base vehicles

Due to the amount, informal bid comparisons were made:

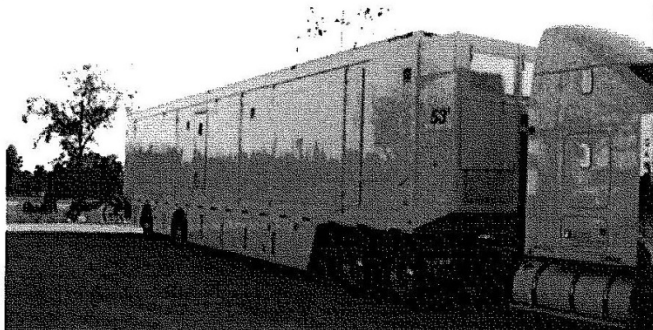
COMPARABLE #1: MOBILE PRODUCTION TRUCK: **\$75000.00** for a single truck/van with 1/6th of the total sq foot of the proposed deal. **John Huffman 209.667.7322**



COMPARABLE #2: MOBILE PRODUCTION TRAILER: **\$45000.00** for a single truck/van with 1/5th of the total sq. foot of the proposed deal. **John Huffman 209.667.7322**



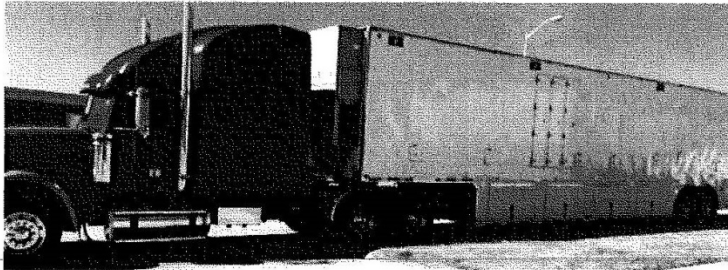
COMPARABLE #3: MOBILE PRODUCTION TRAILER: **\$69,995.00** 53ft HD Expando, Excellent Condition, New KingPin, New Paint in 2013 – TRAILER ONLY – NO TRACTOR and NO SECOND TRAILER - ALLIED BROADCAST GROUP. 918-250-5353



Report on Special Investigation of the
Iowa Communications Network

Copy of Business Plan Dated May 31, 2017

COMPARABLE #4: MOBILE PRODUCTION TRAILER: \$995,000. This is fully equipped and working HD Trailer, updated and completed in 2010-2011 Outfitted for sports and more. New belly bays and other recent improvements on the trailer-- TRAILER ONLY -- NO TRACTOR and NO SECOND TRAILER - ALLIED BROADCAST GROUP. 918-250-5353



COMPARABLE #5: MOBILE PRODUCTION TRAILER: \$390,000. 53' in length

44' x 60" curb side expanding side system

Full storage bay system

250 or 300 amp power system

Full 20-ton air conditioner with full air plenum system installed

The interior is insulated and finished in cover ply only.

The rack systems, console groups and interior finish are available at your required need with those items to be priced as required. The advantage of this offer is that we now have in stock, a trailer system that can be delivered new, in 30 days, built to your specified need. When you have a need of fast

service, this is an excellent opportunity to gain a great new G&A

trailer system to meet your need in a very short timeline. -- BROADCAST STORE. www.broadcaststore.com



Report on Special Investigation of the
Iowa Communications Network

Copy of Revised Invoice Dated June 2, 2017

Northeast Technical Training Group, Inc.

12018 Hanley Drive
Grass Valley, California 95949

Federal ID NO.
47-2644812

6/2/2017

Invoice #

108

Bill To

Ric Lombard, Executive Director
Iowa Communications Network
State of Iowa
Des Moines, Iowa 50319

Ship To

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
			6/2/2017			
Quantity	Item Code	Description			Price Each	Amount
1	Equipment	1983 Autocar, Model AT64F, ID# 1watdcjg7du095188			0.00	0.00
1	Equipment	Trailer - 1990 Vin # 1M9VS4820L1298001 Lic # 4ND4836			0.00	0.00
1	Equipment	Trailer - 1985 Vin # 11AS4520XF1006339 Lic # 1UA2246			0.00	0.00
	Equipment	Total Amount of all items listed above			49,800.00	49,800.00

Report on Special Investigation of the
Iowa Communications Network

Equipment Listed on eBay by COH Logistics

7/13/2017 DBX 160X Single Channel Compressor Limiter | eBay

DBX 160X Single Channel Compressor Limiter
Studio Use Only

Item condition: **Used**
"Always racked and professionally operated. Never in a bar!"

Ended: Jul 06, 2017, 7:00AM

Quantity: 0 available / 8 sold

Price: **US \$165.00**

Seller information
coh-logistics (514 ★)
100% Positive feedback
Follow this seller
Visit store: COH-LOGISTIC
See other items

Shipping: **\$15.00** Standard Shipping | See details
Item location: Marion, Iowa, United States
Ships to: United States

Delivery: Estimated on or before **Wed, Jul. 19** to 50319

Payments: **PayPal** **VISA** **MasterCard** **Discover** **Amex**
Credit Cards processed by PayPal

PayPal CREDIT
6 months to pay on \$99+. [Apply Now](#) | [See terms](#)
[See details](#)

Returns: Seller does not offer returns.

Guarantee: **ebay** MONEY BACK GUARANTEE | [See details](#)
Get the item you ordered or get your money back.
Covers your purchase price and original shipping.

[Have one to sell?](#) [Sell now](#)

Description **Shipping and payments**

Seller assumes all responsibility for this listing.
Last updated on Jul 02, 2017 07:19:51 PDT [View all revisions](#)

Item specifics

Condition:	Used :
Seller Notes:	"Always racked and professionally operated. Never in a bar!"
Effect/Enhancement:	Compression/Limiting
Type:	Single-Effect Processor
Brand:	dbx
Model:	160X
Form Factor:	Rack-Mountable
Number of Channels:	1

Dependable DBX 160X Single Channel Comp/Limiter. Industry Standard

Coming out of a professional studio application. Never abused or roaded.

Questions and answers about this item
No questions or answers have been posted about this item.
[Ask a question](#)

People were also interested in 1/2 [Feedback](#)

<http://www.ebay.com/itm/DBX-160X-Single-Channel-Compressor-Limiter-/322563086624?nma=true&si=d1UbQFlnet6%252FnBX2UoPNfZkrAnc%253...> 2/3

Report on Special Investigation of the Iowa Communications Network

Equipment Listed on eBay by COH Logistics

7/13/2017 FOR.A MV-40E Multi-Viewer | eBay

Hi! Sign in Sell | My eBay

Search...

Back to Store | Listed in category: Cameras & Photo > Video Production & Editing > Editing & Post-Production

FOR.A MV-40E Multi-Viewer

Item condition: **Used**
"Pulled from Live Production vehicle - USED - some are racked and dual racked."

Time left: 25d 23h 8s, 2:59PM

Quantity: 7 available

Price: **US \$100.00** **Buy It Now**
Add to cart

Best Offer: **Make Offer**
 Add to watch list
 Add to collection

Delivery in 4 days Located in United States Best offer available

Shipping: **\$15.00** Standard Shipping | [See details](#)
 Item location: Marlon, Iowa, United States
 Ships to: United States and many other countries | [See details](#)

Delivery: Estimated on or before **Wed. Jul. 19** to 50035

Payments: **PayPal** VISA MasterCard American Express
 Credit Cards processed by PayPal

PayPal CREDIT
 6 months to pay on \$99+. [Apply now](#) | [See terms](#)
[See details](#)

Returns: Seller does not offer returns.

Guarantee: **ebay MONEY BACK GUARANTEE** | [See details](#)
 Get the item you ordered or get your money back.
 Covers your purchase price and original shipping.

Seller information
 coh-logistics (514 ★)
 100% Positive feedback
 Follow this seller
 Visit store: COH-LOGISTIC
 See other items

Learn How To Earn \$30 Bac
 As a statement credit if you are for a new eBay Extras MasterCard
[Learn More](#)

\$ Have one to sell? Sell now

People who viewed this item also viewed

Item	Price	Shipping
FOR-A Corporation Model MV-40E Quad Viewer Multi-Viewer	\$134.99	+ Shipping
FOR.A MV-40F Multi-Viewer	\$100.00	+ Shipping
FOR.A HD/SD-SDI QUAD MULTI-VIEWER MV-42HS F...	\$575.00	+ Shipping
FOR-A Corporation MV-40E Quad Viewer Multi-Viewer	\$134.99	+ Shipping
FOR-A Corporation MV-40F Quad Viewer Multi-Viewer	\$134.99	+ Shipping
FOR-A MV-40E Multi-Viewer, 4 channel	\$175.00	+ Shipping

Description Shipping and payments

eBay Item number: 322585216931

1/3

Appendix 8

Report on Special Investigation of the
Iowa Communications Network

Copy of Invoice Dated July 31, 2017

Northeast Technical Training Group, Inc.

