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NEWS RELEASE

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Auditor of State David A. Vaudt today released a report on a special investigation of the Area XV Regional Planning Commission (Commission) located in Ottumwa, Iowa. The Commission is funded from dues and various program grants and serves a 10 county area and all cities within the area. It was established under Chapter 28E of the *Code of Iowa*. A primary function of the Commission is administration of Community Development Block Grant (CDBG) projects for the cities within the region.

The special investigation was requested by the Attorney General's Office as a result of allegations of improprieties related to timesheets and allocation of administrative costs. The report covers the period July 1, 2000 through June 30, 2006.

Vaudt reported the timesheets prepared by the Commission's employees were altered by the Executive Director. Hours were changed between programs and projects and explanations for the changes could not be provided. In addition, the Executive Director did not properly allocate the hours recorded on the employees' timesheets between programs.

Vaudt also reported the timesheets prepared by the Commission's employees did not consistently document time spent on individual CDBG projects administered by the Commission. In addition, the number of hours recorded on the employees' timesheets did not support the time billed to the cities for administering the CDBG projects and the hourly rate billed to the cities could not be supported. The Executive Director stated the billings were based on estimated completion of each project and each project was eventually billed the maximum amount allowed by the project's grant.

In accordance with CDBG program regulations, the Commission is to bill only the amount of actual expenses incurred. However, the Commission billed the maximum amount allowable for a number of projects administered regardless of the costs incurred. Vaudt reported the hourly rate billed to the cities significantly exceeded the actual rate of CDBG costs incurred by the Commission. Using documentation readily available at the Commission, it was determined 21 cities were overbilled \$91,177.39. However, because of the concerns identified for the timesheets, allocations and billing rate, the amount overbilled during July 1,

2000 through June 30, 2006 may be greater. The billings were paid by the cities with CDBG funds. Because the cities were overbilled, the Commission maintained a fund balance of CDBG funds.

Several internal control weaknesses were also identified. The report includes recommendations to strengthen the Commission's internal controls and overall operations, including proper recording of time to the various programs and projects administered by the Commission. In addition, Vaudt recommended the Commission work with representatives of the Department of Economic Development to determine what amount, if any, of the excess CDBG funds should be repaid.

Copies of the report have been filed with the Attorney General's Office, the Wapello County Attorney's Office, the Wapello County Sheriff's Office and the Iowa Department of Economic Development. 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 <http://auditor.iowa.gov/specials/specials.htm>.

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**REPORT ON SPECIAL INVESTIGATION OF
AREA XV REGIONAL PLANNING COMMISSION
OTTUMWA, IOWA**

**FOR THE PERIOD
JULY 1, 2000 THROUGH JUNE 30, 2006**

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Auditor of State's Report

To the Board Members of the
Area XV Regional Planning Commission:

As a result of a request from the Attorney General's Office, we conducted a special investigation of the Area XV Regional Planning Commission (Commission). We have applied certain tests and procedures to selected financial transactions of the Commission for the period July 1, 2000 through June 30, 2006. Based on a review of relevant information and discussions with Commission personnel, we performed the following procedures:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place.
- (2) Reviewed the Commission's financial statement audit reports to identify any findings related to the Commission's administration of the Community Development Block Grant (CDBG) program.
- (3) Interviewed the Commission's Executive Director regarding operations of the Commission and administrative procedures followed.
- (4) Interviewed current and former employees concerning time sheet preparation and general operations of the Commission.
- (5) Examined employee timesheets to determine if the number of hours and salary amounts allocated to CDBG projects administered by the Commission were properly billed to the cities.
- (6) Compared employees' travel claims to their timesheets to determine if the project for which time was recorded appears reasonable based on where the employee was working.
- (7) Compared the administrative budgets for each CDBG project administered by the Commission to the billings for reimbursement.
- (8) Using an allocation of costs based on employee timesheets, compared the administrative costs per project to the amount the Commission billed cities for each project to determine if the Commission recovered actual costs incurred (up to the maximum amount allowed) or if the amounts collected exceeded the Commission's costs.
- (9) Examined the basis for allocating indirect costs to the CDBG program and other programs administered by the Commission for compliance with program requirements.
- (10) Using CDBG program costs reported in the Commission's audit reports and employee timesheets, calculated the cost per hour for each CDBG project.
- (11) Evaluated the fund balances maintained by the Commission for the CDBG program.
- (12) Reviewed interest earned by the Commission to determine if it was properly allocated among the programs administered by the Commission.

Based on these procedures we identified the following concerns:

- Timesheets were not properly prepared and maintained by the Commission. Specifically:
 - Employees did not consistently document time spent on individual CDBG projects.
 - Employees recorded time to certain CDBG projects regardless of what they actually worked on.
 - Timesheets were altered by the Executive Director.
 - The allocation of employees' time between projects was not accurately documented on the timesheets by the Executive Director.

In addition, the number of hours recorded on the employees' timesheets did not support the time billed to the cities for administering the CDBG projects. The Executive Director stated the billings were based on estimated completion of each project and each project was eventually billed the maximum amount allowed by the project's grant.

- The amounts billed by the Commission were often overstated because the Commission billed the cities the maximum amount allowable, regardless of the amount of costs incurred. In accordance with CDBG program regulations, the Commission was to bill only the amount of actual expenses incurred. In addition, billings sent to the cities were not supported by the hours on the employees' timesheets and the hourly billing rate used by the Commission exceeded the actual rate of CDBG costs incurred by the Commission.

