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NEWS RELEASE

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FOR RELEASE March 27, 2018

Auditor of State Mary Mosiman today released a report on a special investigation of the City of Bayard for the period July 1, 2010 through April 30, 2014. The special investigation was performed as a result of concerns regarding certain financial transactions processed by the former City Clerk, Renee Van Gundy. Mosiman also today released under separate cover a report on a special investigation of the City of Yale for the period January 1, 2008 through January 31, 2016 which was also performed as a result of concerns regarding financial transactions processed by Ms. Van Gundy during her tenure as the City Clerk in Yale.

Mosiman reported the special investigation of the City of Bayard identified \$31,623.64 of improper and unsupported disbursements. The special investigation of the City of Yale identified \$29,174.36 of improper and unsupported disbursements and undeposited utility collections.

Mosiman reported the \$29,248.12 of improper disbursements identified for the City of Bayard includes \$26,258.61 of credit card charges at various vendors, \$1,216.06 of payments issued to Ms. Van Gundy for unauthorized payroll and related costs, an additional \$1,190.40 of improperly issued payments to Ms. Van Gundy, and \$262.98 paid to Verizon Wireless. The \$26,258.61 of improper credit card charges include personal purchases made at Fareway Stores, Bed Bath & Beyond, Wal-Mart, and various restaurants.

Of the \$2,375.52 of unsupported disbursements identified, \$1,487.04 was charged on the City's credit card assigned to the former Maintenance employee and \$743.28 was charged on the City's credit card assigned to Ms. Van Gundy. The unsupported credit card purchases made with the credit card assigned to the former Maintenance employee include \$720.42 of purchases at Frohlich's Supervalu grocery store, \$435.72 of purchases from retail vendors such as Wal-Mart, and \$299.67 from convenience stores. The unsupported credit card purchases made with the credit card assigned to Ms. Van Gundy include \$465.13 of purchases at the HP Home store, and

\$278.15 for cloud storage. Mosiman reported because the City could not locate supporting documentation for these purchases, it was not possible to determine if these payments were for City operations or personal in nature.

Mosiman also reported because City records and bank statements and credit card statements were not available prior to January 1, 2011, we are unable to determine if there were additional improper or unsupported disbursements during Ms. Van Gundy's period of employment.

The report includes recommendations to strengthen the City's internal controls, such as improvements to segregation of duties, performing utility reconciliations, and ensuring all disbursements are properly supported, approved, and paid in a timely manner.

Copies of the report have been filed with the Guthrie County Sheriff's Office, the Iowa Division of Criminal Investigation, the Guthrie County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at: <https://auditor.iowa.gov/reports/1622-0363-BE00>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF BAYARD
FOR THE PERIOD
JULY 1, 2010 THROUGH APRIL 30, 2014**

Table of Contents

	<u>Page</u>
Auditor of State’s Report	3-4
Investigative Summary:	
Background Information	5-7
Detailed Findings	7-19
Recommended Control Procedures	19-21
Exhibits:	<u>Exhibit</u>
Summary of Findings	A 23
Unpaid Payroll Withholdings	B 24
Improper Reimbursement Checks Issued to Renee Van Gundy	C 25
Improper and Unsupported Credit Card Charges – Renee Van Gundy	D 26-41
Improper and Unsupported Credit Card Charges – Maintenance Employee	E 42-49
Staff	50
Appendices:	<u>Appendix</u>
Copies of Unauthorized Payroll Checks Issued to Renee Van Gundy	1 52
Copy of Improper Reimbursement Check Issued to Renee Van Gundy	2 53



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Auditor of State's Report

To the Honorable Mayor and
Members of the City Council:

As a result of alleged improprieties regarding certain financial transactions processed by the former City Clerk, we conducted a special investigation of the City of Bayard. We have applied certain tests and procedures to selected financial transactions of the City for the period July 1, 2010 through April 30, 2014, unless otherwise specified. Based on our review of relevant information and discussions with City officials, we performed the following procedures:


1. Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
2. Scanned images of checks and other bank documents redeemed from the City's bank accounts for reasonableness. We examined supporting documentation for certain disbursements to determine if they were properly approved, supported by adequate documentation, and appropriate for the City's operations.
3. Examined payroll disbursements and reimbursements to the former City Clerk, Renee Van Gundy, for the period through November 1, 2014 to determine the propriety of the payments.
4. Reviewed available City Council meeting minutes to identify significant actions and determine if certain payments were properly approved.
5. Interviewed City officials and personnel to determine the propriety of certain disbursements and reimbursements from the City's bank account and charges on the City's credit card.
6. Obtained and reviewed the City's credit card statements and supporting documentation to determine if the purchases were properly approved, supported by adequate documentation, and appropriate for City operations.
7. Obtained and reviewed the payments posted to the City's credit card account to determine if the payments were issued from the City's bank account.
8. Obtained and reviewed monthly statements for Ms. Van Gundy's personal bank account to identify any similarities between disbursements from her personal account and the City's bank account.

These procedures identified \$31,623.64 of improper and unsupported disbursements. Several internal control weaknesses were also identified. Because certain City records, bank statements, and credit card statements were not available prior to January 1, 2011, we are unable to determine if there were additional improper or unsupported disbursements for the period July 1, 2010 through December 31, 2010. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **E** of this report.

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

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

We would like to acknowledge the assistance extended to us by officials of the City of Bayard during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State

March 14, 2018

Report on Special Investigation of the
City of Bayard
Investigative Summary

Background Information

The City of Bayard is located in Guthrie County and has a population of approximately 450. The City employs a City Clerk who is responsible for the business operations of the City. The City also employs a Maintenance employee, Librarian, and seasonal workers as needed. The City Clerk is responsible for the following functions:

- Receipts – receiving certain collections and making related bank deposits and posting all collections to the accounting records;
- Disbursements – making certain purchases, receiving certain goods and services, presenting proposed disbursements to the City Council for approval, maintaining supporting documentation, preparing, signing and distributing checks, and posting to the accounting records;
- Payroll – calculating payroll amounts, preparing, signing, and distributing checks, and posting payments to the accounting records;
- Utility billings – preparing and mailing billings and posting collections to customer accounts and accounting records based on the deposit listing prepared by the bank where customers pay their bills;
- Bank accounts – receiving and reconciling monthly bank statements to accounting records; and
- Reporting – preparing City Council meeting minutes and financial reports, including City Clerk reports and Annual Financial Reports.

Table 1 summarizes the individuals who were employed as the City Clerk from July 1, 2010 through December 31, 2017.

Table 1

Name	Period of Employment	Duties
Renee Van Gundy	07/01/10 – 04/07/14	City Clerk
Kristin Hansen	05/01/14 – 07/01/14	City Clerk
Renee Van Gundy	08/01/14 – 09/14/14*	Acting City Clerk
Julie Winnett	09/15/14 - current	City Clerk

* - According to the current Mayor, Ms. Van Gundy provided assistance and training to Ms. Winnett from mid-September to approximately mid-October.

As illustrated by the **Table**, Renee Van Gundy was hired as the City Clerk on July 1, 2010. Ms. Van Gundy was also employed as the City Clerk for the City of Yale at the time she was hired. She continued to work for both cities until she resigned as the Bayard City Clerk effective April 7, 2014.

The **Table** also illustrates the City hired Kristin Hansen as the City Clerk after Ms. Van Gundy's resignation. However, because Ms. Hansen did not attend the July City Council meeting, the City Council determined she abandoned her position effective July 1, 2014. The City Council rehired Ms. Van Gundy at the beginning of August 2014 as the Acting City Clerk; however, City officials were aware she would fill the position only on a temporary basis. Ms. Van Gundy was to provide assistance and training to Ms. Winnett after she was hired in September 2014.

According to the current Mayor, the City Clerk receives a monthly salary approved by the City Council. Both the former and current Mayors also stated Ms. Van Gundy was allowed to work

from home. As a result, City Hall did not have normal business hours during her tenure. However, City Hall was open during public meetings and other public functions. Although the City Clerk was not paid on an hourly basis, the former Mayor stated the City Council did not establish a set number of hours the City Clerk was expected to work each month. The current City Clerk works approximately 40 hours per month. The City Clerk is expected to attend all City County meetings and work additional time, as required, to complete periodic reports on behalf of the City.

The City's primary revenue sources include local option sales tax and road use tax from the State of Iowa and property tax collected by Guthrie County and remitted to the City. The City receives payments from the State and County electronically. Revenue is also received from customers for water, sewer, and garbage services.

According to the former Maintenance employee, he reads the meters, records the readings in a meter reading book, and provides the information to the City Clerk each month. According to the current City Clerk, she uses the information obtained from the Maintenance employee to record the readings in the utility system which calculates the bills based on the amount of water used and the rates entered into the utility system. The utility rates are approved by City ordinance. Once the bills are prepared, they are printed and mailed by the City Clerk.

Residents are directed to pay their utility bills at the City's bank located in Bayard. The bank deposits the receipts in the City's bank account and prepares a deposit slip listing the individuals and the amount they paid. The deposit slip is provided to the City Clerk who records the payments in the customer's account in the City's utility system. As a result, the City Clerk does not have control over the utility collection process; however, the City Clerk has control over the billing and recording of the collections in the utility system. According to the former Mayor, Ms. Van Gundy did not prepare utility reconciliations and the City Council did not request the information.

All City disbursements are made by check. As the City Clerk, Ms. Van Gundy was authorized to issue checks from the City's bank account. All checks were to be countersigned by the Mayor. After Ms. Van Gundy resigned in April 2014, she was removed from the bank account's authorized signature card and she was not added back when she was rehired. As a result, checks issued during July and August 2014 and the first half of September 2014 were signed by the Mayor and another City official.

City disbursements may also be made with the 2 City credit cards held by the City Clerk and the Maintenance employee. The City also has 8 charge cards for the 24 hour Star Energy fuel station located in town. Of the 8 cards, 1 is assigned to the Maintenance employee, 1 is assigned to the ambulance, and 6 are assigned to the Fire Department.

All disbursements are to be supported by invoices or other documentation obtained by or submitted to the City Clerk. Each month, the City Clerk is to prepare a listing of bills to be paid and provide the listing to the City Council for approval. After the City Council approves the bills, the City Clerk is to prepare and sign the checks. Checks are also to be countersigned by the Mayor.

All mail, including the monthly bank statements and credit card statements, is delivered directly to City's PO Box. The City Clerk usually picks up and opens the mail. Bank reconciliations are to be prepared by the City Clerk. Bank statements and check images are not reviewed by members of the City Council or the Mayor at the monthly meetings.

According to the former Mayor, Ms. Van Gundy provided copies of the credit card statements for the credit card assigned to the Maintenance employee. However, he did not recall seeing any credit card statements for the credit card assigned to Ms. Van Gundy. The former Mayor also stated he recalled asking her why Council was not provided copies of her credit card statements

and she explained there were no charges on the credit card assigned to her and, as a result, there were no statements.

As stated previously, while Ms. Van Gundy was employed as the City of Bayard's City Clerk, she was also employed as the City of Yale's City Clerk. During an investigation we performed for the City of Yale for the period January 1, 2008 through January 31, 2016, we identified transactions related to the City of Bayard recorded on a laptop computer owned by the City of Yale. After confirming Ms. Van Gundy was also employed by the City of Bayard, we determined it would be appropriate to perform procedures for a periodic examination at the City of Bayard. The results of the periodic examination were included in a report issued by the Office of Auditor of State on March 27, 2018. A report on a special investigation of the City of Yale was also issued by the Office of Auditor of State on March 27, 2018.

The results of the periodic examination for the City of Bayard also illustrated additional audit procedures were necessary for the City of Bayard. After explaining our concerns to the City of Bayard's Mayor, he requested the Office of Auditor of State review the City's financial transactions. We performed the procedures detailed in the Auditor of State's Report for the period July 1, 2010 through April 30, 2014.