12018 Hanley Drive
Grass Valley, California 95949

Federal ID NO.
47-2644812

Invoice #

7/31/2017

110

Bill To

Ric Lombard, Executive Director
Iowa Communications Network
State of Iowa
Des Moines, Iowa 50319

Ship To

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
			7/31/2017			
Quantity	Item Code	Description			Price Each	Amount
1	Trailer Shipment	Penske Truck Rental (Inv # C060280248)			1,994.50	1,994.50
1	Trailer Shipment	Driver Wages (Jim Darnell) 1/2 of Invoice			1,200.00	1,200.00
1	Trailer Shipment	Fuel			1,233.76	1,233.76
1	Trailer Shipment	Lodging			215.70	215.70
1	Trailer Shipment	Meals			177.96	177.96
This is the 2nd trip to Iowa from Auburn California					Total	\$4,821.92

Report on Special Investigation of the
Iowa Communications Network

Copy of Final Revised Invoice for Trailers

Northeast Technical Training Group, Inc.

12018 Hanley Drive
Grass Valley, California 95949

Federal ID NO.
47-2644812

Invoice #

6/2/2017

108

PAID
06/06/2017

<p>Bill To</p> <p>Ric Lombard, Executive Director Iowa Communications Network State of Iowa Des Moines, Iowa 50319</p>	<p>Ship To</p>
--	----------------

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
			6/2/2017			
Quantity	Item Code	Description			Price Each	Amount
1	Equipment	Trailer - 1990 Vin # 1M9VS4820L1298001 Lic # 4ND4836			0.00	0.00
1	Equipment	Trailer - 1985 Vin # 11AS4520XF1006339 Lic # 1UA2246			0.00	0.00
	Equipment	Total Amount of all items listed above			49,800.00	49,800.00
					</	

Report on Special Investigation of the
Iowa Communications Network

Sole Source Justifications for Speak PR

Report of Sole Source Purchase

Agency Name: ICN
Contact Person Name: Lori Larsen
Telephone: 515-725-4713
Fax: 515-725-4727
E-mail: Lori.Larsen@iowa.gov

Authority to Purchase: 8D

Name of Vendor: SPEAK PR (dba Blur Mediaworks) 303 Locust Suite 250, Des Moines, IA 50309

Total \$ of Contract: Not to Exceed \$50,000.00
Any overages need to be approved in advance of incurring the costs.

DESCRIPTION OF PROCUREMENT AND DURATION OF THE CONTRACT:

DESCRIPTION:

Iowa Communications Network (ICN) to pay Strategic America for the following marketing services:

1. #1 Assist the ICN in Developing a plan for awareness and messaging of the 'broadband matters' initiative to promote and develop broadband awareness in the customer and legislative spheres of the ICN.
2. #2 Assist in the development of messaging distribution strategies involving:
 - a. K-12 Education community in advance of the 2015 ERate cycle beginning in fall of 2014
 - b. Legislative awareness ahead of the new legislative season.
 - c. Iowa users of the Iowa Communication Network infrastructure or services.
 - d. Foster Adoption of broadband within the users communities of the ICN.
3. Coordinate Media outreach and Distribution. (actual media time and outside contracting may require separate procurement processes)
4. Coordinate and Comply with the attached Scope of Work

DURATION: September 1st 2014 through June 2015

JUSTIFICATION FOR SOLE SOURCE PROCUREMENT: (Include explanation justifying the sole source procurement **and** state why this particular vendor was selected.)

5.1(2) The commission shall avoid sole-source procurements unless clearly necessary and justifiable. The commission may purchase goods or services using a sole-source procurement under the following circumstances:

b. The goods or services being purchased involve work that is of such a specialized nature or related to a specific geographic location that only a single source, by virtue of experience,

Report on Special Investigation of the
Iowa Communications Network

Sole Source Justifications for Speak PR

Report of Sole Source Purchase

expertise, proximity to the project, or ownership of intellectual property rights, could most satisfactorily provide the service; or

e. Applicable law requires, provides for, or permits the use of a sole-source procurement; or

f. There is an immediate or emergency need for the item or service; or

h. The executive director or the commission's designee determines that the best interests of the commission will be served by exemption from the bidding process.

JUSTIFICATION: The timeline required for the development and distribution phases of the project are dependent upon fixed ERATE and Legislative cycles. The time expended in the contract research and a knowledgeable and suitable vendor has brought the viability of the project to time critical juncture jeopardizing the effectiveness of the entire initiative.

It is in the best interest of the ICN and the Commission not to jeopardize the window of planning and execution of this process when:

- the services can be readily and expeditiously obtained to provide the desired outcome within the time constraints allowed the services can be obtained by a vendor previously established in procurement with the State of Iowa.

VENDOR SELECTION:

- The selected vendor is currently contracted, in recurring fashion, by another State agency
- They are established as a successful and historical vendor of this class of services.
- The vendor carries the state agency expertise to work with agencies in state government and has the established governmental and industry contacts the ICN needs to utilize.
- The ICN will engage further procurement processes in the acquisition of media time and broadcasting once the strategy is designed.
- This sole source relates to only the services that are under time constraint due to initial development. Any further services not under constraint will revert to normal procurement processes.

I certify that the above-described purchase was a sole source acquisition and satisfies the requirement of applicable law including the Iowa Department of Revenue and Finance Procedure 240.102.



Signature of AGENCY HEAD

Date

Report on Special Investigation of the
Iowa Communications Network

Sole Source Justifications for Speak PR

Report of Sole Source Purchase

SCOPE OF WORK

The Vendor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

<u>Description</u>	<u>Cost</u>
Strategic Recommendations: Pre-Campaign Planning	
Broadband Matters Theme Refinement	
<i>Planning and message map</i>	\$1,000
Strategic Recommendations: Show	
Broadband Matters Web and Search Optimization	
<i>Design microsite and identifying key words for paid and organize search</i>	\$6,000
Videos	
<i>Messaging and creation of one video</i>	\$6,000
Elected Official Email Campaign	
<i>Design direct email campaign for state legislators</i>	\$1,500
ICN Presentations	
<i>PowerPoint shells and messaging tracks</i>	\$1,500
The ICN Itself	
<i>Opening and closing graphics for presentations</i>	\$1,000
Strategic Recommendations: Tell	
Media Outreach	
<i>Editorial board meetings, guest editorials, story pitching, etc.</i>	\$18,000
Social Media	
<i>Connect with target audiences through social media campaign</i>	\$2,000
ICN Communications Toolkit	
<i>Content creation for a broadband communication toolkit</i>	\$2,000
State of the State Address	
<i>Work with Governor's staff on messaging of the importance of broadband</i>	\$500
White Paper	
<i>Develop a white paper to position ICN as a leader</i>	\$3,500
Strategic Recommendations: Engage	
Issues-Based Roundtable Forum	
<i>Organize and plan one regional broadband table</i>	\$2,000
Broadband Matters User Advisory Team	
<i>Engage an advisory team of a cross-section of high level ICN users</i>	\$1,000
Additional Services	
Account Management	
<i>Coordinating efforts for the duration of agreement</i>	\$4,000
Aggregate Total shall not exceed:	\$50,000

Report on Special Investigation of the
Iowa Communications Network

Sole Source Justifications for Speak PR

**Report of Sole Source Purchase
#14-071 Amendment 1**

Agency Name: ICN
Contact Person Name: Lori Larsen
Telephone 515-725-4713
Fax 515-725-4727
E-mail Lori.Larsen@iowa.gov

Authority to Purchase: 8D

Name of Vendor: SPEAK PR (dba Blur Mediaworks), 303 Locust Suite 250, Des Moines, IA 50309

Total \$ of Contract: Initial budget is \$50,000.00; however amendments to the SOW may occur.

DESCRIPTION OF PROCUREMENT AND DURATION OF THE CONTRACT:

DESCRIPTION: In the interest of continuity and continuation of the progress made in the previous term, Iowa Communications Network (ICN) seeks to continue working with SPEAK PR to market the following:

1. Assist the ICN in Developing a plan for awareness and messaging of the 'Broadband Matters' initiative to promote and develop broadband awareness in the customer and legislative spheres of the ICN.
2. Assist in the development of messaging distribution strategies involving:
 - a. K-12 Education community in advance of the 2016 ERate cycle beginning in fall of 2014
 - b. Legislative awareness ahead of the new 2016 legislative season.
 - c. Iowa users of the Iowa Communications Network infrastructure or services.
 - d. Fostering adoption of broadband within the user communities of the ICN.
3. Coordinate Media outreach and Distribution. *(Actual media time and outside contracting may require separate procurement processes)*
4. Coordinate and Comply with the attached Scope of Work

DURATION: July 2015 through June 2016

JUSTIFICATION FOR SOLE SOURCE PROCUREMENT: (Include explanation justifying the sole source procurement and state why this particular vendor was selected.)

5.1(2) The commission shall avoid sole-source procurements unless clearly necessary and justifiable. The commission may purchase goods or services using a sole-source procurement under the following circumstances:

b. The goods or services being purchased involve work that is of such a specialized nature or related to a specific geographic location that only a single source, by virtue of experience, expertise, proximity to the project, or ownership of intellectual property rights, could most satisfactorily provide the service; or

h. The executive director or the commission's designee determines that the best interests of the commission will be served by exemption from the bidding process.