The hourly rate used by the Commission resulted in billings which significantly exceeded the actual rate incurred by the Commission. Using documentation readily available at the Commission, it was determined 21 cities were overbilled \$91,177.39. However, because of the concerns identified for the timesheets and time allocations, the amount overbilled during July 1, 2000 through June 30, 2006 may be greater.

- The Commission maintained a positive fund balance of CDBG funds because the cities had been overbilled.
- The Commission did not allocate interest to several of the programs administered even though a cash balance was reported for them.

Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **G** of this report.

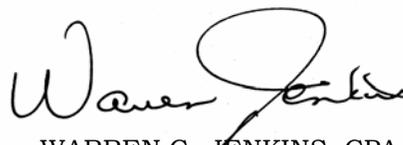
The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the Area XV Regional Planning Commission, other matters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

Copies of this report have been filed with the Attorney General's Office, the Wapello County Attorney's Office, the Wapello County Sheriff's office and the Iowa Department of Economic Development.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the Area XV Regional Planning Commission during the course of this investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 15, 2008

Report on Special Investigation of
Area XV Regional Planning Commission
Investigative Summary

Background Information

The Area XV Regional Planning Commission (Commission) was established in July 1974. The Commission was created under Chapter 28E of the *Code of Iowa* to serve the 10 county region comprised of Appanoose, Davis, Jefferson, Keokuk, Lucas, Mahaska, Monroe, Van Buren, Wapello and Wayne counties. The purpose of the Commission is to assist counties and cities with economic development, coordinate state, federal and local programs and to help promote the overall growth of the region. The Commission provides planning, technical assistance and administrative assistance for economic development, community development, transportation planning and housing assistance.

Membership in the Commission is voluntary. Each county and city within the region is eligible to join the Commission. In order to be an active member and have a vote on the Board, each city and county must pay dues. A county or city may become inactive by notifying the Commission of their intent to not pay dues for the upcoming period. An inactive county or city may reactivate their membership at anytime by paying dues for the period.

At June 30, 2006, there were 73 members of the Commission. The number of members decreased to 65 by June 30, 2007 and the membership continued to decrease during the fiscal year ending June 30, 2008. According to the former Board Chairperson, the decline in membership is a result of the members' concerns regarding the Commission's operations and the Community Development Block Grant program (CDBG). At June 30, 2006, all counties except Wayne County were members of the Commission. Since June 30, 2006, Appanoose, Lucas and Monroe Counties have not renewed their membership.

In addition to the dues from members, the Commission receives funding from federal and state sources. The Commission also receives fees for administering CDBG projects for members. **Table 1** summarizes the primary revenue sources reported in the Commission's annual financial audit reports for fiscal years 2004 through 2006.

Table 1

Revenue Source	2004	2005	2006
Direct federal funds	\$ 73,234	57,731	51,000
Indirect federal funds:			
DOT	38,858	43,859	46,477
DED (CDBG)	85,307	112,431	112,965
State funds:			
DOT	8,466	-	-
DED	9,376	9,375	9,375
Other	10,412	2,247	9,418
Interest income	37,317	35,362	45,083
Late payment fee	1,385	689	343
Loan origination fees	3,312	5,820	5,418
Rental inspection	2,102	4,380	2,279
Membership dues and fees	66,734	58,254	57,696
Miscellaneous	30,862	4,665	8,940
Total	\$ 367,365	334,813	348,994

Exhibit A provides a summary of financial information presented in the Commission's audit reports for fiscal years 2001 through 2006. The **Exhibit** includes the revenues, expenditures and fund balance by program. The revenue received by the Commission for administering the CDBG projects are federal funds passed through the Department of Economic Development (DED) to the cities or counties awarded grants for specific projects. The revenue also includes funds received from the cities awarded the projects.

In accordance with CDBG program requirements, the Commission should bill for actual costs incurred on a reimbursement basis. The revenue received by the Commission should not exceed its expenditures for the projects. Since the CDBG program is on a reimbursement basis, the program should not have a fund balance. If expenditures exceed the budget established for the project, the city awarded the grant is to provide funds for the excess costs.

The primary programs administered by the Commission and the related funding sources are:

- Community Development Block Grant Program (CDBG) – CDBG is a federal grant program providing funds for water/sewer, community facilities and housing rehabilitation projects. The Department of Economic Development (DED) awards grants to cities and counties for eligible projects and establishes budgets, including maximum administrative budgets. The Commission establishes agreements with members to administer certain CDBG projects and subsequently bills the members an administrative fee for services provided. When fees are received from the members, they are maintained by the Commission in a separate CDBG fund. **Exhibit B** presents the Commission's detailed revenues and expenditures for the CDBG program for fiscal years 2001 through 2006 as shown in the Commission's annual financial audit.
- Regional Economic Development Investment Inc. (REDI) – The Commission administers a revolving loan fund for economic development projects undertaken by cities in the area. Funding is provided by grants from the U.S. Department of Commerce Economic Development Administration (EDA). Currently, the program is using repayments, interest and loan fees received from various projects to operate. In addition, EDA provides limited funding to the Commission each year.
- Area Housing Enterprises and Development (AHEAD) – The Commission also administers a revolving loan fund for housing projects undertaken by cities in the area. The program was originally funded by grants from the Iowa Finance Authority (IFA). The program is currently using repayments from existing loans, interest income and loan fees to operate.
- Economic Development Administration (EDA) Grant – The Commission receives federal grant funds from the U.S. Department of Commerce to administer economic development projects and to help coordinate projects within the area.
- Department of Transportation (DOT) Grants – The Commission receives funds for State and Federal road projects administered by the Commission.