Detailed Findings

The procedures performed identified \$31,623.64 of improper and unsupported disbursements. The \$29,248.12 of improper disbursements identified include \$26,258.61 of personal purchases on the City's credit card, \$1,216.06 of payments issued to Ms. Van Gundy for unauthorized payroll and related costs, an additional \$1,190.40 of improperly issued payments to Ms. Van Gundy, and \$262.98 paid to Verizon Wireless.

The \$2,375.52 of unsupported credit card purchases identified include \$720.42 of purchases at a grocery store, \$465.13 of purchases at the HP Home store, and \$278.15 for cloud storage. Because of the lack of supporting documentation for these purchases, we were unable to determine if these payments were for City operations or personal in nature.

Because City records, bank statements, and credit card statements were not available prior to January 1, 2011, we are unable to determine if there were additional improper or unsupported disbursements for the period prior to January 1, 2011.

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

As previously stated, the report on the special investigation of the City of Yale was issued by the Office of Auditor of State on March 27, 2018. The procedures performed for the City of Yale identified \$29,174.36 of improper and unsupported disbursements and undeposited utility collections, including personal purchases on the City's credit card, unauthorized payroll and reimbursements, and payments for Ms. Van Gundy's personal cell phone and utility bills. The undeposited collections identified were related to utility billings for Ms. Van Gundy's personal residence.

During an interview we held with Ms. Van Gundy on March 14, 2018 along with a deputy from the Guthrie County Sheriff's Office and an agent from the Division of Criminal Investigation, Ms. Van Gundy admitted she issued herself unauthorized checks from both the City of Yale and the City of Bayard, improperly used the Cities' credit cards for personal purchases, and used the Cities' funds to pay personal bills. Additional information regarding statements Ms. Van Gundy made during the interview is included in the following paragraphs.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

With the assistance of the current City Clerk, the current Mayor, and representatives of the City's bank, we obtained copies of the City's bank statements and images of redeemed checks for the period January 1, 2011 through April 30, 2014.

We reviewed all disbursements from the City's bank accounts for the period January 1, 2011 through April 30, 2014. The images of some of the redeemed checks included with the bank statements included a grid on the left hand side of the check which, in some cases, listed dates, amounts, invoices or other information related to the check. Notations such as postage, ambulance, an account number, or a calculation showing how an employee's net pay was calculated were recorded in this portion of the check. However, the grid was not always used for notes and was left blank in many cases.

We also scanned electronic payments recorded on bank statements and check images included with the statements for the period May 1, 2014 through November 30, 2014. We did not identify any checks signed by Ms. Van Gundy during this period or any unusual electronic payments to vendors during this period.

We also reviewed documentation available from the City for certain disbursements to determine if they were appropriate; however, supporting documentation was not maintained by the City for disbursements prior to July 2012. Using the available supporting documentation, the vendor, frequency, and amount of the payments, internet searches, and discussions with the current and former Mayors and current City Clerk, we classified the disbursements as improper, unsupported, or reasonable. We requested approved bills listings included with the City Council minutes; however, City officials could not locate a number of the bills listings approved by the City Council.

Disbursements were classified as improper if they were personal in nature or not necessary or reasonable for operations of the City. Disbursements were classified as unsupported if appropriate documentation was not available or it was not possible to determine if the disbursement was related to City operations or was personal in nature. Other disbursements were classified as reasonable based on the vendor, frequency and amount of the payments, and discussions with City officials. The improper and unsupported disbursements are explained in detail in the following paragraphs. **Exhibit A** summarizes the improper and unsupported disbursements identified.

Checks Issued to Renee Van Gundy – As previously stated, Ms. Van Gundy was hired as the City Clerk on July 1, 2010. As City Clerk, she was paid a monthly salary approved by the City Council. The salary was to be issued the first week of each month for the preceding month. Although she was not paid on an hourly basis, the former Mayor stated the City Council did not set an expected number of hours for her to work each month. The current City Clerk, who also receives a monthly salary, works approximately 40 hours per month.

As part of her duties, Ms. Van Gundy prepared the payroll for all City employees. According to the former and current Mayors, she was eligible for reimbursement of expenses, such as office supplies. The former Mayor also stated Ms. Van Gundy was not reimbursed for mileage unless related to training. These payments are discussed in detail in the following paragraphs.

Payroll - As the City Clerk, Ms. Van Gundy recorded payroll information for City employees in an electronic payroll journal and prepared payroll checks. She was to prepare all payroll checks and present them to the City Council each month to be approved and countersigned by the Mayor. According to the former and current Mayors, the City Clerk's salary is intended to cover all work done for the City, including attending City Council meetings.

When Ms. Van Gundy was hired as the City Clerk in July 2010, her authorized salary was \$400.00 per month. While she was the City Clerk, the City Council approved 2 pay raises. In March 2011, the City Council approved a pay increase of \$200.00 for Ms. Van Gundy which resulted in an authorized salary of \$600.00 per month. In addition, the City Council approved an increase of \$100.00 for an authorized salary in March 2014 which resulted in an authorized salary of \$700.00 per month.

During our review of the payroll records available at the City, we identified the following concerns.

- City officials could not locate payroll journals for the period prior to May 2011. In addition, images of payroll checks issued to Ms. Van Gundy were not available prior to January 1, 2011. As a result, for the period January 1, 2011 through April 30, 2011, we compared the amount of Ms. Van Gundy's payroll checks to the amount authorized by the City Council. We did not identify any check amounts which exceeded the gross salary amounts authorized by the City Council.

Because images of payroll checks were not available prior to January 1, 2011, we are unable to determine the number or amounts of the payroll checks Ms. Van Gundy issued to herself. As a result, we are unable to determine if the number and amounts of the checks complied with the monthly salary amount authorized by the City Council.

- During our review of the images of payroll checks, we determined Ms. Van Gundy did not withhold FICA and IPERS contributions from the paychecks she issued herself for the period January 2011 through April 2011. However, based on notations she made on payroll checks she issued to other employees, FICA and IPERS were withheld from their pay. In addition, reports we obtained from IPERS document IPERS contributions were withheld from the other City employees' pay from July 2010 through April 2011. However, the IPERS reports do not include any covered wages or contributions for Ms. Van Gundy prior to May 2011.

Because Ms. Van Gundy did not withhold FICA or IPERS from the payroll checks she issued herself from January 2011 through April 2011, the checks were issued to her for the gross monthly salary the City Council authorized. As stated previously, because images of checks redeemed prior to January 1, 2011 were not available, we are unable to determine the amount and number of payroll checks Ms. Van Gundy issued to herself from July 1, 2010 through December 31, 2010.

While state and federal withholding taxes are not required to be withheld, FICA and IPERS contributions are required. The former and current Mayors were unable to provide explanation for why FICA and IPERS contributions were not withheld from Ms. Van Gundy's payroll as required. **Exhibit B** summarizes the amount of employer's and employee's share of required withholdings for Ms. Van Gundy based on her authorized monthly salary for the payroll checks she was authorized to receive in August 2010 through December 2010 and the checks she did receive in January 2011 through April 2011.

As illustrated by the **Exhibit**, the City owes IPERS \$458.00 for the employer's and employee's share of contributions for Ms. Van Gundy's salary from July 1, 2010 through April 31, 2011. The **Exhibit** also illustrates the City owes the Internal Revenue Service (IRS) \$572.00 for the employer's and employee's share of FICA payments for Ms. Van Gundy's salary from July 1, 2010 through April 31, 2011. It was Ms. Van Gundy's responsibility to ensure these payments were made. Because the City is required to pay FICA and IPERS contributions, these payments are not considered improper, and, as a result, are not included in **Exhibit A**. The City will need to work with IPERS and the IRS to resolve this matter.

As a result of the unpaid payroll withholdings, the City will likely incur penalties and interest charges. Because we are unable to determine what amount, if any, of penalties and interest the City will incur, we have not included an amount in **Exhibit A**.

- We also compared the payroll checks Ms. Van Gundy issued to herself to the amounts recorded in the payroll journal for the period May 1, 2011 through April 30, 2014 to determine if each of the checks issued were authorized. As a result of this comparison, we identified 2 unauthorized checks totaling \$984.80 Ms. Van Gundy

issued to herself. The 2 unauthorized payroll checks are explained in the following paragraphs.

- o On March 14, 2011, Ms. Van Gundy issued herself check numbers 10287 and 10317 for \$400.00 each. During the March 14, 2011 City Council meeting, the City Council approved check number 10287 which was included in the minutes as Ms. Van Gundy’s monthly payroll check.

Check number 10317 was not included in the minutes for approval. Because Ms. Van Gundy was to be paid once each month and check number 10317 for \$400.00 was not approved or included in the bills list approved at March 14, 2011 City Council meeting, it is considered an improper payroll check.

As previously stated, the payroll checks Ms. Van Gundy issued herself prior to May 2011 were for her authorized salary because she did not withhold FICA and IPERS from her checks and we confirmed with IPERS the City did not contribute the employer’s share of contributions for her salary prior to May 2011. Because sufficient records are not available, we are not able to determine if the City paid the employer’s share of FICA costs for Ms. Van Gundy for check number 10317.

- o Effective February 1, 2014, Ms. Van Gundy’s authorized gross salary was \$700.00. After withholdings, her monthly net payroll amount was \$584.80.

On April 2, 2014, Ms. Van Gundy issued herself check number 11912 for \$584.80 for her authorized net March payroll amount. She also issued herself check number 11919 for \$584.80 on April 15, 2014. Because Ms. Van Gundy was to be paid once each month and she received a payroll check on April 2, 2014 for her authorized net payroll amount, the \$700.00 gross amount of check number 11919 issued on April 15, 2014 is considered improper.

Check number 11919 was recorded in the payroll journal which showed FICA and IPERS had been withheld from Ms. Van Gundy’s gross pay. In addition, we confirmed the IPERS wage and contribution report obtained from IPERS showed Ms. Van Gundy’s covered wages for April 2014 were \$1,400.00 rather than her authorized monthly salary of \$700.00.

As a result, it is apparent the City also incurred the employer’s share of FICA and IPERS for the unauthorized \$700.00 gross payroll check issued to Ms. Van Gundy in April 2014. The additional employer’s share of FICA and IPERS improperly incurred by the City totaled \$53.55 and \$104.16, respectively.

Table 2 summarizes the improper disbursements as a result of the 2 unauthorized payroll checks Ms. Van Gundy issued to herself. Copies of check numbers 10317 and 11919 are included in **Appendix 1**. The \$1,216.06 total is included in **Exhibit A** as improper disbursements.

Description	Amount
Check number 10317, issued on 03/14/11	\$ 400.00
Check number 11919 issued on 04/15/14	700.00 [^]
City’s share of costs for check number 11919:	
FICA	53.55
IPERS	62.51
Total	\$ 1,216.06

[^] - Check image in **Appendix 1** is for \$584.80, which is the net amount of Ms. Van Gundy’s authorized \$700.00 gross payroll amount less withholdings for FICA and IPERS.

When we inquired about the checks listed in **Table 2** during our interview with Ms. Van Gundy, she stated she had no explanation for the checks. She also stated there were several times the City Council “paid me extra for doing things, but I can’t guarantee what dates, so I have no explanation.” Ms. Van Gundy also stated any time the City Council paid her extra, it would be recorded in the minutes.

As stated previously, Ms. Van Gundy resigned as the City Clerk in April 2014, but the City Council rehired her at the beginning of August 2014 as the Acting City Clerk. She carried out the City Clerk’s duties, except for signing checks, until a new City Clerk was hired in mid-September 2014. After a new City Clerk was hired, Ms. Van Gundy provided assistance and training to her until approximately mid-October 2014. **Table 3** lists the payroll checks Ms. Van Gundy received for the period August 1, 2014 through October 31, 2014.