Report on Special Investigation of the
Iowa Communications Network

Sole Source Justifications for Speak PR

**Report of Sole Source Purchase
#14-071 Amendment 1**

JUSTIFICATION: In Fiscal Year 2015, the Iowa Communications Network (ICN) sole sourced the services of Speak PR to assist in carrying out the initial Broadband Matters awareness messaging. ICN's goal is to continue the Broadband Matters momentum for a second year with Speak PR. To change vendors would mean ICN staff would have to expend several preliminary hours to educate a new vendor about the background and focus of the ICN and the Broadband Matters campaign. With Speak PR's established understanding with the ICN, the Broadband Matters campaign can continue the natural progression for the project for a successful second year.

It is in the best interest of the ICN and the Commission not to jeopardize the continued momentum associated with the Broadband Matters awareness initiative.

VENDOR SELECTION:

- The selected vendor is currently contracted with the ICN.
- They are established as a successful and historical vendor of this class of services.
- The vendor carries the state agency expertise to work with agencies in state government and has the established governmental and industry contacts the ICN needs to utilize.
- The ICN will engage further procurement processes in the acquisition of media time and broadcasting once the strategy is designed.

I certify that the above-described purchase was a sole source acquisition and satisfies the requirement of applicable law including the Iowa Department of Revenue and Finance Procedure 240.102.



Signature of AGENCY HEAD

5-15-2015
Date

Report on Special Investigation of the
Iowa Communications Network

Sole Source Justifications for Speak PR

**Report of Sole Source Purchase
#14-071 Amendment 1**

SCOPE OF WORK

Campaign Goals:

1. **Educate the public** on the availability of broadband services and technologies.
2. **Foster the understanding of the need for broadband** and the **role it plays** in Iowa's future in a 21st century global marketplace.
3. **Propel the entire statewide broadband conversation**; even beyond the reach of the ICN and its authorized customer base.

The Vendor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

<u>Description</u>	<u>Cost</u>
Strategic Recommendations: Pre-Campaign Planning	
Broadband Matters Theme Refinement	
<i>Research and Development</i>	\$1,000
Strategic Recommendations: Show	
Website Videos	
<i>Messaging and creation of short videos</i>	\$3,000
<i>Recording future Live events (2 or 3)</i>	\$5,000
Strategic Recommendations: Tell	
Media Outreach	
<i>Radio/TV pitches, newspaper editorial board meetings, guest editorials, article pitching to rural newspapers, etc.</i>	\$15,000
Social Media	
<i>Focus on increasing audience</i>	\$2,000
One-Page FAQs (6)	
<i>Content creation for areas of focus</i>	\$3,000
Agency Partnership Concepts	
<i>Generate themes to connect with agencies' audience (i.e. Dept. of Ed, DPS, Libraries, IRHTP, Area Education Agencies, Connect Iowa etc.)</i>	\$2,000
Economic Development Partnership Concepts	
<i>Generate/promote/communicate themes on connecting with various business audiences (i.e. Chamber of Commerce's, Rotary, Iowa Business Alliance, etc.)</i>	\$4,000
Rebrand ICN Video Conferencing	
<i>- Broadband is required for video conferencing, however audiences find it difficult to look past the legacy ICN video conferencing platform.</i>	
<i>- Content and Graphic creation for marketing slicks</i>	\$1,000
<i>- Awareness Video</i>	\$1,500
Strategic Recommendations: Engage	
Issues-Based Roundtable Forum	
<i>Organize and plan one broadband forum</i>	\$1,000
Statewide Youth Advisory Council	
<i>Assist in coordinating logistics in planning and communicating</i>	\$2,000
<i>- Chaired by Ric Lumbard and TBD</i>	
Technical Fair for Students	
<i>Invite students to display their broadband inventions</i>	\$3,000
Additional Services	
Account Management	
<i>Coordinating efforts for the duration of agreement</i>	\$4,000
<i>Printing/Ordering Promotional Items Expense</i>	\$2,500
Aggregate Total shall not exceed:	\$50,000

Report on Special Investigation of the
Iowa Communications Network

Sole Source Justification for Aeritae

**Report of Sole Source Purchase
#17-017**

Agency Name: Iowa Communications Network
Contact Person Name: Phil Groner
Telephone 515-725-4761
E-mail phil.groner@iowa.gov
Authority to Purchase: Iowa Code Chapter 8D
Name of Vendor: Aeritae Consulting Group
Total \$ of Contract: \$402,500 includes initial implementation, T&E. Overall cost may be adjusted if/when necessary.

BACKGROUND:

In FY17, the ICN began its move to a new core network. As part of this move, the new network will require a new central database that orchestrates the services and back-office functions that support the ICN's carrier operations. The current central database is not adaptable to the new core network and is not being invested into for future-state use by its manufacturer. The new service orchestration system is required to be dynamic and programmable to meet the needs of the future, including SDN/NFV (network orchestration functions), new flexible financial systems, and design systems.

The new central database/service orchestration system will be ServiceNow. ServiceNow licenses and software assurance/maintenance will be obtained through current State of Iowa contracts. However, ServiceNow requires development and implementation. The skills and expertise for this kind of development and deployment are not within the ICN today, nor are they found within state government due to the nature of the ICN's carrier operations and the customization required to integrate into the network.

Aeritae Consulting Group (Aeritae) specializes in ServiceNow deployments. Aeritae is a Preferred Solutions Partner with ServiceNow. ServiceNow deployments and integration consulting services comprise 35% of Aeritae's overall business, representing the largest single product offering. ServiceNow is the sole service management platform Aeritae deploys with clients.

DESCRIPTION OF PROCUREMENT AND DURATION OF THE CONTRACT:

Procurement will be for consulting services, software development, API development, deployment and integration, and training services. A MSA will be entered into with specific SOWs for work to be performed. Duration of the contract will be for the length of deployment.

JUSTIFICATION FOR SOLE SOURCE PROCUREMENT: Identify what subsection applies to the Sole Source reasoning.

5.1(2) The commission shall avoid sole-source procurements unless clearly necessary and justifiable. The commission may purchase goods or services using a sole-source procurement under the following circumstances:

- a. The executive director or commission's designee determines that one vendor is the only one qualified or eligible or is quite obviously the most qualified or eligible to provide the goods or perform the services; or
- b. The executive director or the commission's designee determines that the best interests of the commission will be served by exemption from the bidding process.

DESCRIBE THE RESEARCH PERFORMED OR STEPS TAKEN TO DETERMINE THAT THIS PROCUREMENT SATISFIES THE REQUIREMENT OF 11 IAC CHAPTER 106.7: (The description should outline how the agency concluded that this vendor satisfies the requirements of 11 IAC- Chapter 106.7.)

ICN is hiring a company to perform the integration, not an individual.


I certify that the above-described purchase was a sole source acquisition and satisfies the requirement of applicable law including the Iowa Department of Administrative Services Procedure 11 IAC – Chapter 106.


Signature of AGENCY HEAD

3-1-2017
Date

Report on Special Investigation of the
Iowa Communications Network

Copy of a Memo to Department of Management Officials



Iowa Communications Network
BROADBAND STRONG
STRONG FLEXIBLE FAST

Governor Kim Reynolds Lt. Governor Adam Gregg

Memo

To: Director Dave Roederer and Mr. Joel Lunde

From: Executive Director Ric Lumbard, ICN

Date: June 21, 2017

Re: ICN HRE Changes

This memo provides the outline of the HRE changes that the ICN will begin making on July 1, 2017. Any questions regarding these changes can be directed towards the person listed as the contact.

- **NEW POSITION/s:**
 - **Executive Officer 5**
 - **Contact:** Jessica Jensen, jessica.jensen@iowa.gov, 515-725-4646
 - **Purpose:** To handle all agency Legal, Legislative and Vendor processes. This position will serve leadership to all Administrative Rule changes as well as Iowa Code changes.
 - **Public Service Manager 1**
 - **Contact:** Director Ric Lumbard, ric.lumbard@iowa.gov, 515-725-4910
 - **Purpose:** To supervise and manage the administration bureau as well as serve direct support to the office of the Executive Director. This position will also provide leadership to agency HRE processes, IGOV, and IDOM communications.
- **OTHER CHANGES:**
 - **Public Service Executive-Vacate**
 - **Purpose:** Due to the ICN aligning with Carrier and Agency Divisions, this position will no longer need to be a supervisory position. The non-supervisory elements to this position will be moved to the Executive Office 5 position. It will need to still be at the Executive level due to the processes that will be handled by this position.
 - **Executive Secretary-Vacate**
 - **Purpose:** This position will no longer be needed due to the progression of duties and standing up the PSM1 position.

