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NEWS RELEASE

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FOR RELEASE December 1, 2020

Auditor of State Rob Sand today released a report on a special investigation of the Fremont and Mills County Outreach Centers (Centers) of the West Central Community Action Agency (Agency) for the period July 1, 2017 through February 28, 2019. The special investigation was conducted as a result of concerns monetary donations collected at the Centers were not properly deposited and non-monetary donations were used for personal purposes rather than distributed to individuals in need of services. A single Family Development Specialist (Specialist) was responsible for receiving monetary donations and donations of food, clothing, and other items at both Centers.

Sand reported the special investigation identified \$1,016.00 of donations received at the Centers that were not properly deposited with the Agency's Central Office in Harlan, Iowa from December 12, 2017 through February 26, 2019. Sand also reported the undeposited donations were identified by comparing receipts issued by the Centers to amounts deposited with the Central Office. However, Sand also reported \$1,664.02 of donations were deposited with the Agency's Central Office which were not supported by receipts from the Centers during the same period. As a result, it was determined receipts were not prepared on a consistent basis at the Centers and it was not possible to determine if additional donations were not properly deposited. In addition, because receipts were not issued by the Centers prior to December 2017, any donations not properly deposited prior to that period could not be identified.

Sand also reported no one provided direct oversight of the Specialist at the Fremont and Mills County Outreach Centers or ensured appropriate reports were prepared for each distribution of non-monetary donations received at the Centers. As a result, it was not possible to determine if any non-monetary donations were improperly distributed.

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

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**REPORT ON A SPECIAL INVESTIGATION OF THE
FREMONT AND MILLS COUNTY OUTREACH CENTERS
OF THE
WEST CENTRAL COMMUNITY ACTION AGENCY

FOR THE PERIOD
JULY 1, 2017 THROUGH FEBRUARY 28, 2019**

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Auditor of State's Report

To the Board of West Central
Community Action Agency:

As a result of concerns regarding alleged undeposited donations and the improper use of items donated to the West Central Community Action Agency (Agency) Outreach Centers in Fremont and Mills Counties (Centers), we reviewed available financial records and other supporting documents for these Centers. We have applied certain tests and procedures to selected transactions of the Centers for the period July 1, 2017 through February 28, 2019. Based on a review of relevant information and discussions with Agency officials and personnel, we performed the following procedures.

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Interviewed Agency officials to determine the procedures for tracking monetary and non-monetary donations, such as food, clothing and various household items at the Centers.
- (3) Examined available receipts or other collection records for monetary donations at the Centers and trace to a subsequent deposit at the Agency's Central Office in Harlan, Iowa to determine if donations were properly deposited.
- (4) Attempted to examine available records related to the donation and distribution of food, clothing, and other items to determine if donations were properly maintained and distributed.
- (5) Reviewed information obtained from the Fremont County Sheriff's Office to identify any information which should be considered for testing or additional analysis.
- (6) Interviewed Ms. Anderson on October 15, 2020 to obtain an understanding of certain donated receipt transactions, internal controls, policies and procedures, and operations during her tenure as the Family Developmental Specialist at the Fremont and Mills County Outreach Centers.

Based on these procedures, we identified \$1,016.00 of donations received at the Centers that were not properly deposited with the Agency's Central Office from December 12, 2017 through February 26, 2019. However, the procedures also identified \$1,664.02 of donations deposited with the Agency's Central Office where were not supported by receipts from the Centers during the same period. As a result, it was determined receipts were not prepared on a consistent basis at the Centers and it was not possible to determine if additional donations were not properly deposited. In addition, because receipts were not issued by the Centers prior to December 2017, any donations not properly deposited prior to that period could not be identified.

We also determined no one provided direct oversight of the Family Development Specialist employed at the Centers or ensured appropriate reports were prepared for each distribution of non-monetary donations received at the Centers. As a result, it was not possible to determine if any non-monetary donations were improperly distributed. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** and **B** of this report.

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

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

We would like to acknowledge the assistance extended to us by personnel of the West Central Community Action Agency and the Fremont County Sheriff's Office during the course of our investigation.

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized with a large initial "R" and a long horizontal stroke at the end.