Table 3

Date	Check Number	Description	Gross Amount	Net Amount
09/01/14	12076	Payment for services provided as the City Clerk in August 2014. Gross amount is City Clerk’s authorized monthly salary.	\$ 700.00	624.45
09/08/14	12109	3 months of pay to review and revise any City financial records for the period May 1, 2014 through June 31, 2014 and to record the City’s financial transactions for the month of July 2014.	2,100.00	1,706.77
10/01/14	12112	Payment for services provided as the City Clerk from September 1, 2014 through September 14, 2014. Gross amount is half of the City Clerk’s authorized monthly salary.	350.00	312.22
11/01/14	12166	Payment for providing assistance and training to Ms. Winnett from mid-September to approximately mid-October.	350.16	312.37

According to the former Mayor, the City Council approved paying Ms. Van Gundy 3 months’ salary to help organize and correct the City’s records for May, June, and July of 2014. The City also provided \$1,400.00 of gross payroll payments to Ms. Hansen during her tenure as City Clerk during May and June 2014. It is not apparent why the City Council authorized additional payments to Ms. Van Gundy for the same period. However, because the City Council approved the payment and it appears Ms. Van Gundy provided services to the City to revise, update and post financial transactions, it is not included in **Exhibit A** as an improper disbursement.

Reimbursement Checks to Ms. Van Gundy – In addition to the monthly payroll checks listed in the payroll journal, we identified 9 reimbursement checks Ms. Van Gundy issued to herself. The checks were issued at irregular intervals and the amounts were not similar to her net monthly salary. The 9 checks identified were signed by Ms. Van Gundy and the Mayor who was in office at the time.

According to the former and current Mayors, Ms. Van Gundy was eligible for reimbursement of expenses, such as training and office supplies. The former Mayor also stated Ms. Van Gundy was not reimbursed for mileage unless it was for training. Supporting documentation for reimbursements was required to be submitted to the City Council for approval prior to issuing and approving the checks. The former Mayor also stated reimbursements should be infrequent since Ms. Van Gundy had access to a City credit card and the checkbook.

Of the 9 checks identified, 1 was included in the bills listing approved by the City Council in January 2014. The payment was for \$72.60 and described as postage. However, supporting documentation was not provided for the payment and we are unable to verify it was for postage. We also identified another \$72.60 check Ms. Van Gundy issued to herself in December 2013. The check issued in December 2013 did not include a notation in the memo portion and it was not included in the bills listing approved by the City Council. Because sufficient supporting

documentation is not available for these 2 checks, the \$145.20 total is included in **Exhibit A** as unsupported disbursements.

The 7 remaining checks are listed in **Exhibit C**. City officials could not locate supporting documentation. In addition, City officials were unable to locate listings of bills approved by the City Council prior to December 2013. However, according to the former Mayor, the only mileage Ms. Van Gundy would have been entitled to would have been related to training and the only training she attended was in 2010. We also confirmed with a representative of the Iowa League of Cities (League), the last training event Ms. Van Gundy registered for was the Municipal Professionals Institute in 2010. As a result, Ms. Van Gundy would not have incurred expenses after 2010 related to training for which she would need to be reimbursed.

The 7 checks identified are explained in detail in the following paragraphs.

- Check numbers 10349 for \$150.00, 10359 for \$100.00, 10368 for \$100.00, and number 10377 for \$250.00 include a number of hours multiplied by an hourly rate in the grid on the left of the check. According to Ms. Van Gundy, the City Council approved providing her additional pay for time she spent learning how to use new accounting software purchased by the City. Ms. Van Gundy also stated the additional pay was approved by the City Council and documented in the minutes.

We reviewed the available City Council minutes and bills listings for the period January 2011 through September 2011. The minutes available did not include a motion approving additional pay for Ms. Van Gundy for the time associated with the new accounting software.

We spoke with a representative of the accounting software company and determined Ms. Van Gundy was provided training for the software at the City in March 2011 and in May 2011. Because check numbers 10349, 10359, 10368, and 10377 were issued a month or more after the on-site training occurred and the City could not locate supporting documentation or approval in the minutes, the 4 checks totaling \$600.00 are improper.

- Check number 10366 issued on June 13, 2011 for \$90.00 included the notation “supplies” in the grid on the left side of the check. There was no supporting documentation for the check and the check is for an even dollar amount which would be unusual for reimbursement of supplies purchased on behalf of the City.

During our interview with Ms. Van Gundy, she stated Bayard had a credit card prior to her beginning employment with the City. She also stated she was to use the City’s credit card to purchase supplies rather than purchasing them with her own funds and receiving a reimbursement for the cost.

In addition, Ms. Van Gundy stated if she did receive a reimbursement, the receipt for the purchase would have been attached to the check stub and the payment would have been approved by the City Council. City officials were not able to locate supporting documentation for the \$90.00 payment and the June 13, 2011 minutes included only Ms. Van Gundy’s monthly payroll check in the bills presented for Council approval. As a result, we determined the \$90.00 check Ms. Van Gundy issued to herself is improper.

- Check number 10892 issued on November 13, 2011 for \$80.40 did not include any notation in the grid on the left side of the check or the memo line of the check. In addition, supporting documentation was not available for the check. As stated previously, all disbursements are to be supported by invoices or other documentation. As a result, if Ms. Van Gundy was to receive a reimbursement of costs she incurred on behalf of the City, the payment should have been supported by adequate documentation. In addition, the reimbursement should have been approved by the City Council and included in the approved bill listing. The

November 11, 2014 minutes did not include a bills listing but included a motion approving the bills list.

Because the check was not approved and Ms. Van Gundy did not submit appropriate documentation, check number 10892 is an improper disbursement.

- Check number 10426 issued on August 13, 2012 for \$420.00 included a notation “Bonus/Mileage” in the grid on the left side of the check. As previously stated, the former Mayor stated Ms. Van Gundy was not approved to receive a bonus.

During our interview with Ms. Van Gundy, she was not able to provide a reason for the \$420.00 payment. She stated, “I’m not for sure what that is.”

Although Ms. Van Gundy was allowed to request reimbursement for travel related to her job duties or training, the former Mayor stated she did not travel as part of her job duties or attend any training after 2010. Also as previously stated, we confirmed Ms. Van Gundy did not attend training after 2010.

In addition, it would be very unusual for reimbursement of mileage to result in an even dollar amount. As a result, check 10426 for \$420.00 is improper. A copy of check number 10426 is included in **Appendix 2**.

The 7 checks totaling \$1,190.40 are included in **Exhibit A** as improper disbursements.

IPERS Late Fees and Interest – During our review of the “Employers Annual Statement” reports obtained from IPERS for the period July 1, 2010 through September 30, 2014, we determined the City incurred and paid \$289.19 of late fees and interest. Because it is the City Clerk’s responsibility to ensure all payments are made in a timely manner, the \$289.19 is included in **Exhibit A** as improper disbursements.

Payments to Verizon Wireless – According to the City officials, the City had an agreement with the City Maintenance employee to split the cost of a prepaid phone card because he used his personal phone for City business and was on call 24 hours a day, 7 days a week. However, the City did not establish a similar agreement with the City Clerk to pay or reimburse her cell phone.

As stated previously, the Office of Auditor of State issued a report on a special investigation for the City of Yale on March 27, 2018 for the period January 1, 2008 through January 31, 2016. The report discloses a number of electronic payments were made to VZ WIRELESS from the City of Yale’s bank account and using the City of Yale’s credit card. Specifically, the report lists 13 electronic payments totaling \$3,965.56 from the City of Yale’s bank account and 4 charges to the City of Yale’s credit card for \$707.02. The dates of the payments and charges identified from the City’s bank account and credit card were compared to the dates of electronic payments to VZ WIRELESS from Ms. Van Gundy’s personal bank account. The payments made from the City’s bank account and charges to the City’s credit card were in months during which an electronic payment was not made from Ms. Van Gundy’s personal bank account.

We identified an electronic payment issued to VZ (Verizon) WIRELESS for \$262.98 from the City of Bayard’s checking account which was posted on August 8, 2011. During our review of Ms. Van Gundy’s personal bank statements, we identified electronic payments to VZ WIRELESS in June 2011 for \$248.10 and in September 2011 for \$233.13. There were no electronic payments to VZ WIRELESS from Ms. Van Gundy’s personal bank account in July or August of 2011. There were no payments from the City of Yale’s bank account or credit card to VZ WIRELESS during 2011.

The \$262.98 paid from the City of Bayard’s bank account to VZ WIRELESS is included in **Exhibit A** as an improper disbursement.

Improper and Unsupported Credit Card Charges - As previously stated, we reviewed the City’s credit card statements for the credit cards assigned to Ms. Van Gundy and the former Maintenance employee for the period January 1, 2011 through April 30, 2014 to determine if the

charges were necessary and reasonable for City operations. The credit card assigned to Ms. Van Gundy was closed on April 7, 2014 as result of her resignation.

Because City officials were unable to locate any supporting documentation or the credit card statements for the card assigned to Ms. Van Gundy, they obtained copies of the statements from the bank. However, the statements for the credit card assigned to the former Maintenance employee were located in City Hall and were included in the bills listings approved by the City Council.

Based on discussions with City officials, the types of goods and/or services provided by the vendor, and the frequency and amounts paid to the vendors, we classified the disbursements as improper, unsupported, or reasonable. **Exhibit D** includes a detailed listing of the improper credit card transactions. The improper and unsupported credit card transactions identified are described in detail in the following paragraphs.

Ms. Van Gundy's Credit Card - For the period of our review, Ms. Van Gundy charged a total of \$27,875.31 to her City credit card. During the interview with Ms. Van Gundy, we inquired about the purchases made with the City's credit card. She specified the City's credit card was to be used to purchase supplies and other items needed for the City's operations. However, she also confirmed certain purchases we discussed with her were personal in nature. These purchases included purchases from retail vendors, grocery stores, convenience stores, and hotels. Ms. Van Gundy also stated she did not purchase food for City Council meetings or other City functions.

As a result of Ms. Van Gundy's statements and our review of purchases made with the City's credit card, we identified \$26,258.61 of improper charges, \$743.28 of unsupported charges, and \$873.42 of charges which were reasonable for City operations.

Exhibit D lists the \$26,258.61 of improper and \$743.28 of unsupported credit card charges for the period of our investigation. These transactions consist of various personal charges to different vendors, such as Fareway, Wal-Mart, "OWLS NEST", and Kohl's. The majority of the credit card transactions were determined to be personal in nature. **Table 4** summarizes the improper credit card charges by vendor category for the credit card assigned to Ms. Van Gundy.

Category of Vendor	Number of Transactions	Improper Amount
Grocery stores	50	\$ 9,030.99
Retail stores	61	9,016.05
Convenience stores	49	2,230.57
Restaurants	28	1,596.44
Lodging	7	1,427.40
Cosmetics/bath/hair care	17	609.61
Star Energy fuel card	1	477.85
Health and wellness	5	467.78
Phone/internet/cable	2	440.12
On-line store	2	257.95
Office supplies	1	255.39
Clothing/shoes	5	232.28
Books	1	85.46
Software - antivirus	1	59.99
Party supplies	1	54.03
Fees/interest	3	16.70
Total	234	\$ 26,258.61

The improper charges are discussed in more detail in below.

- Grocery stores – Of the \$9,030.99 of charges at various grocery stores, \$8,162.10 was charged at Fareway Foods in Clive, Perry, Waukee, and Jefferson. In addition, \$784.86 was charged at the HyVee in Perry, Iowa. The remaining purchases were made at Hometown Foods in Panora.

The **Exhibit** shows purchases were made each month and in many case 2 or 3 times during the month. According to the former Mayor, the City has not held any events which would require the City Clerk to purchase food.

The charges at Fareway ranged from \$76.16 to \$383.09 and the charges at HyVee ranged from \$16.55 to \$271.24. Of the \$9,030.99 charged at the various grocery stores, \$4,912.04 was charged on a Friday, Saturday, or Sunday

Because the City did not hold events which required the City Clerk to purchase food, the purchases were made on a consistent basis throughout our testing period, and on weekends, and because the charges at the grocery stores are not related to City operations, they are considered personal in nature.