During fiscal year 2006, the Commission terminated a housing employee who later filed a lawsuit against the Commission. The lawsuit included allegations of financial improprieties and was eventually settled out of court. Specifically, the former housing employee alleged timesheets were improperly prepared and CDBG project administrative fees were improperly shifted. The former housing employee also stated Commission employees were told to record time for specific CDBG projects, even though they were not currently working on the projects. He also alleged changes were made to underlying records at the Commission in order to cover up improper inspections and work on various projects.

As a result of the lawsuit, members of the Commission's Board of Directors contacted the Attorney General's Office and requested assistance regarding the allegations. The Attorney General's Office requested assistance from the Office of Auditor of State to address the concerns identified.

According to discussions with the Commission's Executive Director, Ellen Foudree, the former employee had been hired to specifically work on CDBG housing projects. The CDBG program is the only program for which administrative funds collected by the Commission are based on agreements established with members for various CDBG projects. After reviewing the former employee's specific allegations, we determined it was appropriate to concentrate our review on the CDBG program. However, during the course of our testing, we also indirectly examined time allocated to other programs administered by the Commission.

The procedures we performed are detailed in the Auditor of State's Report for the period July 1, 2000 through June 30, 2006.

Detailed Findings

These procedures identified several concerns regarding the Commission's administration of the CDBG projects. The concerns are listed below and discussed in detail in the following sections of this report.

- Timesheets – Timesheets prepared by the Commission's staff members did not consistently document time spent on individual CDBG projects in sufficient detail to determine the salary costs which should have been recorded for individual CDBG projects. For housing rehabilitation projects, the timesheets did not distinguish between the 3 administrative cost budgets of general, rehabilitation and lead hazard.

According to the former housing employee, employees recorded time for certain CDBG projects regardless of which project was worked on. In addition, the time recorded for CDBG projects on certain timesheets prepared by Commission staff members were subsequently altered by the Executive Director and she did not properly allocate time recorded on the timesheets among the projects.

In addition, the number of hours recorded on the employees' timesheets did not support the time billed to the cities for administering the CDBG projects. The Executive Director stated the billings were based on estimated completion of each project and each project was eventually billed the maximum amount allowed by the project's grant.

- Billings to cities were overstated – The amounts billed by the Commission were often overstated because the Commission billed the cities the maximum amount allowable, regardless of the amount of costs incurred. In accordance with CDBG program regulations, the Commission was to bill only the amount of actual expenses incurred. In addition, billings sent to the cities were not supported by the hours recorded on the employees' timesheets and the hourly billing rate used by the Commission exceeded the actual CDBG costs incurred by the Commission.

Because the hourly rate used by the Commission resulted in billings which significantly exceeded the actual rate incurred by the Commission, we determined 21 cities were overbilled \$91,177.39. However, because of the concerns identified for the timesheets and time allocations, the amount overbilled during July 1, 2000 through June 30, 2006 may be greater.

- Fund balance – As a result of the overbillings, the Commission has maintained a significant fund balance of CDBG funds for the past several years. According to DED personnel we spoke with, only actual costs are to be recovered by the party administering the CDBG projects. Therefore, the Commission should not maintain a fund balance for the CDBG projects administered.
- Interest – The Commission did not allocate interest to several of the programs administered even though a cash balance was reported for them.

As previously stated, CDBG is a federal grant program and DED awards CDBG grants to cities and counties for eligible projects. Cities and counties awarded a CDBG grant may choose to independently administer the project or hire a third party to administer the project. Administration of CDBG projects includes, but is not limited to, preparing the specifications for the project, determining recipient eligibility for certain projects, evaluating bids received for the project, compiling reports required by the CDBG program and performing inspections.

If a county or city chooses to use a third party administrator, arrangements may be made with a Council of Governments or Regional Planning Commission. Alternatively, the county or city may choose an administrator through a bid process.

According to the Commission's Executive Director, larger cities within the region, such as Ottumwa, often independently administer CDBG projects and contract only for specific services, such as lead testing, from the Commission. However, most of the cities in the region are small and do not have the resources necessary to independently administer CDBG projects. As a result, the small cities typically arrange for the Commission to administer the CDBG grants they are awarded.

The Executive Director initially also told us the amounts billed to a specific city for administering a CDBG project was based on benchmarks or the project's percent of completion. The Executive Director subsequently stated the amounts billed were determined by multiplying the number of hours Commission staff members worked on the City's CDBG project by a \$35 hourly rate. The number of hours worked by Commission staff members is recorded on their timesheets.

In accordance with guidance provided by OMB Circular A-133 and the Office of Inspector General, the Commission is considered to be a subrecipient of the CDBG program for the projects administered by the Commission for cities or counties because the Commission makes a significant number of administrative decisions including, but not limited to, eligibility of homeowners for assistance, selection of contractors to provide construction services, report preparation and inspections. Because the Commission is a subrecipient, all requirements of OMB Circular A-133, including audit requirements, are applicable to the Commission. We reviewed the Commission's audit reports for fiscal years 2004 through 2006 and determined the CDBG program was not included on the Commission's Schedule of Expenditures of Federal Awards. According to the Executive Director, the Commission had not been identified as a subrecipient by the firm performing their annual financial statement audit. As a result, the CDBG program was not included in the Commission's Single Audit as required.

For cities or counties which independently administer the CDBG projects awarded by DED but hire the Commission to provide specific services, such as lead testing, the Commission is considered to be a vendor rather than a subrecipient. For those projects, the Commission is providing a service, but is not making administrative decisions for the project. As a result, they are not subject to the same program requirements.