Rob Sand
Auditor of State

November 12, 2020

Report on Special Investigation of the
Fremont and Mills County Outreach Centers of the
West Central Community Action Agency

Background Information

The West Central Community Action Agency (Agency) belongs to a collective of Community Action Agencies, which are non-profit private and public organizations established under the Economic Opportunity Act of 1964 to fight America's War on Poverty. Community Action Agencies help people to help themselves achieve self-sufficiency within their community.

The Agency's Central Office is located in Harlan, Iowa. The Agency also has Outreach Centers and Head Start Centers in the 10-county region of Cass, Crawford, Fremont, Harrison, Mills, Monona, Montgomery, Page, Pottawattamie, and Shelby. The Outreach Centers (Centers) provide client intake, needs assessment, referrals, and coordination with other community resources. Some of the programs and services provided at the Centers include:

- food pantry,
- emergency clothing,
- holiday programs,
- back to school programs,
- LIHEAP (Low Income Home Energy Assistance),
- energy crisis intervention, and
- volunteer opportunities.

The operations of the Centers are overseen by a Family Development Specialist (Specialist). Because of the size of some of the Centers, some Specialists may oversee the operations of more than one Center. Based on the size of the Center, a senior community service participant or volunteers may also help staff the Center. Tracy Anderson was hired as the Specialist for the Outreach Centers in Fremont and Mills Counties in March 2015. Ms. Anderson's duties included:

- accepting donations of cash and checks;
- accepting donated items such as food, clothing, and various household items;
- assisting individuals who need food and clothing items from the Outreach Centers' pantries; and
- helping individuals complete applications for assistance for various state and federal programs.

The Office of Auditor of State was contacted by a Deputy of the Fremont County Sheriff's Office regarding concerns identified by a former senior aide who was employed at the Fremont County Outreach Center and a citizen who has made several donations to the Center. We subsequently received an email from the Fremont County Representative of the Agency's Board and contacted her after receiving additional information from the Fremont County Sheriff's Office. The concerns identified included monetary donations collected at the Centers were not properly deposited and non-monetary donations were used for personal purposes rather than distributed to individuals in need of services.

As a result of the concerns identified, we performed the procedures detailed in the Auditor of State's report for the period July 1, 2017 through February 28, 2019.

Detailed Findings

The procedures performed identified \$1,016.00 of donations received at the Centers that were not properly deposited with the Agency’s Central Office from December 12, 2017 through February 26, 2019. However, the procedures also identified \$1,664.02 of donations deposited with the Agency’s Central Office where were not supported by receipts from the Centers during the same period. Because receipts were not prepared on a consistent basis at the Centers, it was not possible to determine if additional donations were not properly deposited. In addition, because receipts were not issued by the Centers prior to December 2017, any donations not properly deposited prior to that period could not be identified.

We also determined no one provided direct oversight of the Family Development Specialist employed at the Centers or ensured appropriate reports were prepared for each distribution of non-monetary donations received at the Centers. As a result, it was not possible to determine if any non-monetary donations were improperly distributed. Findings regarding monetary collections are summarized in **Table 1** and a detailed explanation of all findings follows.

Table 1

Description	Outreach Center		Total
	Fremont County	Mills County	
Undeposited collections identified	\$ 856.00	160.00	1,016.00
Collections without receipts	271.00	1,393.02	1,664.02

On October 15, 2020, we conducted an interview with Ms. Anderson. During the interview, she provided information regarding her job duties and described certain transactions, internal controls, and policies and procedures related to her duties. Information provided by Ms. Anderson is included in the following paragraphs.

We also met with officials from the Central Office to discuss the results of our testing. During the meeting, officials expressed concern regarding the undeposited collections and collections without receipts and after the meeting provided certain information that had not previously been provided during our testing or in response to our earlier inquiries. Information provided by the officials is included in the following paragraphs.

INVENTORY AND DISTRIBUTION OF NON-MONETARY DONATIONS

According to Agency staff, the Fremont County Outreach Center has a food pantry while the Mills County Outreach Center has a food pantry and a clothing pantry. Agency policy requires each Outreach Center to complete a “Donations of Food” form and log all food donations. The form includes the date, who the food was received from, and the amount of food received measured in pounds. However, the form does not have a specific line for the type of food received. Agency policy also requires a similar form be completed for all clothing donations. The clothing form includes the date, the number and size of box or bag received (large, medium, or small). If a donation is received during normal business hours, the donor was to be offered a receipt.