- Retail stores – The 61 charges at retail stores totaled \$9,016.05. Of this amount, 44 charges totaling \$8,060.71 were made at Wal-Mart locations in Grimes, Des Moines, West Des Moines, Ames, and Cedar Falls. Of the \$8,060.71 charged at Wal-Mart, \$5,512.77 was charged on a Friday, Saturday, or Sunday. The remaining \$2,547.94 of charges were made during the week.

Of the 17 remaining charges totaling \$955.34, 16 were made at Dollar General locations in Perry and Guthrie Center and Kmart, Menards, and Target locations in the Des Moines metropolitan area. The 17 remaining charges also include a purchase made in Cedar Falls.

According to the former Maintenance employee, he purchased his own supplies for the maintenance shop and on occasion he purchased supplies at the request of the City Clerk. As a result, the supplies he needed for the City would not have been charged to the City credit card assigned to Ms. Van Gundy.

According to the current City Clerk, she purchases ink and paper at a local business which bills the City. However, sometimes the Maintenance employee will pick up paper when he goes to Wal-Mart.

The purchases from retail vendors occurred more frequently and were for larger amounts than expected for City operations. In addition, many of the purchases were made on weekends. As a result, the \$9,016.05 of charges at retail stores are considered personal in nature.

- Convenience stores – Of the \$2,230.57 of charges at convenience stores, \$277.59 was charged at “Fuel 24” in Yale, Iowa, where Ms. Van Gundy lived and \$1,537.41 was charged at Casey’s in Panora, Iowa, approximately 8 miles south of Yale. Of the remaining charges which total \$415.57, 6 were made in Casey’s locations in Adel, Guthrie Center, and Marion, 2 were made at fuel locations in Bayard, and 1 was made at a convenience store along Highway 20 near Holland, IA.

According to the former and current Mayors, gas purchases were to be made using the City’s Star Energy fuel card. The fuel cards are held by the City Maintenance employee and the Fire/Ambulance Department. According to the former Maintenance employee and Fire Chief, they did not use the City credit card for fuel since they have the fuel card, unless the Star Energy pumps were not working. They also stated Ms. Van Gundy did not have access to the City’s Star Energy fuel cards.

As previously stated, the City Clerk was not required to travel as part of her job duties and did not attend training. Also, most of the fuel purchases were made near Ms. Van Gundy’s home. Because, there would be no reason for her to purchase fuel

using the City's credit card, the charges at the convenience stores are considered personal.

- Restaurants – Of the \$1,596.44 of charges at restaurants, \$1,300.04 was charged at the “OWLS NEST” in Panora, Iowa. According to the Owl's Nest Facebook page, they serve lunch, dinner, and drinks and are considered a pub/restaurant. The remaining charges of \$296.40 were made at restaurants in Guthrie Center, Perry, Ankeny, and West Des Moines. According to the former and current Mayors, the City did not hold meetings in Panora. City business was conducted at City Hall. As a result, the charges at restaurants are not related to City operations and are considered personal.
- Lodging – Of the \$1,427.40 of lodging charges, there were 2 charges at the Lake Panorama National, in Panora, IA; 2 charges at the Holiday Inn Express in Kansas City, MO; 2 charges at the Marriott in West Des Moines, IA; and 1 charge at an Americinn in Chanhassen, MN.

As previously stated, Ms. Van Gundy did not attend training since 2010 and was not required to travel for her job. According to the former and current Mayors, there was no reason for the City to have business in these areas and incur lodging. In addition, all but 1 hotel charge was posted to the credit card on a Friday, Saturday or Sunday. A charge posted on a Monday for \$419.34, occurred in Kansas City and appears to be for several nights lodging.

Because the charges were on weekends, Ms. Van Gundy did not travel for her job duties, or attend training the charges are not related to City operations and are considered personal in nature.

- Cosmetics/bath/hair care – Of the \$609.61 in charges for cosmetics, bath, and hair care, \$248.04 were purchases made on-line through Meaningful Beauty and \$161.11 were made at Bath & Body Works stores in West Des Moines and Clive. The remaining \$200.46 of charges were incurred at nail salons.

According to its website, Meaningful Beauty is a skin care line for women. Because the purchase of cosmetics is not related to City operations, the charges are considered personal.

- Star Energy fuel card – **Table 4** include a \$477.85 payment to Star Energy. The credit card statement documents the single payment was made on July 19, 2011. We contacted a representative of Star Energy and determined the payment was posted to a personal account held in the name of Ms. Van Gundy's husband.

The Star Energy representative also provided us a copy of the transactions posted to the personal account. Using the documentation provided by the representative, we determined the \$477.85 payment was made to satisfy 14 purchases made with a Star Energy fuel card between June 1, 2011 and June 28, 2011. Of the 14 purchases, 10 were made at a Star Energy location in Yale and 4 were made in Guthrie Center.

As previously stated, the City Clerk was not required to travel as part of her job duties and did not attend training. Because there would be no reason for Ms. Van Gundy to pay her purchase fuel card bill using the City's credit card, the \$477.85 charge is considered personal.

- Health and wellness – Of the \$467.78 in health and wellness charges, \$455.00 was at New Leaf Centers in Clive, Iowa. According to its web site, New Leaf Centers specialize in natural hormone therapy, weight loss, and migraine relief. The remaining \$12.78 was charged at the Guthrie County Hospital in Guthrie Center, Iowa. According to the current Mayor, the City only pays health insurance for the Maintenance employee and the City does not pay for medical expenses. Because the charges are not related to City operations, the charges are considered personal.

- Phone/internet/cable- Of the \$440.12 charged at cell phone stores, \$205.63 was charged at Spring Valley Wireless on June 25, 2011 and \$234.49 was charged to Verizon Wireless on July 6, 2011. As previously stated, the City does not provide reimbursements or stipends for cell phones. We also identified payment from Ms. Van Gundy's personal bank account to Verizon Wireless. Because the charges are not related to City operations, the charges are considered personal.
- On-line stores - Of the \$257.95 charges at on-line stores, \$217.95 was charged at google.com/ch and \$40.00 was charges to "PayPal Pay Schools." The charge to google included "Twowayradisofo" on the statement. City officials were unable to locate any two way radios. The \$40.00 charged to "PayPal Pay Schools" does not relate to City operations. Because the charges are not related to City operations, the charges are considered personal.
- Office Supplies – The \$255.39 charged for office supplies was a single charge at Office Max in West Des Moines. As previously stated, all disbursements are to be supported by invoices or other documentation. In addition, all disbursements are to be approved by the City Council and included in the approved bill listing. Because there was no support provided to the City for the purchase and the City Council did not approve the charges, the \$255.39 charged at Office Max is considered personal.
- Clothing/shoes – Of the \$232.28 in charges at clothing and shoe stores, \$151.34 was at Shoe Carnival in Clive, Iowa. The remaining charges were at Gordman's, Kohl's in West Des Moines, and CJBanks.com. Because the purchase of clothing is not related to City operations, the charges are considered personal.
- Books - The book purchase for \$85.46 was made at University Book and Supply in Cedar Falls Iowa. There was no support provided for the purchase and we were unable to identify any reason for a purchase to be made from a vendor of this nature for City operations. As a result, the charge is considered personal.
- Software/Antivirus – We identified 2 charges to www.AVG.com which were posted on November 14, 2012. The City could not provide support for either purchase. The 2 charges were for \$84.99 and \$59.99.

According to its website, AVG currently offers 3 main products for PC computers: AVG AntiVirus, which is a free product; AVG Internet Security for \$69.99; and AVG Ultimate for \$99.99 which includes antivirus and a tuneup package.

Based on information available, it appears the \$84.99 charge on November 14, 2012 was for the AVG Ultimate product which currently costs \$99.99 and the \$59.99 charges was for the AVG Internet Security which currently costs \$69.99. The vendor's website shows the AVG Ultimate product includes the internet security services. As a result, it is not necessary to purchase both the AVG Ultimate product and the AVG Internet Security product for the same computer.

It would be reasonable for the City to have purchased the \$84.99 product. However, the \$59.99 product was not needed. As a result, the \$59.99 charged to the City's credit card is considered an improper disbursement.

- Party supplies – A charge of \$54.03 was made on March 18, 2013 at Nobbies Inc. in Clive, Iowa. Because there was no supporting documentation and there is no reason for the City to purchase party supplies, the \$54.03 is considered personal in nature.
- Fees/interest – The \$16.70 of fees and interest charged to the account are the result of the credit card payment not being paid by the due date. Because it was Ms. Van Gundy's responsibility to ensure bills were paid timely, the \$16.70 is considered improper.

As described above, the charges on City's credit card assigned to Ms. Van Gundy were not related to City operations and included personal charges at convenience stores, retail stores, grocery

stores, and restaurants. In addition, Ms. Van Gundy did not submit supporting documentation or the credit card statements to the City Council for approval. Because the \$26,258.61 of credit card charges were personal in nature, they are included in **Exhibit A** as improper disbursements.

Exhibit D includes unsupported credit card charges totaling \$743.28 which may be related to City operations or personal in nature. The charges include \$465.13 to HP HOME STORE for computer and printer supplies and \$278.15 to SAGE SOFTWARE INC. for cloud storage.

Without supporting documentation, we cannot determine if the charges to SAGE SOFTWARE INC. and HP HOME STORE were related to City operations or personal in nature. As a result, the \$743.28 is included in **Exhibit A** as unsupported disbursements.

Maintenance Employee's Credit Card - As previously stated, the former Maintenance employee was also assigned a City credit card. For the period of our investigation, the former Maintenance employee charged a total of \$3,617.00 to the City's credit card. The former Maintenance employee stated he turned in receipts, invoices, and other supporting documentation to the clerk for all charges on his credit card, fuel card, and other purchases. However, City officials could not locate supporting documentation for charges on the City credit card assigned to the Maintenance employee.

During our review of the credit card statements we identified \$30.88 of improper charges, \$1,487.04 of unsupported charges, and \$2,099.08 of charges which were reasonable for City operations. The improper and unsupported charges are included in **Exhibit E**.

As shown in **Exhibit E**, the \$30.88 of improper charges were for fees and interest as a result of the balance not being paid in full by the due date. However, as previously stated, Ms. Van Gundy was responsible for paying the credit card bills in a timely manner. Because the fees and interest were the result of the bills not being paid in a timely manner, the \$30.88 is included in **Exhibit A** as improper disbursements.

The \$1,487.04 of unsupported charges includes \$720.42 of charges at Frohlich's Supervalu, \$304.49 at Wal-Mart, and \$299.67 at Sparky's One Stop. According to the former Maintenance employee, the charges at Frohlich's Supervalu and Wal-Mart were for purchases of distilled water used for mixing with chemicals and supplies for the maintenance shop, such as paper towels and cleaning supplies. He also stated the charges at Sparky's One Stop were for gas when the Star Energy pumps were not working. When we spoke with the former Mayor, he confirmed the Maintenance employee purchased distilled water for testing purposes.

The former Maintenance employee also had a fuel charge card to purchase gas at the 24 hour Star Energy pumps in town. Based on the frequency of purchases and the amounts of fuel purchased, the purchases may be for City operations. However, without adequate supporting documentation and related records, we cannot verify the purchases were not for personal use. As a result, the \$1,487.04 of charges is included in **Exhibit A** as unsupported disbursements.

OTHER ADMINISTRATIVE ISSUES

City Council Meeting Minutes – We reviewed the City Council meeting minutes from January 2011 through June 2016 and determined the minutes were not signed by the City Clerk or the Mayor to authenticate the record as required by section 380.7 of the *Code of Iowa*. We also determined the minutes from July 2011 through April 2014 did not include a listing of the bills approved or the financial reports approved by the City Council. However, City officials located copies of bill listings for the months of November 2013 and January through April of 2014. However, these listings were not properly filed with the related City Council minutes.