Ric Lumbard, Executive Director

Grimes State Office Building, 400 E. 14th Street, Des Moines, IA 50319 Phone: 515-725-4692 Fax: 515-725-4727 www.icn.iowa.gov

IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION

Report on Special Investigation of the
Iowa Communications Network

Copy of Define the Relationship (DTR) Document

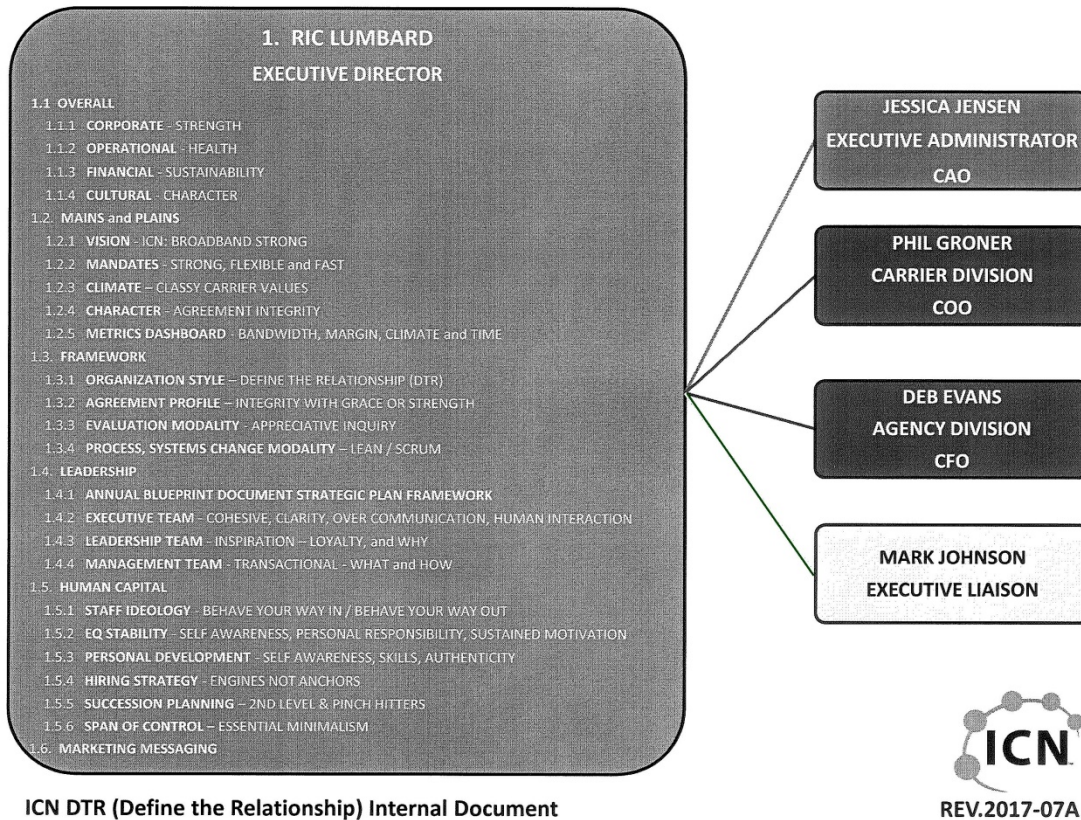


**IOWA COMMUNICATIONS
NETWORK
2017 – 2018**



Report on Special Investigation of the Iowa Communications Network

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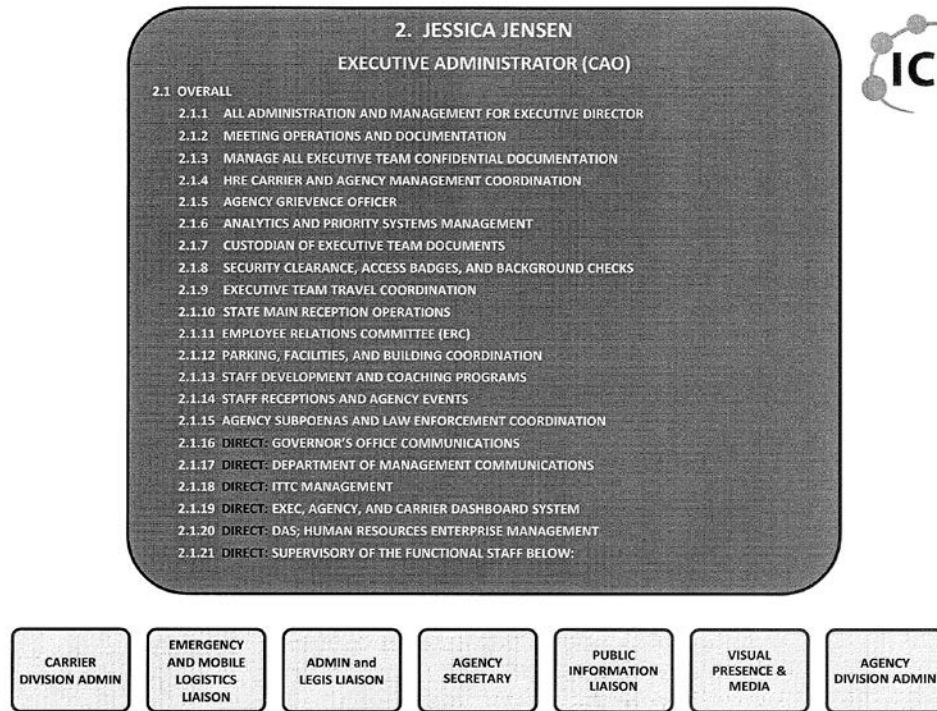


ICN DTR (Define the Relationship) Internal Document

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Iowa Communications Network

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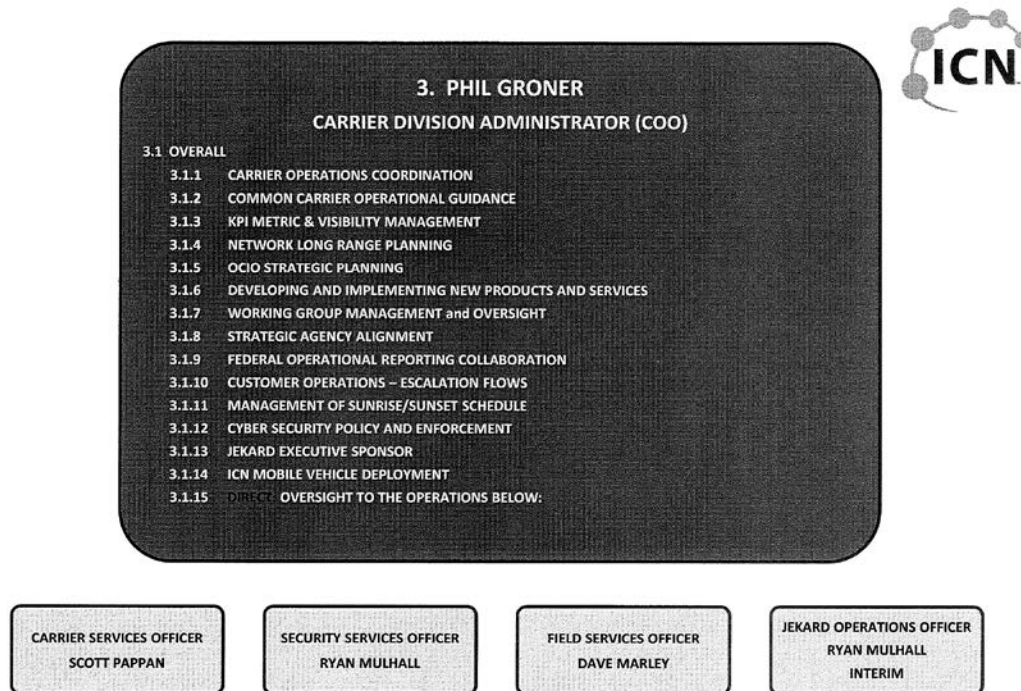


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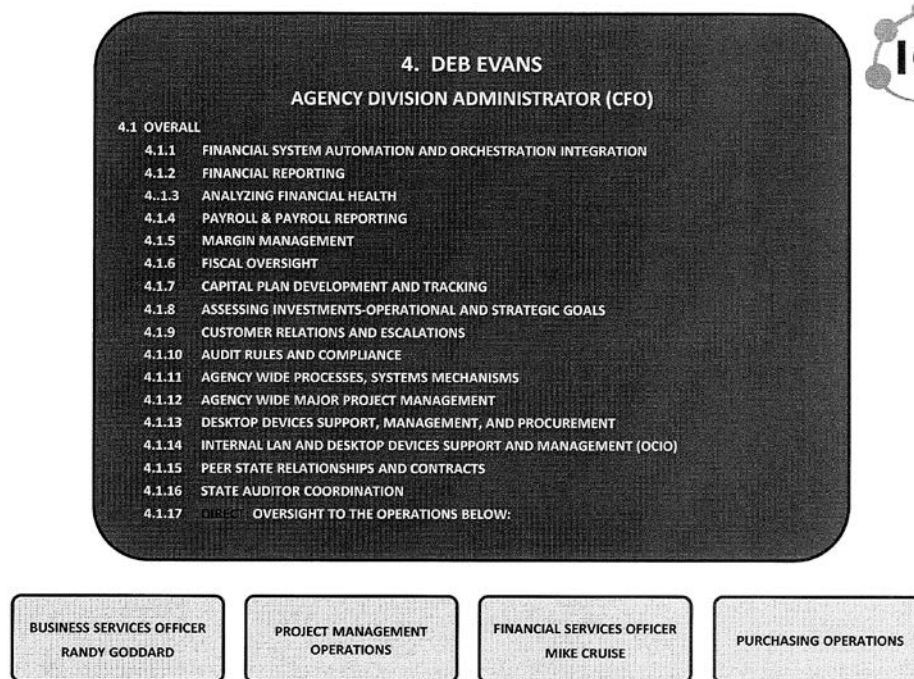