When individuals in need of assistance came into an Outreach Center for food or clothing, they were to sign in at the main desk. If the individual needed clothing they were allowed to go to the clothing pantry where they were allowed to pick out up to fifteen items. Individuals were allowed to visit the clothing pantry once per week. Once the items were selected, a clothing room distribution slip was to be completed which documented the date, the individual’s name, and the items selected. This sheet was then to be placed in a drop box. At the end of the day, the Outreach Center Specialist was to take the forms from the drop box and enter the information (name, date of birth, address, phone number, and approximate dollar value of items received) from them into the computer. Once entered into the computer, the completed slips were shredded.

When individuals visit Outreach Centers for food, they were to fill out a food pantry requisition form. The form included the date, their name, address, monthly income and number of individuals in the household. The Outreach Centers have guidelines on how much food and what type of food is to be provided based on the number of people in the household. Boxes of food were to be prepared by Outreach Center staff member. According to Agency officials, no one is to be turned away for emergency food assistance.

Agency staff also reported the Outreach Centers periodically receive donations of household items such as fans and blankets. In addition, the Outreach Centers facilitate the distribution of air conditioners as part of the Energy Crisis Intervention Program (ECIP) which follows certain eligibility criteria. Specifically, to be eligible to participate in ECIP, individuals must have a documented medical need, approval from their landlord, and be approved for LIHEAP services. Once an individual is determined to be eligible, they receive a voucher to take to an approved vendor who provides the participant with an air conditioner then bills the Agency for it.

As previously stated, we were notified of concerns regarding non-monetary donations being used for personal purposes rather than distributed to individuals in need of services. Specifically, it was reported to us the Outreach Center in Fremont County received a one-time donation of several air conditioners which were to be distributed by the Center. It was also alleged Ms. Anderson received air conditioner(s) for herself, friends, and/or family. When we spoke with staff in the Central Office, they reported they were not aware of any air conditioners donated to the Fremont County Outreach Center. Due to lack of documentation, we were unable to determine if the Outreach Center received donated air conditioners for distribution.

We also asked Ms. Anderson if any air conditioners were donated to the Fremont County Outreach Center and, if so, if she had received one. Ms. Anderson reported no air conditioners were donated, but that individuals had to meet the ECIP eligibility requirements and be approved by the Central Office. Ms. Anderson also reported she completed the appropriate steps in order to receive an air conditioner through ECIP.

According to Agency officials we spoke with, employees, as well as all community members, who meet the LIHEAP eligibility guidelines have always been allowed to receive services provided and items distributed by the Outreach Centers. If an Outreach Center employee needs assistance (such as a distribution from the food pantry), they are to contact the Central Office and complete the same forms as other community members, including the basic intake form, food distribution form, clothing distribution form, or any other applicable applications.

As previously stated, it was alleged Ms. Anderson used donated goods, including an air conditioner, for her personal use and/or distributed them to her family and/or friends. In order to determine how the inventory of donated goods was distributed, we requested copies of donation receipts or other reports showing what was received by the Centers, inventory reports, and any supporting documents showing what was distributed from inventory. According to Agency officials, the Centers were not required to and did not maintain an inventory of the type of clothing, food, or other items that were in inventory.

The only documentation available from the Agency was a report by individual listing the types of services accessed by the individual. The reports only show if the individual accessed and an approximate dollar value of items taken from the clothing room or the food pantry. The report does not include a list of items or type of food the individual received. Because sufficient records were not available, we were not able to determine if all donated goods were distributed in accordance with Center policies.

However, we reviewed documentation available from the Agency which showed Ms. Anderson completed the required intake form and qualified for assistance based on the LIHEAP guidelines for fiscal years 2014 through 2019. As a result, she was eligible to receive services and items from the Outreach Center. Specifically, Ms. Anderson received an air conditioner from a vendor in Red Oak, IA which was paid for by the Agency. Reports provided by the Agency also show she accessed the food pantry and clothing pantry several times during this period.

When we asked Ms. Anderson if she received any distributions from the food or clothing pantries, she reported the pantries are not income-based and that anyone is allowed to access the services. She also reported a new policy was implemented when concerns were expressed regarding the use of the pantries by employees. Specifically, if an employee wishes to access the pantry services, they are to get pre-approval from the Central Office. In addition, employees may receive up to 20 items from the clothing pantry and a picture of the items is to be taken and retained at the Central Office for their records. Also, distributions from the food pantry to employees must follow the guidelines based on family size and pictures of the food distributions are to be taken and retained at the Central Office for their records.