City Council Oversight – The City Council has a fiduciary responsibility to exercise authority over its funds, efficiently and effectively achieve its mission, provide oversight of the City's operations and maintain the public trust. Oversight is typically defined as the "watchful and

responsible care” a governing body exercises in its fiduciary capacity. Based on our review, we identified the following concerns related to oversight of the City:

- The City Council did not review payroll prior to issuance.
- The City does not have a written policy and procedures manual which includes requirements for requiring and maintaining supporting documentation for all disbursements to vendors, credit card charges, and reimbursements to employees and other individuals. The City Council did not periodically compare the bills listings to supporting documentation and checks.
- The City Council did not periodically review the City’s bank statements and credit card statements.
- The City Council did not review or require utility reconciliations.

RECOMMENDED CONTROL PROCEDURES

As part of our investigation, we reviewed the procedures used by the City of Bayard to perform bank reconciliations and process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be 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 the City’s internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among individuals to prevent one person from handling duties which are incompatible. The former City Clerk had control over each of the following areas:
- 1) Disbursements – making purchases, receiving goods and services, presenting proposed disbursements to the City Council for approval, maintaining supporting documentation, preparing, signing and distributing checks, and posting to the accounting records;
 - 2) Payroll – calculating payroll amounts, preparing, signing, and distributing checks, and posting payments to the accounting records;
 - 3) Utility billings – preparing and mailing billings and posting collections to customer accounts and accounting records;
 - 4) Bank accounts – receiving and reconciling monthly bank statements to accounting records; and
 - 5) Reporting – preparing City Council meeting minutes and financial reports, including City Clerk reports and Annual Financial Reports.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the functions listed above should be segregated between the City Clerk, Mayor, and City Council members. In addition, City Council members should review financial records, perform reconciliations, and examine supporting documentation for accounting records on a periodic basis.

Also, bank statements should be delivered to an official who does not collect or disburse City funds. The bank statements should be reviewed in a timely manner for unusual activity. Bank reconciliations should be performed monthly and should be reviewed by someone independent of other financial responsibilities. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

- B. Reconciliation of Utility Billings, Collections and Delinquencies – The former City Clerk had sole responsibility for preparing the billings and posting billings and collections to customer accounts. In addition, utility billings, collections, and delinquent accounts were not reconciled.

Recommendation – Procedures should be established to ensure utility billings are reconciled to subsequent collections and delinquent accounts for each billing period. The City Council, or an independent individual designated by the City Council, should review the reconciliations and monitor delinquencies and adjustments to the records. Delinquent accounts should not be written off without City Council approval.

- C. Disbursements – During our review of the City’s disbursements, the following were identified:

- Disbursements frequently were not supported by invoices or other appropriate documentation.
- Not all disbursements were included on the disbursement listings approved by the City Council.
- Ms. Van Gundy issued herself \$1,216.06 of payments for unauthorized payroll and related costs, an additional \$1,190.40 of improperly issued payments, and charged \$26,258.61 using the City’s credit card for personal purchases.

Recommendation – All City disbursements should be approved by the City Council prior to payment, with the exception of those specifically allowed by a City Council approved policy. For those disbursements paid prior to City Council approval, a listing should be provided to the City Council at the next City Council meeting for review and approval. To strengthen internal control, each check should be prepared and signed by one person and detailed supporting vouchers and invoices should be provided, along with the check, to an independent individual for review and countersignature. If a stamp is used for a signature, it should be kept in the custody of the individual whose name is on the stamp.

- D. City Council Oversight – The City Council has a fiduciary responsibility to provide oversight of the City’s operations and financial transactions. Oversight is typically defined as the “watchful and responsible care” a governing body exercises in its fiduciary capacity.

Based on our observations and procedures performed, we identified the City Council failed to exercise proper fiduciary oversight. The lack of appropriate oversight and failure to ensure implementation of adequate internal controls permitted an employee to exercise too much power over the operations of the City.

Recommendation – Oversight by the City Council is essential and should be an ongoing effort by all members. In the future, the City Council should exercise due care and require and review pertinent information and documentation prior to making decisions affecting the City. In addition, appropriate policies and procedures should be adopted, implemented, and monitored to ensure compliance with established policies and procedures.

- E. City Council Minutes – Chapter 21 of the *Code of Iowa* requires minutes to be kept of all meetings of governmental bodies. During our review of minutes, we determined:

- Minutes were not signed by the City Clerk as required by section 380.7(4) of the *Code of Iowa*. In addition, they did not include the

signature of the Mayor or a City Council member to authenticate the record.

- The minutes did not include the bills lists and financial reports filed by the City Clerk.

Recommendation – The City should implement procedures to ensure the City Clerk and the Mayor or a City Council member sign all meeting minutes. In addition, the minutes should be reviewed in a timely manner so any errors can be identified and corrected. The City Council should also ensure all City obligations are presented to the City Council for approval prior to payment and financial reports the City Clerk presents to the City Council are filed with the related minutes.

- F. Credit Card – The City has credit cards for use by the City Clerk and Maintenance employee while on City business. The City does not have a formal credit card policy. However, the City did require original itemized receipts be submitted to validate expenses on City issued credit cards. Itemized receipts were not consistently maintained or available to support all credit card purchases. In addition, Ms. Van Gundy’s credit card statements were not provided to the City Council for review and approval.

Recommendation – Original receipts should be provided to the City Clerk and reconciled to the credit card statements each month and charges should be reviewed and scrutinized for compliance with City policy prior to approval and payment. All payments on accounts should be approved by the City Council. The City Council should also develop a credit card policy.

- G. FICA/IPERS – The City did not withhold FICA and IPERS from the City Clerks payroll checks prior to May 2011. The City Clerk is not an exempt employee and as a result, the City should have withheld FICA and IPERS from the employee’s payroll check and remitted the employee’s and City’s share to the IRS and IPERS.

Recommendation – The City should contact the IRS and IPERS to determine the amount owed for FICA and IPERS for covered wages issued to the City Clerk from July 2010 through April 2011.

Exhibits

Report on Special Investigation of the
City of Bayard

Summary of Findings
For the period July 1, 2010 through April 30, 2014

Description	Exhibit/Table/ Page Number	Amount		
		Improper	Unsupported	Total
Improper and unsupported disbursements:				
Checks issued to Renee Van Gundy:				
Unauthorized payroll and related City costs	Table 2	\$ 1,216.06	-	1,216.06
Additional reimbursements	Exhibit C/Page 13	1,190.40	145.20	1,335.60
IPERS late fees and interest	Page 13	289.19	-	289.19
Payments to Verizon Wireless	Page 13	262.98	-	262.98
Credit Card Payments:				
Card issued to Renee Van Gundy	Exhibit D	26,258.61	743.28	27,001.89
Card issued to Maintenance employee	Exhibit E	30.88	1,487.04	1,517.92
Total improper and unsupported disbursements		<u>\$29,248.12</u>	<u>2,375.52</u>	<u>31,623.64</u>

Exhibit BReport on Special Investigation of the
City of BayardUnpaid Payroll Withholdings
For the period July 1, 2010 through April 30, 2014

Payroll Month	Gross Pay	IPERS			FICA		
		Employee	Employer	Total	Employee	Employer	Total
August 2010	\$ 400.00	18.00	27.80	45.80	30.60	30.60	61.20
September 2010	400.00	18.00	27.80	45.80	30.60	30.60	61.20
October 2010	400.00	18.00	27.80	45.80	30.60	30.60	61.20
November 2010	400.00	18.00	27.80	45.80	30.60	30.60	61.20
December 2010	400.00	18.00	27.80	45.80	30.60	30.60	61.20
January 2011	400.00	18.00	27.80	45.80	22.60	30.60	53.20
February 2011	400.00	18.00	27.80	45.80	22.60	30.60	53.20
March 2011	600.00	27.00	41.70	68.70	33.90	45.90	79.80
April 2011	600.00	27.00	41.70	68.70	33.90	45.90	79.80
Total		\$ 180.00	278.00	458.00	266.00	306.00	572.00

Report on Special Investigation of the
City of Bayard

Improper Reimbursement Checks Issued to Renee Van Gundy
For the period July 1, 2010 through April 30, 2014

Per Image of Redeemed Check			
Check Date	Check Number	Notation on Check	Amount
04/20/11	10349	10@15.00	\$ 150.00
04/30/11	10359	10x10.00	100.00
06/13/11	10366	Supplies	90.00
06/27/11	10368	10x10.00	100.00
08/08/11	10377	25x10.00	250.00
11/13/11	10892	None	80.40
08/13/12	10426	Bonus/Mileage	420.00
Total			<u>\$ 1,190.40</u>

Report on Special Investigation of the
City of Bayard

Improper and Unsupported Credit Card Charges - Renee Van Gundy
For the period July 1, 2010 through April 30, 2014

Per Credit Card Statement

Post Date	Merchant Name	Location	Total
01/16/11	INTEREST CHARGE-PURCHASE		\$ 1.20
02/13/11	INTEREST CHARGE-PURCHASE		0.50
03/26/11	WAL-MART #1764	DES MOINES IA	21.17
04/25/11	SAGE SOFTWARE INC.	949-4538849 CA	278.15
05/28/11	CJBANKS.COM	800-890-9603 PA	42.07
05/28/11	FAREWAY_PERRY #470	PERRY IA	242.88
06/04/11	WM SUPERCENTER	GRIMES IA	57.11
06/05/11	HY VEE 1522	PERRY IA	70.58
06/15/11	FAREWAY-PERRY #470	PERRY IA	184.21
06/16/11	TARGET 00020412	DES MOINES IA	17.29
06/18/11	HY VEE 1522	PERRY IA	29.38
06/22/11	DOLLAR GENERAL #7000	GUTHRIE CENTE IA	12.84
06/23/11	CHILI'S - ANKENY	ANKENY IA	33.50
06/25/11	SPRING VALLEY WIRELESS	PERRY IA	205.63
06/28/11	BURGER KING #10772	PERRY IA	8.32
07/02/11	CASEYS 00029199	MARION IA	47.52
07/02/11	CASEYS 00029199	MARION IA	26.61
07/06/11	VERIZON WRLS IVR VN	800-9220204 CA	234.49
07/08/11	MENARDS 3045 CLIVE	CLIVE IA	17.99
07/08/11	FAREWAY-PERRY #470	PERRY IA	76.16
07/19/11	STAR ENERGY 00090472	MANSON IA	477.85
08/06/11	FAREWAY-PERRY #470	PERRY IA	306.57
08/13/11	KMART 03447	CLIVE IA	55.92
08/17/11	MENARDS 3045 CLIVE	CLIVE IA	9.41
08/17/11	FAREWAY-WAUKEE #989	WAUKEE IA	154.14
08/22/11	DOLLAR GENERAL #7000	GUTHRIE CENTE IA	19.12
08/24/11	WM SUPERCENTER	GRIMES IA	156.62
08/29/11	DOLLAR GENERAL #7000	GUTHRIE CENTE IA	7.49
09/01/11	FAREWAY-PERRY #470	PERRY IA	284.14
09/01/11	HY VEE 1522	PERRY IA	19.73
09/09/11	WAL-MART #1764	DES MOINES IA	266.83
09/14/11	ANNUAL FEE**FINANCE CHG**		15.00

Improper	Unsupported	Classification by Auditor
1.20	-	Fees/interest
0.50	-	Fees/interest
21.17	-	Retail store
-	278.15	Cloud storage
42.07	-	Clothing/shoes
242.88	-	Grocery
57.11	-	Retail store
70.58	-	Grocery
184.21	-	Grocery
17.29	-	Retail store
29.38	-	Grocery
12.84	-	Retail store
33.50	-	Restaurant
205.63	-	Cell phone
8.32	-	Restaurant
47.52	-	Convenience store
26.61	-	Convenience store
234.49	-	Cell phone
17.99	-	Retail store
76.16	-	Grocery
477.85	-	Star Energy
306.57	-	Grocery
55.92	-	Retail store
9.41	-	Retail store
154.14	-	Grocery
19.12	-	Retail store
156.62	-	Retail store
7.49	-	Retail store
284.14	-	Grocery
19.73	-	Grocery
266.83	-	Retail store
15.00	-	Fees/interest