TIMESHEETS

As previously stated, the former housing employee alleged "staff were told to record time to projects even though they were not working on that specific project." During our review, we obtained copies of 3 memos instructing staff how to allocate their time. Copies of the memos are included in **Appendix 1**. The memos appear to support what the former housing employee believed were directives to staff regarding how to record time regardless of what they actually worked on.

We contacted the former housing employee's attorney to arrange a meeting to discuss the allegations and obtain additional background information regarding the concerns. Initially, the former housing employee's attorney informed us we could interview the former housing employee if he was granted full immunity from prosecution. The State Auditor's Office does not have the authority to grant immunity. As a result, we were unable to initially discuss the allegations with the former housing employee. However, the former housing employee subsequently contacted us and arranged a meeting. He also provided us copies of the timesheets he prepared and submitted to the Commission during his employment.

Before the former housing employee contacted us, we were able to interview a second former employee who left the Commission's employment on good terms. According to this former employee, the memos included in **Appendix 1** were handed out or discussions were held at staff meetings to instruct staff of the projects they were to work on for the period. The former employee also stated the projects listed in the memos were the high priority projects as determined by the Commission's Executive Director. The former employee stated "staff understood they were to always record time to the projects they actually worked on." When we spoke with the second former employee, she also indicated some staff may have misinterpreted the memos and discussions.

As illustrated by the **Appendix**, the memos may be instructions to the staff regarding the projects on which the Executive Director wished them to spend their time during the upcoming pay periods. The instructions may have been given by the Executive Director in order to make progress on certain projects so the project could be billed and cash could be collected by the Commission.

Because of the conflicting information, we tested the timesheets to the extent possible for the period July 1, 2000 through June 30, 2006, as follows:

- We compared timesheets available at the Commission to travel claims submitted by staff members to determine if the travel information was consistent with how the timesheet was completed.
- We compared the projects recorded on the timesheets to the projects active during the period.
- We compared timesheets maintained by the Commission to copies of the original timesheets obtained from the former housing employee. We determined 53 of 108 timesheets maintained by the Commission were altered.

We also attempted to review the timesheets for the pay periods and individuals identified in the memos included in **Appendix 1**. However, timesheets were not available for periods prior to July 1, 2000. We were able to review the timesheets for the employee identified in the memos dated August 8, 2000 and July 2, 2003. Based on our review, it appears the employees recorded time to the projects identified by the Executive Director. We cannot determine if these are the projects the employees actually worked on. The timesheets also showed time recorded for projects not listed in the memos and time recorded to the Birmingham project for which employees were specifically instructed not to record time.

To determine if the Commission's employees improperly recorded their time to projects they did not work on, we reviewed and tested the Commission's timesheet process. We also spoke with the Executive Director and other staff members.

Descriptions on Timesheets - Commission employees were required to complete timesheets on a bi-weekly basis. The timesheets are to reflect actual time worked on various programs and individual projects within those programs. Based on discussions with the Executive Director and Commission personnel, standard descriptions, such as job numbers or project numbers, were not established or used for programs or projects. Contract or grant numbers are routinely provided by DED as part of a CDBG project. The contract or grant numbers are unique to each project. However, based on our review of timesheets, the contract or grant number or other unique identifying information was not established by the Commission to distinguish which CDBG projects were worked on.

By reviewing the employees' timesheets for fiscal years 2001 through 2006, we identified many inconsistencies in the way time was recorded. Some timesheets did not include any description while other timesheets included descriptions which were not consistent between timesheets. Some staff recorded time on their timesheets using simply program descriptions such as CDBG, REDI, AHEAD and DOT. The timesheets did not identify the specific project worked on. Employees

working on the CDBG program often worked on multiple projects within a single time period. Identification of the specific project(s) is necessary to determine which specific CDBG project(s) time was spent on so the time can be properly allocated to the project.

In some cases, projects were identified on the timesheets by city name. However, cities may have multiple active projects funded under different agreements. In addition, the timesheets did not include an indication of which type of CDBG projects were worked on. Types of CDBG projects include housing projects, water/sewer projects or community facilities projects.

According to the Executive Director, during fiscal year 2006, she stressed to staff the need to provide consistent descriptions and to record time by individual project to better allocate costs to the various CDBG projects and other programs administered by the Commission. It appears this effort was a result of the allegations made by the former housing employee.

In addition to the timesheets not including specific project information, we found only a limited amount of documentation which allowed us to determine the type of administrative service provided by the Commission’s employees. Housing rehabilitation projects include administrative budgets for general administration, rehabilitation administration and lead hazard administration. According to DED personnel we spoke with, the budget for general administrative expenses can be used for other administrative costs such as lead, but the reverse is not true. All other CDBG projects have only general administrative budgets.

When we discussed the descriptions and projects on the timesheets we reviewed with the Executive Director, we were told “I can not address any of your concerns without looking at the relevant timesheet, to even evaluate the work activities and/or the funding source.” Each item we discussed with the Executive Director was from timesheets she reviewed and approved. Because the timesheets do not include sufficient detail, it appears the Executive Director does not properly track projects to determine the status and how the project is to be classified on a consistent basis.

Testing of Timesheets – During our review of employees’ timesheets, we identified a number of concerns. The discrepancies identified are listed in **Appendix 2** by pay period. **Table 2** summarizes the discrepancies by fiscal year.