Because Ms. Anderson was the only full time Specialist at the Fremont and Mills County Outreach Centers, no one provided direct oversight of her actions or ensured appropriate reports were prepared for each distribution she received from the Centers' pantries or distributions she may have made to friends and/or family members. In addition, detailed supporting documenting was not maintained showing the specific items distributed from the clothing and food pantries to her, her family members and/or her friends in accordance with Agency policy. As a result, we are unable to determine if food, clothing, or other items were improperly distributed from the Outreach Centers' pantries.

UNDEPOSITED DONATIONS

Agency staff we spoke with also reported Center staff were not required to maintain or issue prenumbered receipts for cash donations prior to December 2017. However, each Center was provided pre-numbered receipt books beginning in December 2017. All monetary donations were to be recorded in the receipt book and a receipt provide to the donor. The carbon copy of the receipt was to remain on the receipt book. Agency policy did not require a copy be remitted to the Agency's Central Office and Agency staff did not perform periodic spot checks to ensure all receipts were numerically accounted for and cash collections were deposited intact with the Central Office.

Using the available receipt books, we compared the receipts recorded in the receipt books to the amount deposited with the Central Office for the Centers. Our comparisons are summarized in **Exhibits A** and **B** for Fremont and Mills County Outreach Centers, respectively. As shown by the **Exhibits**, there are no gaps in the sequent of receipt numbers issued in either County's Outreach Center. Both Counties also included several receipts which were marked void.

During our comparisons, we determined receipts were not consistently prepared and not all receipts were prepared accurately. We also determined receipts were prepared for certain donations which were not subsequently deposited with the Agency's Central Office. A detailed explanation of each of these findings is provided in the following paragraphs.

- We identified 18 instances from December 12, 2018 through February 26, 2019 where donations were deposited with the Agency's Central Office for which a receipt was not prepared. Because receipts were not prepared for all donations received after December 2017, we are unable to determine what amount of additional donations were received but not subsequently deposited with the Central Office, if any. **Table 2** summarizes the instances identified.

Outreach Center	Number of Instances Identified	Range of Donations	Total Amount Identified
Fremont County Exhibit A	3*	\$ 20.00 - \$ 150.00	\$ 270.00
Mills County Exhibit B	15	\$ 10.00 - \$ 600.00	1,392.22
Total	18		\$ 1,662.22

* - One instance includes two receipts submitted to Central Office on 02/26/19 which totaled less than the amount deposited indicating a receipt(s) was not prepared for the remaining \$100.

When we asked Ms. Anderson about these instances, she responded that she worked with personnel from the Central Office and determined that she may have missed some receipts. No additional explanations were provided.

After we notified officials at the Central Office of this concern, they subsequently responded the collections not supported by receipts was “... *due to the fact our donors are presented with options to donate to our organization either through our agency website or by mailing donations directly to the administrative office. We receive numerous donations at our administrative office that don’t pass through the local county offices. Donors select the programs online that they want their donations to be applied to or often times record in the memo/subject line of a person check the purpose of the donation so that we can be sure in the administrative office that the monetary contributions are applied to the specific designation of each donor.*”

However, officials from Central Office were unable to provide us a listing of collections received either directly at the administrative office or online. As a result, we are unable to determine if the deposits we identified which were not supported by a corresponding receipt were received online or directly at the administrative office.

- We identified four instances from December 12, 2018 through February 26, 2019 where receipts were not prepared accurately. We are unable to determine if the receipts were prepared for an amount to substantially agree with the amount ultimately deposited with Central Office, but for an amount less than actually received. **Table 3** summarizes the instances identified.

Table 3

Outreach Center		Number of Instances Identified	Total Amount Identified
Fremont County	Exhibit A	2	\$ 1.00
Mills County	Exhibit B	2	.80
Total		4	\$ 1.80

- We identified twelve instances from December 12, 2018 through February 26, 2019 where receipts were issued but the donations collected were not deposited with the Central Office. **Table 4** summarizes the instances identified.

Table 4

Outreach Center		Number of Instances Identified	Range of Donations	Total Amount Identified
Fremont County	Exhibit A	9	\$ 5.00 - \$ 240.00	\$ 856.00
Mills County	Exhibit B	3	\$ 10.00 - \$ 100.00	160.00
Total		12		\$ 1,016.00

When we asked Ms. Anderson about these instances, she responded she mailed the donations to the Central Office either the day she received them or the following day. For those undeposited collections identified, Ms. Anderson reported there were several instances where she mailed items, such as reports or deposits, to the Central Office which were not received.