Report on Special Investigation of the
City of Bayard

Improper and Unsupported Credit Card Charges - Renee Van Gundy
For the period July 1, 2010 through April 30, 2014

Per Credit Card Statement

Post Date	Merchant Name	Location	Total
09/21/11	WM SUPERCENTER	GRIMES IA	257.86
09/30/11	FAREWAY-PERRY #470	PERRY IA	192.06
10/05/11	WM SUPERCENTER	GRIMES IA	112.00
10/08/11	FAREWAY-PERRY #470	PERRY IA	94.41
10/19/11	WM SUPERCENTER	WES DES MOIN IA	318.00
10/23/11	WM SUPERCENTER	GRIMES IA	124.70
10/28/11	WAL-MART #1764	DES MOINES IA	128.91
11/04/11	FAREWAY-PERRY #470	PERRY IA	183.31
11/16/11	FAREWAY-PERRY #470	PERRY IA	310.03
11/19/11	WAL-MART #1764	DES MOINES IA	96.84
12/01/11	FAREWAY-PERRY #470	PERRY IA	179.37
12/03/11	WAL-MART #1764	DES MOINES IA	197.21
12/31/11	FAREWAY STORES #106	CLIVE IA	217.02
01/08/12	HP HOME STORE	888-999-4747 CA	213.97
01/14/12	WM SUPERCENTER	GRIMES IA	245.39
01/21/12	FAREWAY STORES #470	PERRY IA	269.03
02/01/12	FAREWAY STORES #989	WAUKEE IA	181.94
02/02/12	GOOGLE *Twowayradiosfo	google.com/ch CA	217.95
02/11/12	HY VEE 1522	PERRY IA	16.55
02/29/12	FAREWAY STORES #989	WAUKEE IA	112.88
02/29/12	WM SUPERCENTER	GRIMES IA	164.00
03/07/12	FAREWAY STORES #470	PERRY IA	142.92
03/15/12	FAREWAY STORES #470	PERRY IA	175.90
03/15/12	DOLLAR-GENERAL #7169	PERRY IA	35.47
03/25/12	NOBBIES INC CLIVE	CLIVE IA	54.03
03/25/12	WM SUPERCENTER#5748	GRIMES IA	283.36
04/01/12	WM SUPERCENTER#5748	GRIMES IA	128.02
04/04/12	WM SUPERCENTER#5748	GRIMES IA	277.17
04/25/12	FAREWAY STORES #106	CLIVE IA	152.20
04/25/12	BED BATH & BEYOND #428	CLIVE IA	84.79
05/05/12	FAREWAY STORES #470	PERRY IA	242.20
05/18/12	WM SUPERCENTER#5748	GRIMES IA	162.12

Improper	Unsupported	Classification by Auditor
257.86	-	Retail store
192.06	-	Grocery
112.00	-	Retail store
94.41	-	Grocery
318.00	-	Retail store
124.70	-	Retail store
128.91	-	Retail store
183.31	-	Grocery
310.03	-	Grocery
96.84	-	Retail store
179.37	-	Grocery
197.21	-	Retail store
217.02	-	Grocery
-	213.97	Computer/printer supplies
245.39	-	Retail store
269.03	-	Grocery
181.94	-	Grocery
217.95	-	On-line store
16.55	-	Grocery
112.88	-	Grocery
164.00	-	Retail store
142.92	-	Grocery
175.90	-	Grocery
35.47	-	Retail store
54.03	-	Party supply store
283.36	-	Retail store
128.02	-	Retail store
277.17	-	Retail store
152.20	-	Grocery
84.79	-	Cosmetics/bath/hair care
242.20	-	Grocery
162.12	-	Retail store

Report on Special Investigation of the
City of Bayard

Improper and Unsupported Credit Card Charges - Renee Van Gundy
For the period July 1, 2010 through April 30, 2014

Per Credit Card Statement

Post Date	Merchant Name	Location	Total
05/25/12	WM SUPERCENTER#5748	GRIMES IA	130.10
05/30/12	FAREWAY STORES #470	PERRY IA	233.14
06/08/12	WM SUPERCENTER#5748	GRIMES IA	191.87
06/13/12	FAREWAY STORES #888	JEFFERSON IA	127.55
06/17/12	OWLS NEST	PANORA IA	90.00
06/19/12	CASEYS GEN STORE 0092	PANORA IA	50.92
06/23/12	FAREWAY STORES #888	JEFFERSON IA	171.36
06/30/12	FAREWAY STORES #470	PERRY IA	196.92
07/01/12	CASEYS GEN STORE 0092	PANORA IA	51.00
07/03/12	CASEYS GEN STORE 0092	PANORA IA	47.10
07/04/12	CASEYS GEN STORE 0092	PANORA IA	69.60
07/07/12	GORDMANS INC # 45	W DES MOINES IA	44.17
07/07/12	WM SUPERCENTER#5748	GRIMES IA	183.10
07/08/12	CASEYS GEN STORE 0092	PANORA IA	40.19
07/10/12	UNIVERSITY BOOK AND SUPPL	319-2667581 (Cedar Falls) IA	85.46
07/10/12	ESSENTIALS/M Q23	CEDAR FALLS IA	44.91
07/11/12	CASEYS GEN STORE 0092	PANORA IA	51.59
07/14/12	HOLLYWOOD NAILS	515-221-1278 (West Des Moines) IA	116.60
07/22/12	OWLS NEST	PANORA IA	63.75
07/25/12	CASEYS GEN STORE 0092	PANORA IA	47.34
07/28/12	BATH & BODY WORKS 0538	WEST DES MOIN IA	50.88
07/28/12	GORDMANS INC # 45	W DES MOINES IA	(26.48)
07/28/12	WM SUPERCENTER#5748	GRIMES IA	103.73
07/30/12	GRC*MEANINGFUL BEAUTY	800-2419155 CA	42.75
08/03/12	LAKE PANORAMA NATIONAL	PANORA IA	140.00
08/04/12	FAREWAY STORES #470	PERRY IA	202.65
08/04/12	VI VI NAILS	PERRY IA	27.61
08/06/12	FUEL 24 00110510	BAYARD IA	49.72
08/09/12	OWLS NEST	PANORA IA	80.50
08/10/12	CASEYS GEN STORE 1534	GUTHRIE CENTE IA	36.86
08/14/12	CASEYS GEN STORE 1680	ADEL IA	56.39
08/17/12	WAL-MART #0753	CEDAR FALLS IA	46.97

Improper	Unsupported	Classification by Auditor
130.10	-	Retail store
233.14	-	Grocery
191.87	-	Retail store
127.55	-	Grocery
90.00	-	Restaurant
50.92	-	Convenience store
171.36	-	Grocery
196.92	-	Grocery
51.00	-	Convenience store
47.10	-	Convenience store
69.60	-	Convenience store
44.17	-	Clothing/shoes
183.10	-	Retail store
40.19	-	Convenience store
85.46	-	Book store
44.91	-	Retail store
51.59	-	Convenience store
116.60	-	Cosmetics/bath/hair care
63.75	-	Restaurant
47.34	-	Convenience store
50.88	-	Cosmetics/bath/hair care
(26.48)	-	Clothing/shoes
103.73	-	Retail store
42.75	-	Cosmetics/bath/hair care
140.00	-	Lodging
202.65	-	Grocery
27.61	-	Cosmetics/bath/hair care
49.72	-	Convenience store
80.50	-	Restaurant
36.86	-	Convenience store
56.39	-	Convenience store
46.97	-	Retail store

Report on Special Investigation of the
City of Bayard

Improper and Unsupported Credit Card Charges - Renee Van Gundy
For the period July 1, 2010 through April 30, 2014

Per Credit Card Statement

Post Date	Merchant Name	Location	Total
08/17/12	MCDONAL'S F11833	PERRY IA	18.82
08/17/12	THE MILL BP	HOLLAND IA	53.44
08/22/12	CASEYS GEN STORE 0092	PANORA IA	53.09
08/24/12	PRIME TIME RESTAURANT	GUTHRIE CENTE IA	55.00
08/25/12	FUEL 24 00110718	YALE IA	50.03
08/25/12	WM SUPERCENTER#5748	GRIMES IA	301.70
08/28/12	CASEYS GEN STORE 0092	PANORA IA	43.40
08/30/12	OWLS NEST	PANORA IA	80.00
08/31/12	FAREWAY STORES #470	PERRY IA	174.99
09/01/12	CASEYS GEN STORE 0092	PANORA IA	37.50
09/01/12	FUEL 24 00110718	YALE IA	50.02
09/01/12	HOMETOWN FOODS	PANORA IA	22.78
09/02/12	OWLS NEST	PANORA IA	45.00
09/06/12	OWLS NEST	PANORA IA	66.25
09/10/12	CASEYS GEN STORE 0092	PANORA IA	58.77
09/15/12	CASEYS GEN STORE 0092	PANORA IA	56.13
09/15/12	FUEL 24 00110718	YALE IA	43.04
09/16/12	WM SUPERCENTER#5748	GRIMES IA	196.02
09/22/12	WM SUPERCENTER#5748	GRIMES IA	35.63
09/24/12	CASEYS GEN STORE 0092	PANORA IA	49.75
09/27/12	SUBWAY 00154278	PANORA IA	9.31
09/28/12	FUEL 24 00110718	YALE IA	38.03
10/01/12	FAREWAY STORES #470	PERRY IA	184.63
10/02/12	CASEYS GEN STORE 0092	PANORA IA	47.72
10/04/12	GRC*MEANINGFUL BEAUTY	800-2419155 CA	32.43
10/05/12	FUEL 24 00110718	YALE IA	52.01
10/08/12	CASEYS GEN STORE 0092	PANORA IA	55.34
10/13/12	WM SUPERCENTER#5748	GRIMES IA	284.72
10/15/12	CASEYS GEN STORE 0092	PANORA IA	45.18
10/23/12	CASEYS GEN STORE 0092	PANORA IA	47.65
10/26/12	KMART 03447	CLIVE IA	73.21
10/26/12	TARGET 00019018	WEST DES MOIN IA	80.00

Improper	Unsupported	Classification by Auditor
18.82	-	Restaurant
53.44	-	Convenience store
53.09	-	Convenience store
55.00	-	Restaurant
50.03	-	Convenience store
301.70	-	Retail store
43.40	-	Convenience store
80.00	-	Restaurant
174.99	-	Grocery
37.50	-	Convenience store
50.02	-	Convenience store
22.78	-	Grocery
45.00	-	Restaurant
66.25	-	Restaurant
58.77	-	Convenience store
56.13	-	Convenience store
43.04	-	Convenience store
196.02	-	Retail store
35.63	-	Retail store
49.75	-	Convenience store
9.31	-	Restaurant
38.03	-	Convenience store
184.63	-	Grocery
47.72	-	Convenience store
32.43	-	Cosmetics/bath/hair care
52.01	-	Convenience store
55.34	-	Convenience store
284.72	-	Retail store
45.18	-	Convenience store
47.65	-	Convenience store
73.21	-	Retail store
80.00	-	Retail store

Report on Special Investigation of the
City of Bayard

Improper and Unsupported Credit Card Charges - Renee Van Gundy
For the period July 1, 2010 through April 30, 2014