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5. MARK JOHNSON
EXECUTIVE LIAISON

5.1 OVERALL

- 5.1.1 AG, OCIO, LEGISLATIVE, AND VENDOR CORRESPONDENCE
- 5.1.2 AGENCY CONTRACTING OFFICER
- 5.1.3 LEGISLATIVE COMMUNICATIONS -YEAR ROUND
- 5.1.4 LEGISLATIVE ISSUES – SESSION RELATED –LEGISLATIVE DRAFTING
- 5.1.5 OUTSIDE LEGAL COORDINATION
- 5.1.6 RECORDS-Record Retention/Records Management
- 5.1.7 AGA/ ANNUAL PERFORMANCE PLAN/REQUIRED STATUTORY REPORTS
- 5.1.8 DRAFTING LEGISLATIVE RULE CHANGES AND IOWA CODE CHANGES
- 5.1.9 ANNUAL LEGISLATIVE LEADERSHIP MEETINGS
- 5.1.10 ANNUAL LEGISLATIVE STRATEGY DOCUMENT
- 5.1.11 PRIVATE SECTOR TELECOMMUNICATIONS RELATIONSHIPS
- 5.1.12 ANNUAL MANAGED SERVICE/PARTNERSHIP RENEWALS
- 5.1.13 VENDOR OF LAST RESORT/VENDOR/PARTNER DESIGNATION ROSTER
- 5.1.14 DIRECT: LEGISLATIVE COMMUNITY COMMUNICATIONS AND MANAGEMENT
- 5.1.15 DIRECT: ATTORNEY GENERAL COMMUNICATIONS
- 5.1.16 DIRECT: VENDOR MANAGEMENT RELATIONS
- 5.1.17 DIRECT: OFFICE OF THE CHIEF INFORMATION OFFICER COORDINATION
- 5.1.18 DIRECT: FEDERAL COMMUNICATIONS COMMISSION

ICN DTR (Define the Relationship) Internal Document

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Report on Special Investigation of the Iowa Communications Network

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- DEVELOPMENT:
DESIGN
ENGINEERING
- DEVELOPMENT:
OUTSIDE PLANT
ENGINEERING
- DEVELOPMENT:
PRODUCT
DEVELOPMENT
- PRODUCTION:
OUTSIDE PLANT
- PRODUCTION:
OPERATIONS
- PRODUCTION:
TAC
- BROADBAND
INFORMATION
CENTER

6. SCOTT PAPPAN CARRIER SERVICES OFFICER

- 6.1 OVERALL
- 6.1.1 PRE-SALE AND PRE-PRODUCTION ENGINEERING OF TRANSPORT AND NETWORK SERVICES
 - 6.1.2 PRODUCT DEVELOPMENT / R&D (EXCLUDING CYBER)
 - 6.1.3 TECHNICAL ASSISTANCE CENTER (TAC)
 - 6.1.4 PRODUCT LIFECYCLE MANAGEMENT / SUNRISE-SUNSET SERVICES
 - 6.1.5 LAB / TEST BED / PATCH / BEST PRACTICES
 - 6.1.6 MANAGED SERVICES / MRR
 - 6.1.7 PRODUCT STANDARDIZATION
 - 6.1.8 STRATEGIC ROADMAP / TECHNOLOGY
 - 6.1.9 ANALYTICS / ESTABLISH BASE EFFICIENCIES
 - 6.1.10 RISK/NETWORK ASSESSMENT
 - 6.1.11 NETWORK SKILL SET ASSESSMENT
 - 6.1.12 IRHTP - UPGRADE CODE, DESIGN SOLUTIONS FOR THE EDGE, LONG TERM DESIGN, SOFTWARE CODE, DETERMINE EDGE SOLUTION WITH A/L, ASSIST IN LONG-TERM DESIGN RECOMMENDATIONS
 - 6.1.13 OUTSIDE PLANT-PRE-SALE
 - 6.1.14 PRIMARY SUPPORT OF ALL PRODUCTION NETWORK OPERATIONS (TRANSPORT AND SERVICES)
 - 6.1.15 PRIMARY CUSTOMER SUPPORT FOR PRODUCTION NETWORK ISSUES (TRANSPORT AND SERVICE)
 - 6.1.16 PRIMARY ACCEPTANCE AND TRANSITION FROM DEVELOPMENT TO PRODUCTION
 - 6.1.17 PRODUCTION NETWORK RISK MITIGATION
 - 6.1.18 EMERGENCY AND DISASTER RECOVERY
 - 6.1.19 LEC OPERATIONS AND PRODUCTION
 - 6.1.20 BRIC (BROADBAND INFORMATION CENTER) PRIMARY TENANT AND COORDINATION
 - 6.1.21 AGENCY COOP/COG COORDINATION
 - 6.1.22 IRHTP - SPARE INVENTORY ACQUISITION, STORAGE, SPARE MANAGEMENT
 - 6.1.23 VM SERVERS
 - 6.1.24 OUTSIDE PLANT-PRODUCTION

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MANAGED CYBER SERVICES
VENDORS

CYBER SECURITY ANALYSTS

SYSTEMS ANALYSTS and
SUPPORT

PUBLIC SAFETY SYSTEMS and
SERVICES

7. RYAN MULHALL
SECURITY SERVICES OFFICER

7.1 OVERALL

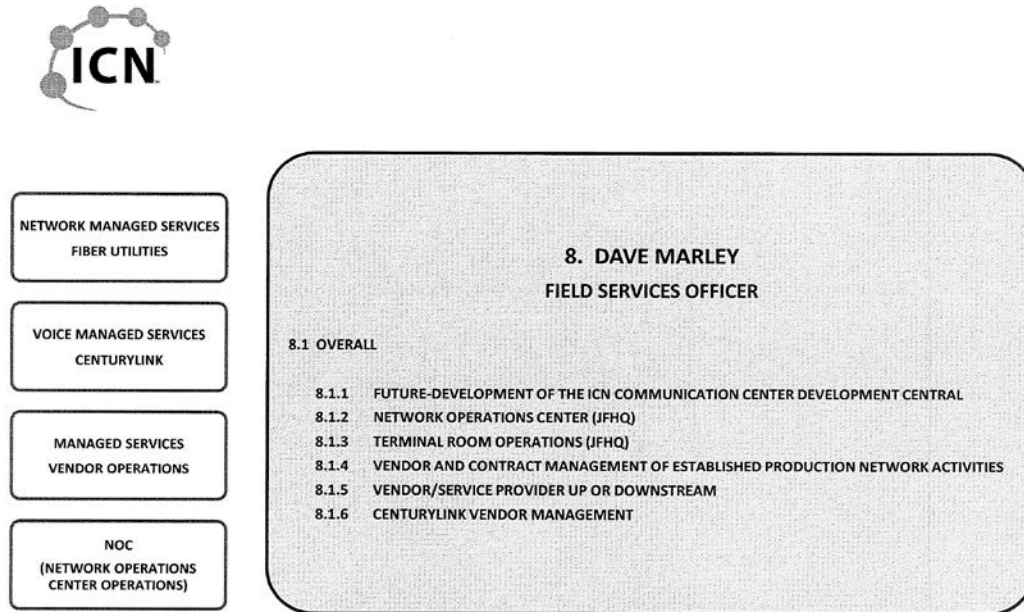
- 7.1.1 SECURITY GOVERNANCE
- 7.1.2 CYBER SECURITY RISK ASSESSMENT AND INTRUSION DETECTION AWARENESS
- 7.1.3 SECURITY POLICIES
- 7.1.4 INFORMATION SYSTEMS ACQUISITION, DEVELOPMENT, AND MAINTENANCE- NETWORK VULNERABILITY MANAGEMENT (HARDWARE)
- 7.1.5 ACCESS CONTROL
- 7.1.6 SECURITY INCIDENT AND EVENT MANAGEMENT
- 7.1.7 BUSINESS CONTINUITY
- 7.1.8 OCIO SECURITY COMPLIANCE
- 7.1.9 THREAT INTELLIGENCE
- 7.1.10 CYBER SECURITY SERVICES AND PRODUCTS
- 7.1.11 AGENCY CYBER SECURITY INTERNAL STAFF TRAINING AND AWARENESS
- 7.1.12 MOBILE DEVICE SECURITY AND POLICY COMPLIANCE
- 7.1.13 INTERIOR AGENCY APPLICATION SUPPORT AND PROGRAMMING
- 7.1.14 SECURITY RISK LEVEL ASSESSMENT
- 7.1.15 OCIO-APPS
- 7.1.16 ICN DESKTOP SUPPORT (NON-OCIO)
- 7.1.17 AGENCY SOFTWARE MANAGEMENT
- 7.1.18 911 --PRODUCTS, SERVICES AND IMPLEMENTATION
- 7.1.19 NEXT GENERATION 911 (NG911) - PRODUCTS, SERVICES AND IMPLEMENTATION
- 7.1.20 WISE-SCHOOLS
- 7.1.21 CYBER INTERNSHIPS