When we notified officials at the Central Office of this concern, they concurred the undeposited collections were a result of being lost in the mail. According to the officials, Ms. Anderson reported she went to the post office on February 12, 2019 because she had been informed there was “a ton” of mail for her and the post office was unsure as

to why she hadn't received this mail. Ms. Anderson determined four donations in the form of checks from December and January were included in the mail and documented them in her miscellaneous receipt book on February 16, 2019. The four checks were from three separate donors. Ms. Anderson then took a photocopy of the four checks and e-mailed a copy to the Central Office. However, the checks were not deposited with the Central Office.

During our investigation, Agency officials performed an internal audit as a result of the concerns identified. On April 12, 2019 an Agency official sent letters to two donors from Fremont County stating their monetary donations were not received by the Central Office and requested the donors confirm their checks were still outstanding. A letter was not sent to the third donor. The two donors to whom letters were sent subsequently confirmed their checks were still outstanding. As previously stated, Central Office officials did not provide this information to us during our fieldwork.

On October 16, 2020 the Agency official sent a similar letter for a donation received on December 14, 2018 at the Mills County Outreach Center which had not been deposited. The donor subsequently confirmed their check was still outstanding as of November 12, 2020.

Because sufficient controls were not in place at the Outreach Offices, we are unable to determine if the undeposited checks were a result of mail that was not properly delivered to the Central Office or if the collections were not properly handled once received at the Outreach Center. We are unable to determine if they were lost or destroyed prior to being placed in the mail to Central Office.

In addition, officials from the Central Office report Ms. Anderson recently found \$10 cash that was received at the Mills County Outreach Center on December 20, 2017, which is included as receipt number 997805 in **Exhibit B**. According to the official, the \$10 was reportedly found in a 2017 December food pantry log file and has since been deposited with the Central Office. We are unable to determine the accuracy of this report or if the \$10 cash was provided to Central Office in response to the results of our testing.

As previously stated, receipts books were not used prior to being provided to each outreach center in December 2017. As a result, we are unable to determine if any donations were collected at the Centers during this period which were not subsequently deposited with the Central Office.

OTHER ADMINISTRATIVE ISSUES

Agency officials have a fiduciary responsibility to exercise authority over its funds, efficiently and effectively achieve its mission, and provide oversight of Agency operations. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity. Based on our review, we determined Agency officials did not provide sufficient oversight, including:

- not requiring inventory records of donated items be maintained,
- not requiring periodic reviews of inventory on hand by someone independent of inventory custody,
- not requiring prenumbered receipts be used or determining in some other manner all donations collected at the Outreach Centers were deposited with the Central Office, and
- not implementing controls to ensure the actions of one individual act as a check on those of another to provide a level of assurance errors or irregularities will be identified within a reasonable time during the course of normal operations.

Recommended Control Procedures

We reviewed the procedures used by the West Central Community Action Agency (Agency) to monitor donations and distribution of donated items. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from errors and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the Agency's internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among members to prevent an individual from handling duties which are incompatible. For the period reviewed, the Centers typically had one or two employees. Those employees had custody of monetary and non-monetary donations and maintained records related to the donations. In addition, employees who are eligible to participate in the LIHEAP services can fill their own order and/or distribute items to their friends and/or family members.

Recommendation – We realize segregation of duties is difficult with a limited number of individuals involved. However, whenever possible, individuals who have custody of donations should not also be responsible for maintaining the related records. In addition, Agency officials should implement procedures which ensure periodic review of donation records and periodic reconciliations are performed by someone independent of both custody and record keeping responsibilities.

Agency officials should also develop policies and procedures to prohibit employees from filling their own orders and/or distributing assistance to friends and/or family members.

- B. Inventory Records – The Outreach Centers maintain food pantries and/or clothing pantries. Food and clothing can be donated to the Centers as well as purchased from local grocery stores or other food banks. While forms are to be completed for food and clothing donations, they do not specify the types of food or clothing received as donations. Also, the reports available regarding the distribution of donation goods include the type of services provided and approximate dollar value of items distributed; however, do not list of specific items received by individuals. As a result, there are no detailed inventory records of what is currently available. In addition, because sufficient records were not available, it was not possible to determine if all donated goods were distributed in accordance with Center policies.