Per Credit Card Statement

Post Date	Merchant Name	Location	Total
10/26/12	WM SUPERCENTER#3762	WEST DES MOIN IA	296.47
10/31/12	GRC*MEANINGFUL BEAUTY	800-2419155 CA	18.00
11/14/12	CASEYS GEN STORE 0092	PANORA IA	45.24
11/14/12	AVG*WWW.AVG.COM	18555540131 None	59.99
11/17/12	WM SUPERCENTER#5748	GRIMES IA	278.99
11/24/12	MENARDS 3045 CLIVE	CLIVE IA	173.25
11/28/12	GRC*MEANINGFUL BEAUTY	800-2419155 CA	18.00
11/28/12	GRC*MEANINGFUL BEAUTY	800-2419155 CA	32.43
12/05/12	CASEYS GEN STORE 0092	PANORA IA	60.00
12/07/12	WM SUPERCENTER#5748	GRIMES IA	358.61
12/11/12	CASEYS GEN STORE 0092	PANORA IA	46.39
12/22/12	TARGET 00017913	URBANDALE IA	91.06
12/22/12	WM SUPERCENTER#5748	GRIMES IA	295.29
12/24/12	CASEYS GEN STORE 0092	PANORA IA	43.66
12/24/12	HOMETOWN FOODS	PANORA IA	33.49
12/27/12	GRC*MEANINGFUL BEAUTY	800-2419155 CA	18.00
12/29/12	TARGET 00017913	URBANDALE IA	(16.95)
12/31/12	CASEYS GEN STORE 0092	PANORA IA	42.34
12/31/12	DEXFIELD DINER AND PUB	REDFIELD IA	55.90
12/31/12	HOMETOWN FOODS	PANORA IA	9.90
01/02/13	CASEYS GEN STORE 1534	GUTHRIE CENTE IA	68.52
01/04/13	CASEYS GEN STORE 0092	PANORA IA	30.00
01/05/13	WM SUPERCENTER#5748	GRIMES IA	254.23
01/06/13	HP HOME STORE	888-999-4747 CA	81.58
01/16/13	HP HOME STORE	888-999-4747 CA	169.58
01/17/13	GRC*MEANINGFUL BEAUTY	800-2419155 CA	32.43
01/23/13	GRC*MEANINGFUL BEAUTY	800-2419155 CA	18.00
01/31/13	WM SUPERCENTER#5748	GRIMES IA	34.25
02/04/13	CASEYS GEN STORE 0092	PANORA IA	41.07
02/14/13	GRC*MEANINGFUL BEAUTY	800-2419155 CA	18.00
02/14/13	CASEYS GEN STORE 1534	GUTHRIE CENTE IA	49.76
02/18/13	CASEYS GEN STORE 0092	PANORA IA	45.02

Improper	Unsupported	Classification by Auditor
296.47	-	Retail store
18.00	-	Cosmetics/bath/hair care
45.24	-	Convenience store
59.99	-	Software - antivirus
278.99	-	Retail store
173.25	-	Retail store
18.00	-	Cosmetics/bath/hair care
32.43	-	Cosmetics/bath/hair care
60.00	-	Convenience store
358.61	-	Retail store
46.39	-	Convenience store
91.06	-	Retail store
295.29	-	Retail store
43.66	-	Convenience store
33.49	-	Grocery
18.00	-	Cosmetics/bath/hair care
(16.95)	-	Retail store
42.34	-	Convenience store
55.90	-	Restaurant
9.90	-	Grocery
68.52	-	Convenience store
30.00	-	Convenience store
254.23	-	Retail store
-	81.58	Computer/printer supplies
-	169.58	Computer/printer supplies
32.43	-	Cosmetics/bath/hair care
18.00	-	Cosmetics/bath/hair care
34.25	-	Retail store
41.07	-	Convenience store
18.00	-	Cosmetics/bath/hair care
49.76	-	Convenience store
45.02	-	Convenience store

Report on Special Investigation of the
City of Bayard

Improper and Unsupported Credit Card Charges - Renee Van Gundy
For the period July 1, 2010 through April 30, 2014

Per Credit Card Statement

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02/25/13	CASEYS GEN STORE 0092	PANORA IA	34.40
03/01/13	FAREWAY STORES #470	PERRY IA	198.27
03/01/13	FUEL 24 00110718	YALE IA	44.46
03/06/13	WAL-MART #1764	DES MOINES IA	96.76
03/07/13	CASEYS GEN STORE 0092	PANORA IA	47.47
03/13/13	CASEYS GEN STORE 0092	PANORA IA	29.43
03/14/13	GRC*MEANINGFUL BEAUTY	800-2419155 CA	18.00
03/15/13	FAREWAY STORES #989	WAUKEE IA	189.64
03/16/13	MARRIOTT WEST DES MOINES	W DES MOINES IA	100.00
03/18/13	PAYPAL *PAYSCHOOLS	402-935-7733 CO	40.00
03/20/13	FAREWAY STORES #470	PERRY IA	111.88
03/20/13	CASEYS GEN STORE 0092	PANORA IA	42.22
03/20/13	CASA DE ORO	PERRY IA	21.66
04/25/13	GUTHRIE COUNTY HOSPITA	GUTHRIE CENTE IA	1.72
04/26/13	HY VEE 1522	PERRY IA	186.56
05/19/13	HY VEE 1522	PERRY IA	190.82
05/23/13	WAL-MART #5748	GRIMES IA	58.65
05/23/13	CASEYS GEN STORE 0092	PANORA IA	59.99
05/23/13	PERKINS REST 00012336	WEST DES MOIN IA	26.27
05/23/13	SUBWAY 00154278	PANORA IA	15.78
05/26/13	AMERICINN CHANHASSEN	CHANHASSEN MN	256.29
05/29/13	GUTHRIE COUNTY HOSPITA	GUTHRIE CENTE IA	5.32
06/18/13	New Leaf Centers 1	515-421-9091 (Clive) IA	455.00
07/03/13	GUTHRIE COUNTY HOSPITA	GUTHRIE CENTE IA	2.30
07/07/13	OWLS NEST	PANORA IA	100.87
07/14/13	OWLS NEST	PANORA IA	70.00
07/15/13	WAL-MART #5748	GRIMES IA	215.90
07/18/13	OWLS NEST	PANORA IA	79.00
07/27/13	FAREWAY STORES #470	PERRY IA	163.95
07/27/13	SHOE CARNIVAL #510	CLIVE IA	151.34
07/28/13	SOLAR NAIL & SPA	URBANDALE IA	26.50
08/02/13	CASEYS GEN STORE 0092	PANORA IA	7.66

Improper	Unsupported	Classification by Auditor
34.40	-	Convenience store
198.27	-	Grocery
44.46	-	Convenience store
96.76	-	Retail store
47.47	-	Convenience store
29.43	-	Convenience store
18.00	-	Cosmetics/bath/hair care
189.64	-	Grocery
100.00	-	Lodging
40.00	-	On-line store
111.88	-	Grocery
42.22	-	Convenience store
21.66	-	Restaurant
1.72	-	Health and wellness
186.56	-	Grocery
190.82	-	Grocery
58.65	-	Retail store
59.99	-	Convenience store
26.27	-	Restaurant
15.78	-	Restaurant
256.29	-	Lodging
5.32	-	Health and wellness
455.00	-	Health and wellness
2.30	-	Health and wellness
100.87	-	Restaurant
70.00	-	Restaurant
215.90	-	Retail store
79.00	-	Restaurant
163.95	-	Grocery
151.34	-	Clothing/shoes
26.50	-	Cosmetics/bath/hair care
7.66	-	Convenience store

Report on Special Investigation of the
City of Bayard

Improper and Unsupported Credit Card Charges - Renee Van Gundy
For the period July 1, 2010 through April 30, 2014

Per Credit Card Statement

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08/02/13	LAKE PANORAMA NATIONAL	PANORA IA	75.04
08/08/13	CASA DE ORO	PERRY IA	23.54
08/08/13	VI VI NAILS	PERRY IA	29.75
08/11/13	HOLIDAY INN EXPRESS	KANSAS CITY MO	140.93
08/13/13	FAREWAY STORES #470	PERRY IA	245.00
08/30/13	HY VEE 1522	PERRY IA	271.24
09/02/13	OWLS NEST	PANORA IA	68.85
09/08/13	WAL-MART #4256	AMES IA	129.27
09/16/13	HOLIDAY INN EXPRESS	KANSAS CITY MO	419.34
09/27/13	WAL-MART	WEST DES MOIN IA	88.49
09/27/13	BATH & BODY WORKS #1407	WEST DES MOIN IA	25.44
09/27/13	KOHL'S #1253	WDM IA	21.18
10/01/13	DOLLAR GENERAL #7000	GUTHRIE CENTE IA	11.12
10/01/13	CASEYS GEN STORE 0092	PANORA IA	45.89
10/08/13	OWLS NEST	PANORA IA	75.54
10/09/13	WAL-MART #5748	GRIMES IA	316.23
10/15/13	OWLS NEST	PANORA IA	80.00
10/25/13	WAL-MART #3762	WEST DES MOIN IA	355.60
11/07/13	OWLS NEST	PANORA IA	77.14
11/08/13	TARGET 00017913	URBANDALE IA	276.17
11/21/13	GUTHRIE COUNTY HOSPITA	GUTHRIE CENTE IA	3.44
11/27/13	FAREWAY STORES #470	PERRY IA	383.09
12/01/13	OWLS NEST	PANORA IA	64.84
12/07/13	FAREWAY STORES #888	JEFFERSON IA	122.84
12/10/13	WAL-MART #5748	GRIMES IA	150.83
12/19/13	FAREWAY STORES #470	PERRY IA	349.82
12/20/13	WAL-MART #5748	GRIMES IA	135.16
12/22/13	FAREWAY STORES #470	PERRY IA	349.82
12/22/13	WAL-MART #5748	GRIMES IA	135.16
01/03/14	MARRIOTT WEST DES MOINES	W DES MOINES IA	295.80
01/10/14	OFFICE MAX	WDM IA	255.39
01/12/14	SPARKY'S ONE STOP #04	BAYARD IA	26.75

Improper	Unsupported	Classification by Auditor
75.04	-	Lodging
23.54	-	Restaurant
29.75	-	Cosmetics/bath/hair care
140.93	-	Lodging
245.00	-	Grocery
271.24	-	Grocery
68.85	-	Restaurant
129.27	-	Retail store
419.34	-	Lodging
88.49	-	Retail store
25.44	-	Cosmetics/bath/hair care
21.18	-	Clothing/shoes
11.12	-	Retail store
45.89	-	Convenience store
75.54	-	Restaurant
316.23	-	Retail store
80.00	-	Restaurant
355.60	-	Retail store
77.14	-	Restaurant
276.17	-	Retail store
3.44	-	Health and wellness
383.09	-	Grocery
64.84	-	Restaurant
122.84	-	Grocery
150.83	-	Retail store
349.82	-	Grocery
135.16	-	Retail store
349.82	-	Grocery
135.16	-	Retail store
295.80	-	Lodging
255.39	-	Office store
26.75	-	Convenience store

Report on Special Investigation of the
City of Bayard

Improper and Unsupported Credit Card Charges - Renee Van Gundy
For the period July 1, 2010 through April 30, 2014

Per Credit Card Statement

Post Date	Merchant Name	Location	Total
01/20/14	FAREWAY STORES #470	PERRY IA	284.90
01/31/14	FAREWAY STORES #470	PERRY IA	242.63
02/02/14	OWLS NEST	PANORA IA	100.26
02/10/14	WAL-MART #5748	GRIMES IA	122.78
02/24/14	WAL-MART #5748	GRIMES IA	266.89
02/27/14	SUBWAY 00154278	PANORA IA	28.30
02/28/14	CASEYS GEN STORE 0092	PANORA IA	51.53
03/02/14	OWLS NEST	PANORA IA	87.04
03/17/14	FAREWAY STORES #470	PERRY IA	240.23
03/20/14	CASEYS GEN STORE 0092	PANORA IA	12.83
03/30/14	OWLS NEST	PANORA IA	71.00
03/31/14	DOLLAR GENERAL #7000	GUTHRIE CENTE IA	47.04
03/31/14	HOMETOWN FOODS	PANORA IA	17.86
04/04/14	FAREWAY STORES #470	PERRY IA	287.42
Total			<u>\$ 27,001.89</u>

Note - Items in italics were added by Auditor.