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AWAY TEAM OPERATIONS

TRANSITION TEAM OPERATIONS

CLEANER TEAM OPERATIONS

9. RYAN MULHALL

INTERIM JEKARD OPERATIONS

9.1 OVERALL

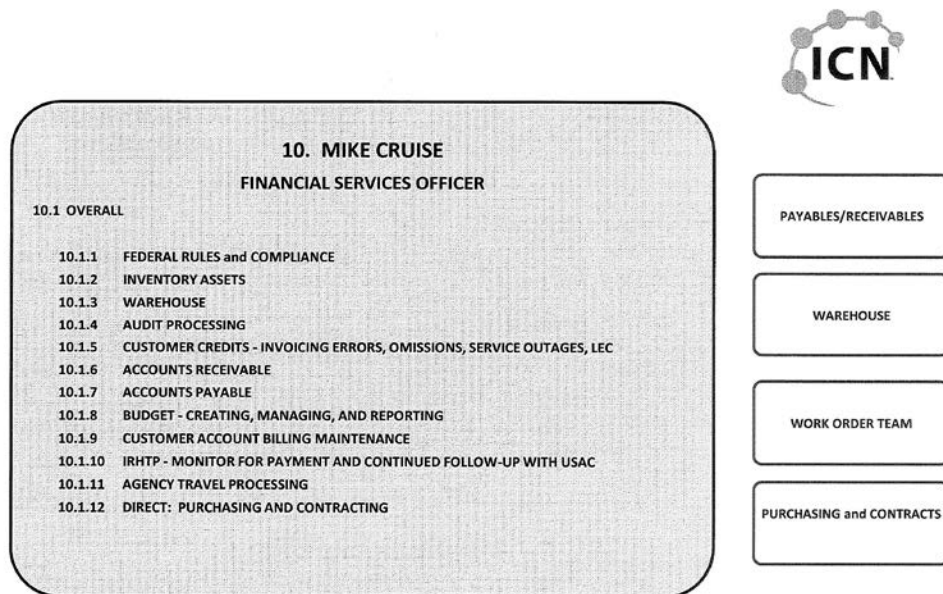
- 9.1.1 OVERSIGHT AND MANAGEMENT OF JEKARD PRE-PRODUCTION ACTIVITIES
- 9.1.2 AWAY TEAM MANAGEMENT FOR JEKARD DESIGN AND BUILD FUNCTIONS
- 9.1.3 PRIMARY INTERFACE AND POINT-OF-CONTACT WITH JEKARD PRIVATE SECTOR PARTNERS
- 9.1.4 ICN AGILE PROCESS METHODOLOGY IMPLEMENTATION AND MANAGEMENT
- 9.1.5 PRIMARY INTEGRATION OF SERVICE AND NETWORK ORCHESTRATION PLATFORMS, JEKARD APPLICATION DEVELOPMENT (EAST, WEST, SOUTH, NORTH, TRUE NORTH BOUND APPS), AND SDN/NFV FUNCTIONS AND SERVICES
- 9.1.6 MANAGEMENT OF JEKARD STATUS REPORTS TO ICN EMPLOYEES, LEADERSHIP, ITTC, CUSTOMERS, AND STAKEHOLDERS
- 9.1.7 TRANSITION TEAM MANAGEMENT
- 9.1.8 CLEANER TEAM MANAGEMENT

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11. RANDY GODDARD
BUSINESS SERVICES OFFICER

11.1 OVERALL

- 11.1.1 SALES/REVENUE
- 11.1.2 GROSS MARGIN
- 11.1.3 ROI/CUSTOMER PROJECT APPROVAL
- 11.1.4 CERTIFIED USER WAIVER PROCESS
- 11.1.5 SERVICE DELIVERY - PRE-SALE TO PRODUCTION
- 11.1.6 LEC PRE SALE
- 11.1.7 CUSTOMER PROJECT MANAGEMENT
- 11.1.8 USAC, USF PROGRAM ADMINISTRATION
- 11.1.9 CRM SYSTEM MANAGEMENT
- 11.1.10 OVERALL CUSTOMER RELATION
- 11.1.11 PRICING - MARKET, CONDITION, ANALYSIS
- 11.1.12 CUSTOMER CREDITS - SERVICES OR SERVICE OUTAGE ADJUSTMENT
- 11.1.13 IRHTP - VARIOUS FUNDING SOURCES FOR EQUIPMENT AND SERVICES UNDER IRHTP CONTRACT, FUNDING COORDINATION FOR CODE UPGRADES ON IRHTP EQUIPMENT, RULES OF THE ROAD, CONTINUE WITH EFFORTS TO REDUCE SINGLE THREADED STAFFING
- 11.1.14 CUSTOMER ISSUED RFP MANAGEMENT
- 11.1.15 ENGINEERING INTERNAL PROJECT MANAGEMENT
- 11.1.16 MANAGED SERVICES/ MRR
- 11.1.17 SALES ENGAGEMENT PLAN

SALES ACCOUNT
CONSULTANTS

SALES ENGINEERING

CUSTOMER SERVICE
MANAGEMENT

ERATE PROGRAM
MANAGEMENT

PROJECT MANAGEMENT
OPERATIONS

ICN DTR (Define the Relationship) Internal Document

v07.1

Report on Special Investigation of the
Iowa Communications Network

Requirements for Public Service Manager 1 Position

Class Code: 00784/60784/80784

Iowa Department of Administrative Services – Human Resources Enterprise
Job Classification Description

Public Service Manager 1

Definition

Provides supervisory management of an organizational segment that constitutes a division or bureau in a small agency, a bureau or section in a medium agency, or a section or unit in a large agency; and plans and develops goals and procedures to implement policies and vision set at a higher level of management; performs related work as required.

The work examples and competencies listed below are for illustrative purposes only and not intended to be the primary basis for position classification decisions.

Work Examples

Supervises and evaluates the work of subordinates; recommends personnel actions related to selection, disciplinary procedures, performance, leaves, grievances, work schedules, and assignments; administers personnel policies and procedures.

Directs/coordinates program operations through subordinate managers and supervisors; represents management in dealing with employee grievances/complaints and other matters pertaining to employment relations.

Analyzes records and reports of work production, expenses, equipment, and staff utilization for effectiveness and cost control.

Assigns/explains work assignments to supervisors for new or changed programs, functions, goals and processes; establishes operating guidelines to implement changes.

Approves, modifies or rejects requests by supervisors/managers for promotions, reassignments, status changes, special awards, etc.; reviews/approves performance evaluations prepared by subordinate supervisors and participates in the selection/discipline of key program employees.

Collaborates with other managers on organizational/financial management matters and serves as a member of a management team in evaluating/resolving operational problems and making decisions.

Prepares supporting data justifying major expenditures (e.g., equipment, facilities, budget, and staffing); participates in management planning/policy-making meetings and provides advice on financial matters.

Develops internal policies/procedures for improving coordination among managers and supervisors and keeps staff informed of management goals/objectives, revised procedures, methods, and work changes.

Analyzes records/reports of work accomplishment and assesses progress towards meeting goals/objectives; takes corrective action when necessary to resolve problems and achieve goals/objectives.

Develops internal plans/procedures to assist managers and supervisors in implementing various government-wide personnel management programs/procedures (e.g., equal employment opportunity, career development, performance evaluation).

Resolves work-related problems in areas that are not covered by precedent or established policies.

Report on Special Investigation of the
Iowa Communications Network

Requirements for Public Service Manager 1 Position

Public Service Manager 1

Class Code: 00784/60784/80784

Competencies Required

Knowledge:

- **Administration and Management** – Business and management principles involved in strategic planning, resource allocation, human resources modeling, leadership technique, production methods, and coordination of people and resources.
- **Personnel and Human Resources** – Principles and procedures for personnel recruitment, selection, training, compensation and benefits, labor relations and negotiation, and personnel information systems.
- **Law and Government** – Laws, legal codes, court procedures, precedents, government regulations, executive orders, agency rules, and the democratic political process.
- **English Language** – The structure and content of the English language, including the meaning and spelling of words, rules of composition, and grammar.
- **Education and Training** – Principles and methods for curriculum and training design, teaching and instruction for individuals and groups, and the measurement of training effects.
- **Mathematics** – Arithmetic, algebra, geometry, calculus, statistics, and their applications.