Recommendation – To better track and monitor inventories held at the Centers, records should be maintained to identify specific descriptions and quantities of donated items and distributions of the donations. Policies and procedures should be developed which allow for a periodic comparison of the inventory records to items on hand by someone independent of collection and distribution duties. In addition, policies should be established which require a multi-part receipt is issued for all non-monetary donations by someone who does not have custody of the donated items. A copy of each receipt should be provided to each donor and a copy should be maintained in the receipt book which is periodically compared to inventory records to provide oversight.

- C. Monetary Donations – Monetary donations received by the Outreach Centers are to be mailed to the Agency's Central Office in Harlan, Iowa in a secure manner where they are then deposited in a bank account. The following conditions were identified during our review.
- Until December 2017, the Outreach Centers were not required to maintain and issue pre-numbered receipts for monetary donations.

- Once pre-numbered receipts were required to be used, a copy of the receipt was not required to be remitted to the Central Office with collections, and there are no periodic spot checks to ensure all receipts had been properly deposited with the Central Office, or that the numerical sequences of the pre-numbered receipts was intact and accounted for.
- Checks received at the Fremont and Mills County Outreach Centers were not restrictively endorsed immediately upon receipt. Instead, they were restrictively endorsed once they reached the Central Office.
- A summary of monetary donations received at Outreach Centers was not required to be sent to the Central Office to compare with amounts deposited in order to ensure deposits were made intact and timely.
- It was reported certain collections were not deposited to the Central Office because they were lost in the mail. Because sufficient controls were not in place at the Outreach Offices, we are unable to determine if the undeposited checks were a result of mail that was not properly delivered to the Central Office or if the collections were not properly handled once received at the Outreach Center. We are unable to determine if they were lost or destroyed prior to being placed in the mail to Central Office.

Recommendation – The Agency should develop policies and procedures to ensure all individuals making a monetary donation receive a pre-numbered receipt.

In addition, the receipts issued should be issued from a three-part receipt book. To ensure monetary collections are properly accounted for, the original receipt should be provided to the donor, the second receipt should be sent to the Central Office with the collections for deposit, and the third copy should remain in the book. Someone at Central Office should ensure the numerical sequence of the receipts is accounted for and all collections are being remitted in a timely and intact manner by comparing the collections to the receipts. Any discrepancies should be resolved in a timely manner. Someone independent of the collection process should also periodically ensure all receipt books are properly maintained at the Outreach Centers. Also, all checks received at the Outreach Centers should be restrictively endorsed immediately upon receipt.

In addition, Agency officials should ensure donations received at the Outreach Centers are deposited with the Central Office in a secure manner. If the donations are to be mailed to the Central Office in Harlan, the individual mailings should be sent in a manner that allows tracking of the package. The tracking should then be utilized to ensure the package arrives in Harlan in a timely manner or timely action should be taken if the package is not properly delivered. Alternatively, Central Office officials should also determine the feasibility of:

- Establishing a depository bank account in the geographical locations of each Outreach Center to which deposits can be made. Sufficient controls should be established for such accounts which ensure only authorized individuals are able to deposit and/or withdraw funds from the accounts.
- Providing postage paid envelopes to donors which are pre-addressed to the Central Office in Harlan.
- Continuing to encourage donors to make donations through the Agency's online portal or by using the donation form available on the Agency's website which includes the Harlan address for donations by check.

D. Recorded Collections – When we compared the donations recorded in the receipt books at the Outreach Centers to the donations deposited with the Central Office we identified the following concerns:

- There were nine donations collected at the Fremont County Outreach Center totaling \$856.00 which were not deposited with the Central Office.
- There were three donations collected at the Mills County Outreach Center totaling \$160.00 which were not deposited with the Central Office.
- There were fifteen donations deposited to the Central Office by the Mills County Outreach Center totaling \$1,392.22 for which there was not a corresponding receipt at the Center.
- There were three donations deposited to the Central Office by the Fremont County Outreach Center totaling \$270.00 for which there was not a corresponding receipt at the Center.

Recommendation – As previously stated, pre-numbered receipts should be issued for all donations. In addition, Agency staff should perform an independent review and comparison of the amounts deposited to the receipts remitted to the Central Office. The numerical sequence of the prenumbered receipts should be accounted for. The review should be done and evidences with the date of review and signature of the reviewer.