Table 2

Description	Number of Instances Identified						Total
	FY01	FY02	FY03	FY04	FY05	FY06	
Employees recorded travel for project not included on timesheet	21	11	5	36	30	38	141
Timesheet altered by Executive Director	2	5	4	12	15	-	38
Time sheet altered using white out	-	3	4	-	4	-	11
Hours recorded on timesheet do not agree with distribution prepared by the Executive Director	4	2	4	16	3	8	37
Description on timesheet not allowable for CDBG	-	2	5	2	3	5	17
Total	27	23	22	66	55	51	244

As illustrated by the **Table**, we identified 141 instances in which travel was reported for a project not recorded on the employees’ timesheets. For example, an employee’s travel claim for the pay period ended August 26, 2005 showed travel to Moravia on August 19, Hedrick on August 22 and again to Moravia on August 25. However, the employee’s timesheet did not show any time recorded to these projects on the days specified. A copy of the employee’s timesheet and travel claim are included on pages 52 and 53 of **Appendix 3**.

We also identified 38 instances in which the timesheets were altered by the Executive Director. These changes included the Executive Director's initials. She confirmed she made the changes with her initials. The majority of the changes were made to the timesheets of the former housing employee who alleged the Commission was improperly billing cities for work performed on the CDBG projects. By comparing timesheets provided by the former housing employee to those on file and approved by the Executive Director, we determined 53 of 108 timesheets had been altered. In some cases, the alteration was initialed by the Executive Director. In other cases, the project to which times was to be recorded was altered or white-out had been used to make changes on the timesheets. Not all of these changes were initialed by the Executive Director.

As illustrated by **Table 2**, the number of changes made by the Executive Director for fiscal years 2004 and 2005 were significantly higher than the number identified for previous fiscal years. The **Table** also illustrates we did not identify any changes made by the Executive Director for fiscal year 2006 timesheets. We are unable to determine if the other employees were recording time as instructed by the Executive Director instead of the projects actually worked on. If the employees were recording time as directed by the Executive Director, it would not be necessary for her to change their timesheets.

The timesheets altered by the Executive Director did not include documentation or notations to explain the reason for the changes or if the employee was involved in making the change. When we asked the Executive Director about the changes, she stated the changes were made because she was told by the employee of an error or she knew the individual made a mistake in recording their time. According to the former housing employee we spoke with, he was not informed of the changes to his timesheets, nor did he ask her to correct his timesheets. According to the former housing employee, the timesheets were correct when he submitted them. Corrections were not needed. Pages 50 and 51 of **Appendix 3** includes examples of timesheets which have been altered.

We also identified 11 timesheets in which the original information was marked out with white-out and new information was recorded. The changes were not initialed by the Executive Director and appear to have been made by the employee. Most of the timesheets identified belonged to the former housing employee and were prepared during a time in which he stated he followed the Executive Director's instructions about which projects to record his time to regardless of which projects he actually worked on. When we spoke with the former housing employee, he indicated he "left the white-out marks as a trail for the auditor". He stated he hoped the Commission's auditors would ask him why the time had been changed on his timesheets. However, he was never questioned about the changes.

As illustrated by the timesheets included in **Appendix 3**, the left portion of each timesheet includes the "PROGRAM ACCOUNTS" and space to record the number of hours worked on individual programs and projects during each day of the pay period and in total. The left portion of the timesheet is to be completed by the employees. The right portion includes the "DISTRIBUTION ACCOUNT" and summarizes the total hours worked by the employee by program. The right side of the timesheet was completed by the Executive Director and used for allocating time to the programs administered.

As illustrated by **Table 2**, we identified 37 instances in which the allocation prepared by the Executive Director on the right side of the timesheets was not supported by the hours recorded by the employees on the left side of the timesheet. We also identified 17 instances in which it appears the Executive Director allocated the employees' time to the CDBG program for tasks which are not allowable costs of the CDBG program. According to DED personnel and CDBG program requirements, costs incurred to prepare a grant application or other costs incurred prior to the application being approved by DED are unallowable. In each of the 17 instances, the tasks were performed by employees prior to the date the project identified was awarded a CDBG grant by DED.

As an example, page 50 of **Appendix 3** illustrates how the Executive Director allocated 58 hours to the CDBG program and 22 hours to rent inspections for an employee's timesheet for the pay period ended October 8, 2004. However, the time recorded by the employee totaled 81.5 hours rather than the 80 hours allocated by the Executive Director. In addition, the time recorded by the employee does not support the hours allocated by the Executive Director. According to the timesheet, the employee recorded 46.5 hours to a CDBG project, 2 hours to rental inspections, 18 hours for training, 2 hours for staff meetings and 13 hours to a CDBG project in the application stage, which is not an allowable CDBG cost.

Because the Executive Director did not properly allocate employees' time, the amount of expense recorded in the Commission's financial records was improper for the programs for which the employees' time was not properly allocated. When we asked the Executive Director why the projects were not specified in the allocation shown on the right portion of the timesheet, she explained the costs were allocated on a program-basis only.

She also explained she prepared billings to cities based on a "benchmarking" system. She explained the cities were billed a percentage of the maximum allowable amount. The percentage billed was based on the "benchmarked" percentage of the project completed at the time of the billing. For example, if Commission staff felt a project was 60% complete, the city was billed for 60% of the allowable maximum administrative expenses for the project. When the project was completed, the Commission billed the City for the remaining portion of the maximum administrative expenses allowed for the project. While this explanation is consistent with the first billing explanation provided by the Executive Director, it contradicts the explanation the Director also provided about billings based on timesheets and it is not in compliance with the guidance provided by DED personnel.

The changes made to the employees' timesheets and/or the incorrect allocations by the Executive Director may have been done so the number of hours per project supported the billings sent to the cities once the project was completed. However, the altered timesheets still do not support the billings.