Abilities:

- **Administration** – Plan, organize, control, and effectively direct the work of assigned staff.
- **Written Expression** – Communicate information and ideas in writing so others will understand.
- **Speech Clarity** – Speak clearly so others can understand.
- **Speech Recognition** – Identify and understand the speech of another person.
- **Deductive Reasoning** – Apply general rules to specific problems to produce answers that make sense.
- **Inductive Reasoning** – Combine pieces of information to form general rules or conclusions.
- **Information Ordering** – Arrange things or actions in a certain order or pattern according to a specific rule or set of rules (e.g., patterns of numbers, letters, words, pictures, mathematical operations).
- **Problem Sensitivity** – Tell when something is wrong or is likely to go wrong. It does not involve solving the problem, only recognizing there is a problem.

Skills:

- **Active Listening** – Giving full attention to what other people are saying, taking time to understand the points being made, asking questions as appropriate, and not interrupting at inappropriate times.
- **Monitoring** – Monitoring/Assessing performance of yourself, other individuals, or organizations to make improvements or take corrective action.
- **Critical Thinking** – Using logic and reasoning to identify the strengths and weaknesses of alternative solutions, conclusions or approaches to problems.
- **Reading Comprehension** – Understanding written sentences and paragraphs in work related documents.

Report on Special Investigation of the
Iowa Communications Network

Public Service Manager 1

Class Code: 00784/60784/80784

- Speaking – Talking to others to convey information effectively.
- Writing – Communicating effectively in writing as appropriate for the needs of the audience.
- Negotiation – Bringing others together and trying to reconcile differences.
- Active Learning – Understanding the implications of new information for both current and future problem-solving and decision-making.
- Judgment and Decision Making – Considering the relative costs and benefits of potential actions to choose the most appropriate one.
- Service Orientation – Actively looking for ways to help people.
- Complex Problem Solving – Identifying complex problems and reviewing related information to develop and evaluate options and implement solutions.

Minimum Qualification Requirements

Applicants must meet at least one of the following minimum requirements to qualify for positions in this job classification:

- 1) Graduation from an accredited four-year college or university and experience equal to four years of full-time work in program administration, development, management, or operations.
- 2) Eight years of full-time work experience in program administration, development, management, or operations.
- 3) All of the following (a and b):
 - a. Four years of full-time work experience work in program administration, development, management, or operations; and
 - b. A combination of a total of four years of education and full-time experience (as described in part a), where thirty semester hours of accredited college or university course work in any field equals one year of full-time experience. Graduation from the Iowa Certified Public Manager Program is also equivalent to one year of full-time experience or education.
- 4) All of the following (a, b, and c):
 - a. Two years of full-time work experience work in program administration, development, management, or operations; and
 - b. A combination of a total of four years of education and full-time experience (as described in part a), where thirty semester hours of accredited college or university course work equals one year of full-time experience; and
 - c. A combination of a total of two years of graduate-level education and full-time experience (as described in part a), where twenty-four semester hours of accredited graduate college or university course work in a public-service-related area (e.g., public or business administration, social work, law, education, engineering) equals one year of full-time experience. Graduation from the Iowa Certified Public Manager Program is also equivalent to one year of full-time experience or education.
- 5) Current, continuous experience in the state executive branch that includes one year of full-time work as a Public Service Supervisor or comparable specific management-level position.

Effective date: 12/15 SA

Report on Special Investigation of the
Iowa Communications Network

Copies of Personnel Documents for Executive Officer 2 Position

**DEPARTMENT OF ADMINISTRATIVE SERVICES/DEPARTMENT OF MANAGEMENT
HIRING JUSTIFICATION**

This justification is to be completed for every vacancy. Approval must be received before a vacancy may be posted. Note: If you are seeking temporary staffing services from a vendor, please use the Temporary Staffing Services Vendor Request Form (552-0647).

Please answer all of the questions listed below. Attach pages if additional space is needed.

Position Type:

- ☒ Permanent
☐ Temporary
☐ Seasonal
☐ Paid Internship

Department: Iowa Communications Network Division/Bureau/Section: Office of the CAO, Legislative

Classification of Position: Executive Officer 2 Working Title: Legislative Liason

18-Digit Payroll Number: 336-645-0040-00711-002 Pay Grade: 32

Annual Salary (Minimum/Maximum): \$56,014.40 - \$86,632.00

Funding Source: ☐ General: % ☐ Federal: % ☒ Other: 100%

If Other, specify: ICN is self funded from revenue generated

If other than general funds, is there a general fund match? ☐ Yes ☒ No If Yes, provide specifics:

Is the funding currently available for this position? ☒ Yes ☐ No M-5 # (if applicable): _____

Was a change in classification requested? ☐ Yes ☒ No

If yes, please explain: _____

Is this position supervisory? ☐ Yes ☒ No If yes, what is the proposed span of control for this position: _____

If less than 1:15, provide rationale:

Date the position becomes vacant: This position has been vacant for sometime

Is the Department requesting an overlap appointment? ☐ Yes ☒ No

If yes, how long? _____

Why is the Department requesting to fill this position at this time?

This position was currently assigned to another employee. Due to that employee taking on other duties it left a hole in the agency that needs to be filled. The duties are currently being spread out among many employees as well as the Chief Administration Officer.

Report on Special Investigation of the
Iowa Communications Network

Copies of Personnel Documents for Executive Officer 2 Position

Please describe the impact of not filling the position for three months, six months, one year.

The impact would be one the stress and amount of work load of the other employees taking on additional work load. This position also will need to be trained by the current legislative leader we currently have. The processes and the history will need to be taught over an extended period of time so that the new employee has time to understand the history of the ICN and the legislative issues that go along with it. Also, should the current legislative leader ever be out, we do not have a back up for him to handle any of his duties.

Are there any health or safety impacts that would result by not filling this position? ☐ Yes ☒ No Explain:

Will the filling of the vacancy result in any cost savings? ☐ Yes ☒ No Explain:

Describe the alternatives the Department has considered in lieu of filling this vacancy:

There are no alternatives.

Submitted by: Jessica Jensen Date: 9/1/2016 Title: Executive Administrator

Department Director Signature:  Date: 9/1/2016

This form must be submitted to your Personnel Officer in the Department of Administrative Services (DAS), who will forward to the State Chief Information Officer (CIO), if applicable, and subsequently to the Department of Management.

REVIEW AND APPROVAL

CHIEF INFORMATION OFFICE

CIO Comments:

Reviewed by: _____ Date: _____

*State Chief Information Officer
(Required only for Information Technology and related positions.)*

DEPARTMENT OF ADMINISTRATIVE SERVICES – HUMAN RESOURCES ENTERPRISE

Has the classification of the position been reviewed by DAS-HRE to determine if the duties are classified at the appropriate level? ☒ Yes ☐ No

Date of last DAS-HRE review: September 2, 2016

DAS Comments:

I recommend approval.

Report on Special Investigation of the
Iowa Communications Network

Copies of Personnel Documents for Executive Officer 2 Position

Reviewed by: St. C. Z. [Signature] Date: September 2, 2016
DAS Representative

DEPARTMENT OF MANAGEMENT

Approved by: [Signature] Date: 9/2/16
Director, Department of Management

Report on Special Investigation of the Iowa Communications Network

Copies of Personnel Documents for Executive Officer 2 Position



POSITION DESCRIPTION QUESTIONNAIRE (PDQ)

Please read the instructions before completing this form.

FOR AGENCY USE ONLY		FOR DAS-HRE USE ONLY	
<input type="checkbox"/> New Position	M-5 #: _____	PDQ #: 2017-328	
<input checked="" type="checkbox"/> Update Only		Job Class Title: Executive Officer 2	
<input type="checkbox"/> Review Requested by Appointing Authority		18-Digit Position #: 336-645-0040-00711-002	
<input type="checkbox"/> Review Requested by Employee		Reviewed by: Steve Zimmerman	
<input type="checkbox"/> Response to DAS-HRE request		Effective Date: September 2, 2016	
1. Name of employee (if none, write VACANT) VACANT		2. Current 18-digit position # 336-645-0040-00711-002	
4. Department, division, bureau, section, and work address Iowa Communications Network, Chief Admin. Officer, Legislative Liaison		3. Current job class title Executive Officer 2	
5. Hours worked (shifts, rotations, travel) 40+ hours 8am-5pm		6. <input checked="" type="checkbox"/> Full-time (40 hours per week) <input type="checkbox"/> Part-time (list number of hours per week): _____	
7. Have the assigned duties changed since this position was last reviewed for a classification decision? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, place an "X" beside each NEW task written below. Also, describe in detail how those tasks are different from those previously assigned.			
8. Classification requested (optional) Executive Officer 2		9. Name and job class of the immediate supervisor Mark Johnson, PSE	
10. Description of Work: Describe the work in detail. Make the description so clear that the reader can understand each task exactly. In the % column, enter the percent of time spent on each task during an average work week, not to exceed 100%. List tasks in descending order of time spent. If this is a reclassification request, the previous PDQ must be attached. This PDQ will be returned if any section is incomplete.			
%	DESCRIPTION OF WORK PERFORMED		
65%	<p>1. Coordinate with the Chief Administration Officer as an agency representative with the Iowa Legislature during regular and special sessions, and during various interim legislative activities. Work performed includes the following:</p> <ul style="list-style-type: none"> -Provides coordination and direction for ICN legislative efforts including drafting of ICN legislative proposals and working with individual legislators, legislative committees, legislative staff, and executive branch agencies and staff to secure passage of the ICN legislative agenda. -Coordinates, prepares and ensures accurate and timely responses to legislative information requests, fiscal note requests, and committee presentations. This includes determining who is the appropriate and best person to respond to requests for information, and monitoring completion and delivery of response. -Provides timely and accurate legislative updates to ICN Executive Leadership team, reviews and analyzes all legislative proposals to identify any potential impact on ICN, and alerts ICN Executive Leadership team and appropriate personnel in various ICN enterprises of such legislation. During the legislative session, updates are provided on a weekly basis, and more frequently, as necessary. -Monitors legislative committee action during all legislative sessions and interim periods. Monitoring committees includes attending in person, as well as reviewing other summaries of committee meetings which are not attended in person. -Monitors press coverage of legislative activities to stay informed regarding legislative actions and to identify, as soon as possible, potential issues that may impact the ICN. -Maintains positive relationship with legislators and legislative staff through personal contacts, both during the legislative session and during the interim period. -Coordinates legislative activities with representatives from the Governor's Office, other elected officials' offices, and other state agencies as necessary and appropriate. -Communicates with private sector lobbyists on legislative matters as necessary and appropriate. 		
15%	<p>2. Provides timely and accurate information and counsel to the Chief Administration Officer, the Executive Team, Executive Director and the ITTC Commission regarding legislative issues and non-legislative issues as requested by the Executive Director or other Executive Team staff. These duties and functions may alter or be modified during the periods</p>		