- E. Oversight – Agency officials have a fiduciary responsibility to provide oversight of the Agency’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 the procedures we performed, we determined Agency officials failed to exercise proper fiduciary oversight. The lack of appropriate oversight and the failure to ensure implementation of adequate internal controls permitted an employee to exercise too much control over the operations of the Agency’s food and clothing pantry.

Recommendation – Oversight by Agency officials is essential and should be an ongoing effort. Agency officials should ensure sufficient information is prepared and provided to them for making decisions and appropriate policies and procedures are adopted, implemented, and monitored to ensure compliance.

**Report on Special Investigation of the
Fremont and Mills County Outreach Centers of the
West Central Community Action Agency**

Exhibits

Exhibit A

Report on Special Investigation of the
Fremont and Mills County Outreach Centers of the
West Central Community Action Agency

Comparison of Receipts to Deposits for Fremont County
For the Period July 1, 2017 through February 28, 2019

Per Fremont County Outreach Center Receipt Books				Amount Deposited With the Central Office	Undeposited /(Excess) Deposit
Date	Receipt Number	Type	Amount		
12/26/17	17801	Check	\$ 200.00	200.00	-
12/28/17	17802	Cash	209.00	209.50	(0.50)
01/02/18	17803	Check	25.00	25.00	-
01/30/18	17804	Check	25.00	25.00	-
02/27/18	17805	Check	25.00	25.00	-
02/28/18	17806	Check/Cash	150.00	150.00	-
03/13/18	17807	Cash	240.00	240.00	-
03/16/18	##	##	-	150.00	(150.00)
04/12/18	17808	Cash	5.00	-	5.00
04/19/18	17809	Check	150.00	150.00	-
09/06/18	17810	Cash	20.00	20.00	-
04/26/18	17811	Check	7,852.13	7,852.63	(0.50)
05/07/18	##	##	-	20.00	(20.00)
09/06/18	17812	Check	150.00	150.00	-
10/02/18	17813	Check	150.00	150.00	-
11/06/18	17814	Cash	100.00	100.00	-
11/13/18	17815	Check	240.00	240.00	-
11/29/18	17816	Check	75.00	75.00	-
12/04/18	17817	Cash	20.00	-	20.00
12/06/18	17818	Cash	30.00	-	30.00
12/13/18	17819	Check	250.00	250.00	-
12/27/18	17820	Check	20.00	-	20.00
01/08/19	17821	Cash/Check	128.50	87.50	41.00
01/10/19	17822	Check	100.00	100.00	-
02/12/19^	17823	Check	200.00	-	200.00
02/16/19	17824	Check	100.00	-	100.00
02/16/19	17825	Check	240.00	-	240.00

Report on Special Investigation of the
 Fremont and Mills County Outreach Centers of the
 West Central Community Action Agency

Comparison of Receipts to Deposits for Fremont County
 For the Period July 1, 2017 through February 28, 2019

Per Fremont County Outreach Center Receipt Books				Amount Deposited With the Central Office	Undeposited /(Excess) Deposit
Date	Receipt Number	Type	Amount		
02/16/19	17826	Check	200.00	-	200.00
VOID	17827*	VOID	-	-	-
VOID	17828*	VOID	-	-	-
02/26/19	17829	Cash	40.00		
02/26/19	17830	Cash	20.00		
			<u>60.00</u>	160.00	(100.00)
02/26/19	17831	Check	240.00	240.00	-
Total			<u>\$ 11,204.63</u>	<u>10,619.63</u>	<u>585.00</u>

- Receipt not available. Date shown is the date deposited to Central Office.

^ - Receipt was dated 02/12/19 at the top but 02/16/19 at the bottom. Donation was received at the same time as those recorded on receipt numbers 17824 through 17826.

* - Receipts not used. Auditor observed Ms. Anderson write "VOID" on the receipts to cancel them.