While each of the inconsistencies, alterations and improper allocations summarized in **Table 2** affected the CDBG program, some of the concerns identified also affected the Commission's other programs or functions. For example, when the Executive Director over-allocated to the CDBG program, she also under-allocated to another Commission program or function. During our review of timesheets, we identified hours recorded to programs other than CDBG which were also adjusted by the Executive Director. Because of these concerns, hours charged to the Commission's other programs and functions were not correct. As a result, the administrative costs recorded to the other programs and functions are not correct.

Using the employee timesheets, we summarized the time recorded by each employee for each program administered by the Commission. The information we compiled is summarized in **Exhibit C**. As illustrated by the **Exhibit**, for fiscal years 2003 through 2006, the majority of the staff's time was recorded on CDBG projects. However, instances identified in **Table 2** must be taken into account when considering the information presented in **Exhibit C**.

As previously stated, besides CDBG, the Commission also administers the EDA grant and grants from DOT. The Commission requests funds twice each year for the EDA grant. An advance is received at the beginning of the fiscal year and a request for the second portion of the grant is submitted approximately mid-year. The EDA funds may be used for general administration. DOT grant funds are requested on a quarterly basis by the Commission and are on a reimbursement basis. Both programs require the expenditures be supported by adequate records, including timesheets.

BILLINGS TO CITIES

The timesheets prepared by Commission personnel should have been used as a basis for billing the cities for CDBG administrative services. The number of hours recorded for a specific project should have been multiplied by an hourly rate to determine the amount to bill the city. **Exhibit D** lists each of the 27 CDBG projects the Commission administered during the period of our investigation. For each project, the **Exhibit** lists the budgeted amount available for administrative costs. The budgeted amount is the maximum amount established by the project agreement which may be spent on administering the project. **Exhibit D** also includes the amount the Commission actually billed the cities for the projects. As illustrated by the **Exhibit**, 11 of the projects had not been completed by June 30, 2006 and additional billings were anticipated. Of the 16 completed projects, 9 projects were billed for the maximum amount allowed by the projects' grants and 5 were billed within \$2.50 of the maximum amount allowed. The 2 remaining projects were billed \$131.22 and \$2,448.29 less than the maximum amount allowed.

According to DED personnel we spoke with, the amounts billed to the cities by the Commission are to be based on actual costs incurred by the Commission to administer the CDBG projects and the fees are to be paid by the cities on a reimbursement basis after expenses are incurred. The amounts billed to the cities may be calculated using an hourly rate which is supported by actual costs incurred. The costs may include both direct and indirect costs. Also, the hourly rate should be evaluated at least annually and should vary between the type of projects (housing, water and sewer or community facility) administered. According to DED personnel, housing projects require more oversight for inspections, lead testing and general administration than a water/sewer project or a community facilities project.

We reviewed billings sent to cities by the Commission during the period of our investigation. Contrary to the information provided by the Executive Director, it appears the cities were billed an hourly rate for a specific number of hours worked on the CDBG projects. However, the bills showed only the total hours worked for the period billed. They did not include any detailed information such as the number of hours recorded for general, rehabilitation or lead hazard administration on housing projects. When we discussed the bills with the Executive Director, she stated the employees' timesheets supported the bills.

To determine if the employees' timesheets support the bills, as stated by the Executive Director, we attempted to compare the number of hours shown on the bills for each project to the employees' timesheets.

We scheduled out all employees' timesheets for fiscal years 2001 through 2006. **Exhibit E** summarizes the number of hours recorded on the employees' timesheets by project for each fiscal year. The **Exhibit** also illustrates what the Commission would have billed the cities if the number of hours on the timesheets were multiplied by the \$35 hourly rate billed by the Commission. As illustrated by the **Exhibit**, we compared the billing we calculated to the amount the Commission billed for each project. The **Exhibit** also illustrates the Commission billed the cities for the maximum amount of administrative costs allowed by the agreement for 11 projects. For 6 of the 11 projects, it appears the amount billed is less than the amount of costs incurred by the Commission. However, this comparison assumes the \$35 hourly rate used by the Commission is an accurate reflection of the amount of costs incurred. The **Exhibit** also illustrates the Commission billed more than the timesheets supported for 5 completed projects.

In addition, the **Exhibit** illustrates 11 projects were not completed by June 30, 2006. For 7 of the 11 projects, the Commission had billed the cities by June 30, 2006 more than the timesheets supported for the projects at that time.

As stated previously, the Commission billed cities \$35 per hour. According to the Executive Director, supporting documentation of how the rate was determined could not be located. In addition, documentation of the Board's approval of the rate could not be located. The Executive Director also stated the \$35 per hour rate has been used since the 1990's. The \$35 per hour rate was to cover all direct and indirect costs.

To determine if the \$35 per hour rate used by the Commission was reasonable, we calculated an hourly rate for administration of the CDBG projects using the CDBG costs identified in the Commission's annual financial statement audit reports. The following methodology was used to calculate the hourly rates.

- We compiled the hours reported on the timesheets (as adjusted by the Executive Director) for fiscal years 2001 through 2006. In some cases, it was difficult to determine how time was allocated to specific CDBG projects. In these instances, we discussed the project with the Executive Director and/or Commission employees and compared the timesheets to the listing of active projects for the period.
- Hours not specifically identifiable to a CDBG project were compiled as general CDBG or General Housing.
- Using the information from the Commission's audit reports, we allocated salary, fringe benefits and indirect costs to each CDBG project and the general CDBG categories based on the hours recorded for CDBG versus all programs administered by the commission.
- For each fiscal year, we compiled the salary, fringe benefits and other direct costs (printing, supplies, travel, equipment etc.) and indirect costs (rent and utilities) then allocated these costs to each project based on hours recorded.
- The hours compiled as general CDBG categories were allocated back to all projects in relation to their total hours.
- The costs associated with the general CDBG category which could not be directly allocated to a specific project were then allocated to individual projects based on the percent of total hours.
- The costs were then accumulated for each fiscal year into a total by project.
- The total costs for each project were divided by the total hours recorded to determine the cost per hour.