Improper	Unsupported	Classification by Auditor
284.90	-	Grocery
242.63	-	Grocery
100.26	-	Restaurant
122.78	-	Retail store
266.89	-	Retail store
28.30	-	Restaurant
51.53	-	Convenience store
87.04	-	Restaurant
240.23	-	Grocery
12.83	-	Convenience store
71.00	-	Restaurant
47.04	-	Retail store
17.86	-	Grocery
287.42	-	Grocery
<u>26,258.61</u>	<u>743.28</u>	

Report on Special Investigation of the
City of Bayard

Improper and Unsupported Credit Card Charges - Maintenance Employee
For the period July 1, 2010 through April 30, 2014

Post Date	Merchant Name	Location	IA	Amount
12/15/10	FROHLICH'S SUPERVAL	COON RAPIDS	IA	6.94
01/02/11	SPARKY'S ONE STOP #04	BAYARD	IA	6.39
01/11/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	12.02
01/16/11	INTEREST CHARGE-PURCHASE			1.15
01/19/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	17.82
02/11/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	17.82
02/13/11	INTEREST CHARGE-PURCHASE			0.75
02/16/11	SPARKY'S ONE STOP #04	BAYARD	IA	16.04
02/25/11	KMART 03585	CARROLL	IA	94.14
03/15/11	INTEREST CHARGE-PURCHASE			1.41
03/22/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	27.12
03/25/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	6.94
04/14/11	INTEREST CHARGE-PURCHASE			2.43
04/19/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	17.82
05/10/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	31.17
05/19/11	SPARKY'S ONE STOP #04	BAYARD	IA	5.55
05/26/11	SPARKY'S ONE STOP #04	BAYARD	IA	36.25
06/01/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	17.82
06/14/11	INTEREST CHARGE-PURCHASE			0.80
06/19/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	22.08
07/07/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	17.82
07/28/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	28.48
08/11/11	WALGREENS #5060	CLIVE	IA	16.00
08/14/11	MEDICAP PHARMACY PANORA	PANORA	IA	25.95
08/16/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	17.82
09/14/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	17.82

Improper Unsupported

-	6.94
-	6.39
-	12.02
1.15	-
-	17.82
-	17.82
0.75	-
-	16.04
-	94.14
1.41	-
-	27.12
-	6.94
2.43	-
-	17.82
-	31.17
-	5.55
-	36.25
-	17.82
0.80	-
-	22.08
-	17.82
-	28.48
-	16.00
-	25.95
-	17.82
-	17.82

Report on Special Investigation of the
City of Bayard

Improper and Unsupported Credit Card Charges - Maintenance Employee
For the period July 1, 2010 through April 30, 2014

Post Date	Merchant Name	Location		Amount
09/30/11	WM SUPERCENTER	GRIMES	IA	42.27
10/18/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	26.99
11/14/11	INTEREST CHARGE-PURCHASE			0.76
11/15/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	17.82
11/20/11	LATE FEE			5.00
11/21/11	LATE CHARGE CREDIT			(5.00)
12/04/11	FROHLICH'S SUPERVAL	COON RAPIDS	IA	36.05
12/15/11	INTEREST CHARGE-PURCHASE			0.52
01/01/12	SPARKY'S ONE STOP #04	BAYARD	IA	16.12
01/06/12	FROHLICH'S SUPERVAL	COON RAPIDS	IA	22.50
01/15/12	INTEREST CHARGE-PURCHASE			0.50
01/29/12	SPARKY'S ONE STOP #04	BAYARD	IA	6.39
02/08/12	FROHLICH'S SUPERVAL	COON RAPIDS	IA	33.91
02/13/12	INTEREST CHARGE-PURCHASE			0.50
02/16/12	FROHLICH'S SUPERVAL	COON RAPIDS	IA	14.17
03/15/12	INTEREST CHARGE-PURCHASE			0.50
03/21/12	FROHLICH'S SUPERVAL	COON RAPIDS	IA	33.38
04/15/12	INTEREST CHARGE-PURCHASE			0.56
04/24/12	FROHLICH'S SUPERVAL	COON RAPIDS	IA	34.09
04/25/12	SPARKY'S ONE STOP #04	BAYARD	IA	1.49
05/15/12	INTEREST CHARGE-PURCHASE			1.06
05/24/12	FROHLICH'S SUPERVAL	COON RAPIDS	IA	36.22
06/14/12	INTEREST CHARGE-PURCHASE			0.86
06/15/12	INTEREST CHARGE CREDIT			(0.01)
06/22/12	FROHLICH'S SUPERVAL	COON RAPIDS	IA	30.44
07/15/12	INTEREST CHARGE-PURCHASE			1.05

Improper Unsupported

-	42.27
-	26.99
0.76	-
	17.82
5.00	-
(5.00)	-
-	36.05
0.52	-
-	16.12
-	22.50
0.50	-
-	6.39
-	33.91
0.50	-
-	14.17
0.50	-
-	33.38
0.56	-
-	34.09
-	1.49
1.06	-
-	36.22
0.86	-
(0.01)	-
-	30.44
1.05	-

Report on Special Investigation of the
City of Bayard

Improper and Unsupported Credit Card Charges - Maintenance Employee
For the period July 1, 2010 through April 30, 2014

Post Date	Merchant Name	Location	Amount
07/22/12	FROHLICH'S SUPERVAL	COON RAPIDS IA	22.50
08/03/12	SPARKY'S ONE STOP #04	BAYARD IA	5.75
08/15/12	INTEREST CHARGE-PURCHASE		0.50
08/24/12	FROHLICH'S SUPERVAL	COON RAPIDS IA	26.98
09/21/12	FROHLICH'S SUPERVAL	COON RAPIDS IA	35.52
09/21/12	SPARKY'S ONE STOP #04	BAYARD IA	5.75
10/12/12	SPARKY'S ONE STOP #04	BAYARD IA	4.26
10/19/12	SPARKY'S ONE STOP #04	BAYARD IA	4.26
10/24/12	FROHLICH'S SUPERVAL	COON RAPIDS IA	40.01
11/14/12	INTEREST CHARGE-PURCHASE		0.98
11/28/12	FROHLICH'S SUPERVAL	COON RAPIDS IA	22.50
12/16/12	INTEREST CHARGE-PURCHASE		1.07
01/15/13	INTEREST CHARGE-PURCHASE		0.63
01/16/13	FROHLICH'S SUPERVAL	COON RAPIDS IA	27.85
01/16/13	SPARKY'S ONE STOP #04	BAYARD IA	4.26
02/04/13	KMART 03447	CLIVE IA	37.09
02/12/13	INTEREST CHARGE-PURCHASE		0.65
02/20/13	WAL-MART #1787	CARROLL IA	20.44
03/29/13	HY VEE 1051	CARROLL IA	5.28
04/21/13	WAL-MART #1787	CARROLL IA	3.55
05/19/13	WAL-MART #1787	CARROLL IA	10.56
06/02/13	SPARKY'S ONE STOP #04	BAYARD IA	20.11
06/16/13	SPARKY'S ONE STOP #04	BAYARD IA	33.00
06/16/13	WAL-MART #1787	CARROLL IA	13.81
07/18/13	WAL-MART #1787	CARROLL IA	16.85
08/04/13	WAL-MART #1787	CARROLL IA	8.46

Improper Unsupported

-	22.50
-	5.75
0.50	-
-	26.98
-	35.52
-	5.75
-	4.26
-	4.26
-	40.01
0.98	-
-	22.50
1.07	-
0.63	-
-	27.85
-	4.26
-	37.09
0.65	-
-	20.44
-	5.28
-	3.55
-	10.56
-	20.11
-	33.00
-	13.81
-	16.85
-	8.46

Report on Special Investigation of the
City of Bayard

Improper and Unsupported Credit Card Charges - Maintenance Employee
For the period July 1, 2010 through April 30, 2014

Post Date	Merchant Name	Location		Amount
08/11/13	SPARKY'S ONE STOP #04	BAYARD	IA	8.32
08/15/13	SPARKY'S ONE STOP #04	BAYARD	IA	1.49
08/28/13	SPARKY'S ONE STOP #04	BAYARD	IA	1.49
09/04/13	WAL-MART #1787	CARROLL	IA	28.44
09/12/13	SPARKY'S ONE STOP #04	BAYARD	IA	1.49
09/15/13	INTEREST CHARGE-PURCHASE			0.75
09/22/13	LATE FEE			5.00
10/01/13	WAL-MART #1787	CARROLL	IA	19.88
10/11/13	WAL-MART #1787	CARROLL	IA	32.30
10/15/13	INTEREST CHARGE-PURCHASE			1.00
10/21/13	LATE FEE			5.00
11/06/13	WAL-MART #1787	CARROLL	IA	30.54
11/14/13	INTEREST CHARGE-PURCHASE			1.23
12/06/13	WAL-MART #1787	CARROLL	IA	14.75
12/15/13	INTEREST CHARGE-PURCHASE			0.73
01/01/14	WAL-MART #1787	CARROLL	IA	16.23
01/10/14	SPARKY'S ONE STOP #04	BAYARD	IA	26.75
01/26/14	SPARKY'S ONE STOP #04	BAYARD	IA	26.75
02/09/14	SPARKY'S ONE STOP #04	BAYARD	IA	26.75
02/09/14	WAL-MART #1787	CARROLL	IA	10.56
03/05/14	SPARKY'S ONE STOP #04	BAYARD	IA	41.01
03/16/14	INTEREST CHARGE-PURCHASE			0.50
03/16/14	WAL-MART #1787	CARROLL	IA	19.85
Total				\$ 1,517.92

Improper	Unsupported
-	8.32
-	1.49
-	1.49
-	28.44
-	1.49
0.75	-
5.00	-
-	19.88
-	32.30
1.00	-
5.00	-
-	30.54
1.23	-
-	14.75
0.73	-
-	16.23
-	26.75
-	26.75
-	26.75
-	10.56
-	41.01
0.50	-
-	19.85
30.88	1,487.04

Report on Special Investigation of the
City of Bayard

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
James S. Cunningham, CPA, Manager
Christian E. Cottingham, Senior Auditor



Tamera S. Kusan, CPA
Deputy Auditor of State

Appendices

Report on Special Investigation of the
City of Bayard

Copies of Unauthorized Payroll Checks Issued to Renee Van Gundy

Check #317 for \$400.00 on 03/17/2011

BY DEPOSITING THIS CHECK OR CASHING IT, FULL PAYMENT OF THE FOLLOWING ACCOUNT IS MADE	
DATE	AMOUNT
40 x 10.00	
TOTAL	

City of Bayard 01/80
405 Main St.
Bayard, IA 50229

DATE 3/17/11

PAY TO THE ORDER OF Renee Van Gundy \$ 400.00
Four hundred dollars & 00/100 DOLLARS

KIOWA SAVINGS BANK
501 WALNUT ST.
BAYARD, IA 50229

Renee Van Gundy Mayor
Renee Van Gundy City Clerk

FOR [REDACTED] 0317 [REDACTED]

Check #11919 for \$584.80 on 04/29/2014

AVAIL - VACY - 00 STOCK - 00 PERKS - 00 COMP - 00 TOTAL - 584.80

CITY OF BAYARD
P.O. BOX 339
BAYARD, IA 50229

KIOWA SAVINGS BANK
Bayard, Iowa

011919

CHECK# 11919 DATE 4/15/14 AMOUNT *****584.80

FIVE HUNDRED EIGHTY FOUR AND 80/100 DOLLARS

PAY TO THE ORDER OF RENEE VAN GUNDY [REDACTED] 50277

BY ORDER OF THE COUNCIL
Mayor: Gary Hesterman
City Clerk: Renee Van Gundy