Exhibit B

Report on Special Investigation of the
Fremont and Mills County Outreach Centers of the
West Central Community Action Agency

Comparison of Receipts to Deposits for Mills County
For the Period July 1, 2017 through February 28, 2019

Per Mills County Outreach Center Receipt Books				Amount Deposited With the Central Office	Undeposited /(Excess) Deposit
Date	Receipt Number	Type	Amount		
12/12/17	997801	Check	\$ 35.00	35.00	-
12/12/17	997802	Check	50.00	50.00	-
12/13/17	997803	Check	240.00	240.00	-
12/20/17	997804	Check	470.52	470.52	-
12/20/17	997805	Cash	10.00	-	10.00
01/03/18	997806	Check	540.00	540.00	-
01/05/18	997807	Check	25.00	25.00	-
01/22/18	##	##	-	166.00	(166.00)
01/29/18	##	##	-	50.00	(50.00)
03/19/18	997808	Check	50.00	50.00	-
02/22/18	997809	Check	50.00	50.00	-
03/12/18	997810	Cash	104.00	104.00	-
03/15/18	##	##	-	50.00	(50.00)
03/19/18	997811	Check	25.00	25.00	-
04/09/18	997812	Check	40.00	40.00	-
04/13/18	##	##	-	600.00	(600.00)
04/16/18	997813	Check	115.80	115.80	-
04/25/18	##	##	-	50.00	(50.00)
05/09/18	997814	Cash	159.91	159.91	-
05/16/18	997815	Check	50.00	-	50.00
05/21/18	##	##	-	50.00	(50.00)
06/25/18	997816	Check	50.00	50.00	-
06/29/18	##	##	-	50.00	(50.00)
08/02/18	##	##	-	50.00	(50.00)
08/06/18	##	##	-	50.00	(50.00)
08/14/18	##	##	-	50.00	(50.00)

Report on Special Investigation of the
Fremont and Mills County Outreach Centers of the
West Central Community Action Agency

Comparison of Receipts to Deposits for Mills County
For the Period July 1, 2017 through February 28, 2019

Per Mills County Outreach Center Receipt Books				Amount Deposited With the Central Office	Undeposited /(Excess) Deposit
Date	Receipt Number	Type	Amount		
08/13/18	997817	Check	172.42	172.42	-
08/17/18	997818	Check	50.00	50.00	-
08/22/18	997819	Check	72.00	72.00	-
09/10/18	##	##	-	50.00	(50.00)
10/01/18	997820	Check	124.28	124.28	-
10/01/18	997821	Check	50.00	50.00	-
10/10/18	997822	Check	200.00	200.00	-
10/10/18	997823	Check	50.00	50.00	-
10/24/18	997824	Check	200.00	200.00	-
11/05/18	997825	Check	150.00	150.00	-
11/05/18	997826	Cash	60.00	60.00	-
11/09/18	997827	Check	125.00	125.00	-
11/13/18	##	##	-	50.00	(50.00)
11/14/18	997828	Check	100.00	100.00	-
11/14/18	997829	Cash	100.00	100.00	-
11/19/18	997830	Check	50.00	50.00	-
11/14/18	997831	Check	192.00	192.00	-
11/16/18	997832	Check	50.00	50.00	-
11/19/18	##	##	-	66.22	(66.22)
11/26/18	997833	Check	150.00	150.00	-
11/26/18	997834	Check	25.00	25.00	-
12/06/18	997835	Check	614.00	614.20	(0.20)
12/07/18	997836	Check	84.17	84.17	-
12/12/18	997837	Check	296.07	296.67	(0.60)
12/13/18	##	##	-	50.00	(50.00)
12/14/18	997838	Check	100.00	-	100.00

Exhibit B

Report on Special Investigation of the
Fremont and Mills County Outreach Centers of the
West Central Community Action Agency

Comparison of Receipts to Deposits for Mills County
For the Period July 1, 2017 through February 28, 2019

Per Mills County Outreach Center Receipt Books				Amount Deposited With the Central Office	Undeposited /(Excess) Deposit
Date	Receipt Number	Type	Amount		
12/19/18	997839	Check	100.00	100.00	-
12/19/18	997840	Check	50.00	50.00	-
12/24/18	##	##	-	10.00	(10.00)
01/25/19	997841	Money Order	220.92	220.92	-
02/25/19	997842	Check	50.00	50.00	-
Total			<u>\$ 5,451.09</u>	<u>6,684.11</u>	<u>(1,233.02)</u>

- Receipt not available. Date shown is the date deposited to Central Office.

Report on Special Investigation of the
Fremont and Mills County Outreach Centers of the
West Central Community Action Agency

Staff

This review was conducted by:

James S. Cunningham, CPA, Director
Ryan J. Pithan, CPA, Manager



Annette K. Campbell, CPA
Deputy Auditor of State