We did not use the salary, fringe benefits or indirect cost amounts from the CDBG schedule included in the Commission's annual audit reports because the amounts are based on the incorrect distributions completed by the Executive Director.

As illustrated by **Exhibit F**, the calculated cost per project ranges from a low of \$23.66 per hour for the Albia water and sewer project to a high of \$35.69 per hour for the Sigourney housing project. The average hourly rate for all the projects is \$28.25. The hourly rate we calculated is significantly less than the \$35 per hour billed by the Commission to the cities.

When we completed our testing and informed the Executive Director the hours were not supporting the billings, she indicated the billings were based on benchmarks. Based on our review of the bills to the cities, it appears the billing amounts were calculated by determining the portion of the project completed. The percentage completed was multiplied by the amount of the maximum administrative costs allowed for the project to determine the billing amount. The bill was then prepared to show the amount as well as the number of hours spent on the project, which were calculated by dividing the billing amount by the \$35 hourly rate.

As reported by the Executive Director and confirmed by our review of the billings to the cities, the Commission usually bills each project the maximum amount allowed for each project, regardless of the amount of costs incurred. For a number of projects, the Commission billed the cities and received more than the costs incurred. The overbillings we identified total \$91,177.39.

FUND BALANCE

As stated previously, because the Commission should only bill for its actual costs to administer the CDBG projects, fund balances should not be accumulated for the CDBG program by the Commission. However, as illustrated in **Exhibit A**, the Commission maintained a positive fund balance for the CDBG program during fiscal years 2003 through 2006. The fund balance for the CDBG program decreased between the end of fiscal years 2003 and 2005 and increased approximately 28% by the end of fiscal year 2006.

Table 3 summarizes total revenue collected for the CDBG program and the total expenditures allocated to the program as compiled in the Commission’s annual financial audit. **Exhibit B** provides a more detailed breakout of the revenues and expenditures reported in the Commission’s annual audit.

Table 3

Description	FY01	FY02	FY03	FY04	FY05	FY06
Total revenue	\$ 70,200	76,045	68,283	85,307	112,431	112,965
Total expenditures	75,575	75,166	58,544	93,781	111,855	99,319
Increase (decrease) in fund balance	(5,375)	879	9,739	(8,474)	576	13,646
Beginning fund balance	51,562	46,187	47,066	56,805	48,331	48,907
Ending fund balance	\$ 46,187	47,066	56,805	48,331	48,907	62,553

As illustrated by **Table 3**, the Commission has profited from administering the program and has maintained a fund balance for the CDBG program for several years as a result of recovering more than the actual costs incurred to administer the CDBG projects. The Executive Director was unable to provide any explanation as to how or why the balance had been accumulated.

As stated previously, each CDBG grant approved by DED specifies a maximum amount of the grant which can be used for administrative expenses. Because the Commission cannot exceed the administrative amount established in the grant, any costs incurred by the Commission in excess of the maximum must be paid for from another source of funds. According to the Executive Director, the only revenue recorded in the CDBG fund are administrative fees received for the CDBG projects administered by the Commission. Therefore, some of the proceeds from overbilled projects may have been used to offset any costs incurred for project(s) which exceeded the maximum amount of administrative expenses established by the grant. The remaining proceeds may be included in the Commission’s fund balance for the CDBG program or it may have been used for other Commission operations.

Using the hours recorded on the timesheets, we allocated the total costs reported for CDBG in the Commission’s audit reports to the various types of projects. The results of this allocation are summarized in **Table 4**. As illustrated by the **Table**, some costs were allocated to “descriptions” which could not be identified to a specific project. As previously stated, the timesheets did not always include adequate descriptions to identify the specific project the Commission’s employees worked on. A brief description of each allocation type follows.

- Housing – Rehabilitation of houses in low income areas. Some of the projects may require lead safe practices to remove any lead hazards.
- Water/Sewer – Water and sewer systems of cities.
- Facilities – Community facilities include projects which benefit the entire community. Many of the projects administered by the Commission are day care centers.

- General housing – Includes time recorded on timesheets which appears to be related to housing, such as lead hazard training, or time related to housing projects but for which we were unable to determine a specific project.
- General CDBG – Time identified as CDBG on the timesheets but without additional information. We were unable to determine if the time was incurred for a specific CDBG project or if it was general administrative functions, such as training, for the CDBG program. If time was incurred for a specific project, we were unable to identify it.
- Local – According to the Executive Director, there is a local component to CDBG projects administered by the Commission. Because the costs of most projects exceed the funds available from the CDBG program, a local match is usually provided by the City. In addition, the homeowner is required to pay for any excess costs. The costs not paid with CDBG funds are not included in the per hour calculation.
- Unallowable – The time recorded for this description includes mostly application and work done prior to the application approval from DED. According to DED programming staff, costs incurred for applications or work done prior to a project receiving DED’s approval are not allowable costs.