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	between legislative session and focus more on internal process and programs in preparation for the upcoming legislative session or other legislative activities.
15%	3. Provides input regarding ICN planning and strategic decisions by participating when needed on the ICN Executive Leadership Team and meeting with appropriate ICN personnel, as necessary. Serve as a backup and support function to the position of the Chief Administration Officer.
5%	4. Coordinates and oversees preparation of required ICN reports. This includes maintaining a list of required reports and communicating with appropriate individuals to ensure that the reports are completed and delivered in a timely fashion.

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11. Is this position considered to be supervisory? Yes ☐ No ☒ (If Yes, complete the Supervisory Analysis Questionnaire form [CFN 552-0193] and attach it to this PDQ.)
12. For what reasons are you requesting that this position be reviewed? Be specific. If applicable, include significant changes or additions to duties. Attach additional sheets, if necessary.
- This has been a vacant position for sometime and we are needing to fill this position as part of the ICN succession plan.

Employee Signature

13. (For new or vacant positions, this section is not applicable.)
- ☐ I certify that I have read the instructions for the completion of this questionnaire, that the answers are my own, and that they are accurate and complete.
- OR
- ☐ The questionnaire was completed by agency management. I have read and been provided a copy of this questionnaire.

Signed _____ (Incumbent Employee) _____ (Date)

For position review requests, if you have not been notified by your agency's management of this request being sent to DAS-HRE for review within 30 days, you may choose to send this request directly to DAS-HRE for review. Email it to pdq@iowa.gov or address it to: Classification & Compensation, Iowa Department of Administrative Services – Human Resources Enterprise, Hoover Building, Level A, 1305 E. Walnut, Des Moines, Iowa 50319.

Supervisor Review of PDQ

This section must be completed within 30 days after the PDQ is received from the employee. The employee must be notified of the decision to either support or not support the request. Regardless of this decision, the request must be forwarded to DAS-HRE. Email it to pdq@iowa.gov or address it to: Classification & Compensation, Iowa Department of Administrative Services – Human Resources Enterprise, Hoover Building, Level A, 1305 E. Walnut, Des Moines, Iowa 50319. This PDQ will be returned if any section is incomplete. Attach additional sheets, if necessary.

14. Indicate to what extent, if any, the statements on this form are, in your opinion, not correct or need clarification.
- New position to be filled
15. Describe the origin of any new duties (i.e., those marked with an "X" in item 10). How long have the new duties been performed? Where were the new duties performed prior to being assigned to this position? Are these duties currently performed by anyone else? If so, identify the person(s) and the job classification(s) of their positions.
- These duties were previously performed by Jontell Harris (Executive Officer 2) and Mark Johnson (Chief Admin Officer)
16. What is the basic purpose of this position?
- Legislative and Administrative Liaison for the ICN
17. Identify the essential functions that must be performed by the incumbent, with or without reasonable accommodations for disabilities. Refer to the Drafting Essential Functions tool to develop the essential functions. Example essential function: Prepares daily statistical reports for agency director.
- Read, write, speak well, understand the legislative processes and how they work, use a computer, work from the main office (Grimes State Office building), understand legislation and know how to work with that area, travel when needed and collaborate with senior ICN leadership on a frequent basis.
18. If applicable, identify any special requirements (e.g., a specific registration, certification, or professional licensure) or position-specific competency requirements which are necessary to perform the job duties of this position as described in item 10.
- Must have a 4 year Bachelors degree in Political Science, Understanding of Telecommunications and Technology

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19. If applicable, identify any selective certifications (by both three-digit code and title) which are required for this position. For selective definitions and more information, refer to the Selective List.

063-Business, 413-Network Coordination, 720-Policy Development

20. If this position is non-supervisory, are you requesting that it be reviewed to determine coverage or exclusion from the collective bargaining provisions of Iowa Code Chapter 20? Yes ☒ No ☐ (If Yes, complete the Bargaining Exemption Questionnaire form [CFN 552-0631] and attach it to this PDQ.)
21. Are you requesting that this position be reviewed to determine coverage or exclusion from the merit-system provisions of Iowa Code Chapter 8A? Yes ☒ No ☐ (If Yes, complete the Merit Exemption Questionnaire form [CFN 552-0733] and attach it to this PDQ.)

Supervisor Comments and Signature

22. ☒ Support Request ☐ Do Not Support Request

Comments (if applicable):

Signed


(Supervisor)

8-23-16
(Date)

Appointing Authority Comments and Signature

23. ☒ Support Request ☐ Do Not Support Request

Comments (if applicable):

Signed


(Appointing Authority)

8-23-16
(Date)

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Copy of Email Regarding Richard Lumbard's Domicile

From: Cruise, Mike [ICN]
To: [Lumbard, Ric \[ICN\]](#); [Jensen, Jessica \[ICN\]](#)
Cc: [Ranfeld, Tammy \[ICN\]](#)
Subject: Ric's Domicile
Date: Wednesday, May 11, 2016 11:39:43 AM
Attachments: [image001.png](#)

Just to be on the same page I've included the rules for determining official domicile. If Ric's work week is required to be 56 hours and he works in the Des Moines office 24 hours then we can consider CR to be the domicile as the DSM hours would be under the 50%. I don't think we need anything from Mr. Bruner at this point but if SAE questions it then we may need a statement from him (or ITTC) for an official request for consideration to submit to SAE. Making it a little more difficult is that it is not just a state rule but a state rule based on IRS criteria.

https://das.iowa.gov/sites/default/files/acct_sae/sae_manual/210/210-105.pdf

--Mike

Michael L. Cruise, CPM

Finance Manager
Iowa Communications Network
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P: 515-725-4716
F: 515-725-4635
www.icn.iowa.gov

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Copy of Cover Letter from Richard Lumbard



DATE: May 17, 2017

To: ICN Leadership Team & Partners

RE: 2017 ICN LEADERSHIP SSS

Tonight we engage a very new process for some of you. I would ask that you come into this time in a 'full-on' mode, not as an 'observe and see' mode. We don't want to waste any time on kicking the tires but treat these 48 hours as a new adventure and jump in head first.

There are a few basic premises to a Secluded Strategy Session like this. If we observe these basic ideas, it will let us step out of ICN mode and into STRATEGIC LEADERSHIP mode.

1. A primary aspect is that this is a 'secluded' session. So I would ask that you allow the distance to isolate us enough from the everyday bustle, so we are able to focus on the time together. Please keep all communication devices in your room so that they will not cause distraction.
2. Imagine that the 15 of us are a merger/acquisition team, not employees of the ICN, FNS or Aeritae.
3. Each of us are a specialist in our own field.
4. We bring ourselves into the room with fresh eyes willing to assess, appreciate and recraft the ICN and retool from the ground up if needed or as able.
5. Each of us have tailored skills, with minimal overlap, but the 15 of us are all here to mix it up together and produce a single result.
6. We don't have titles at this point in the mix so we show up as peers with only our knowledge and wisdom to throw down with.
7. We own nothing in the way of people or organizational DTR at this point. No silos to protect.
8. We are simply a team of specialists, seeking agreement in how best to take this new acquisition and make the best future for it.
9. We have all had several months to watch and observe the ICN, but now we will roll up our sleeves and craft our new organization before our eyes.
10. I will chair the meeting, not as Executive Director, but more as a tour guide to the process.
11. The premises will not hold true 100%, but the concept will free us to create the best ICN possible.

Sincerely,

Iowa Communications Network

Grimes State Office Building, 400 E. 14th Street, Des Moines, IA 50319 Phone: 515-725-4692 Fax: 515-725-4727 www.icn.iowa.gov

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