Table 4

Description	2001	2002	2003	2004	2005	2006	Total
Costs identified to specific projects:							
Housing	\$ 46,031	56,145	46,495	43,968	74,116	44,115	310,870
Water/Sewer	61	1,366	3,979	33,121	20,257	40,523	99,307
Facilities	11,228	1,095	4,738	7,086	5,867	385	30,399
Subtotal	57,320	58,606	55,212	84,175	100,240	85,023	440,576
Costs not identified to a project:							
General housing	2,887	11,625	858	4,830	376	4,270	24,846
General CDBG	8,659	1,684	746	-	271	294	11,654
Subtotal	11,546	13,309	1,604	4,830	647	4,564	36,500
Total costs allocated to CDBG projects ^	68,866	71,915	56,816	89,005	100,887	89,587	477,076
Unallocated Costs:							
Local	-	954	1,442	4,354	5,042	5,847	17,639
Unallowable	6,709	2,297	286	422	5,926	3,885	19,525
Subtotal	6,709	3,251	1,728	4,776	10,968	9,732	37,164
Total CDBG costs per audit reports	\$ 75,575	75,166	58,544	93,781	111,855	99,319	514,240

^ - Total is shown in **Exhibit F**.

The costs for the projects identified in **Table 4** are allocated to specific projects in **Exhibit G**. We allocated the costs to the projects based on the time recorded for each project on the employees’ timesheets. **Exhibit G** also includes the amount of funds received by the Commission for each of the projects by June 30, 2006. As illustrated by the **Exhibit**, the Commission billed the cities for more costs than actually incurred for 21 of the 27 projects listed. For example, Allerton, Moravia and Bloomfield were billed approximately \$8,000 more than the actual costs incurred by the Commission.

Of the 27 projects, 17 have been completed. As shown by **Exhibit G**, 13 of the 17 projects have been overbilled. For these 17 projects combined, the Commission has overbilled the CDBG program a total of \$61,563.03. Of the 10 remaining active projects, the Commission has billed and received \$29,614.36 more than the costs incurred for 8 projects. **Table 5** lists the projects which have been overbilled by the Commission.

Table 5

Completed Projects	Amount Overbilled	Active Projects	Amount Overbilled
Housing:			
Allerton	\$ 4,055.80	Fairfield	\$ 4,256.10
Hedrick ('99)	3,422.40	Moravia	1,410.09
Hedrick ('04)	1,625.55	Seymour	1,293.10
Moravia	4,021.62		
Water/Sewer:			
Albia	2,895.09	Bloomfield	5,456.24
Delta	1,671.57	Centerville	5,201.27
Lovilia	659.62	Delta	2,807.67
Packwood	1,362.45	Derby	4,659.09
		Humeston	4,540.80
Community Facility/Day Care:			
Libertyville	1,963.22		-
Birmingham	10,965.14		-
Corydon	6,848.24		-
Bloomfield	8,698.56		-
Eddyville	13,373.77		-
Total	<u>\$ 61,563.03</u>		<u>\$ 29,614.36</u>

INTEREST INCOME

During our review of the Commission's audit reports, we determined interest was not recorded for many of the programs administered by the Commission, even though a cash balance was reported for them. As previously stated, the CDBG program should be on a reimbursement basis and no excess funds should be accumulated. However, if excess funds are maintained, any interest earned is required to be returned to the program or used to reduce a future drawdown of funds for on-going projects. Since the Commission has maintained a cash balance for the CDBG program, a portion of the interest earned should be allocated to the CDBG program. Also, if applicable, excess funds should be returned to DED and the CDBG program.

ELIGIBILITY

In addition to allegations regarding falsification of timesheets, the former housing employee reported a concern regarding the falsification of financial data used to determine an individual's eligibility for CDBG housing rehabilitation funds. According to the former housing employee, an application filed by a recipient of a CDBG housing rehabilitation grant did not include the total net worth of the individual. In preparing an application, an applicant is required to include all sources which may be available to pay for the rehabilitation of the home. For example, all income, trust funds, funds received from a divorce or judgments should be reported during the application process.

According to the former housing employee, if all of the applicant's net worth, in excess of \$100,000, had been included, the individual would not have qualified for the \$24,999 housing rehabilitation grant she received. The former employee stated he contacted a representative of DED to voice his concern when he discovered the individual had not reported her total net worth. However, according to DED personnel we spoke with, they were not informed of the former housing employee's concern.

The former housing employee also alleged the Commission performed only limited verification of the information reported in the applications. For the specific case he referred to, he was able to use contacts from an employment position he previously held to help find the information regarding the net worth of the individual.

According to DED personnel, the city receiving the grant or its administrative entity is required to verify income and assets reported as part of the application process. There is no expectation for the entity to confirm information not reported in the application. However, if the city is later informed of items excluded from the application, they are required to follow up and determine the effect on eligibility. If the additional information precludes the individual from eligibility, the city should seek repayment of all CDBG funds provided for the project. Because reliable, independent information regarding the applicant's eligibility is not available, we are unable to determine if the eligibility was properly determined by the Commission.

SUPPORTING RECORDS

The former housing employee also alleged certain Commission records were changed and replaced. According to the former housing employee, the changes occurred so improper inspections and improper bidding for various projects administered by the Commission could not be detected. Because the changes would have occurred prior to our visit and the original records may have been replaced or removed, we were unable to obtain additional information necessary to properly address this issue.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Commission to record and allocate time to the CDBG projects and programs administered by the Commission. Based on our findings and observations detailed below, the following recommendations are made to strengthen the Commission's internal controls.

- (A) Time Allocation – The Commission did not use unique or specific information on employee timesheets to identify costs incurred for CDBG projects the Commission administered. In addition, the employee timesheets we reviewed did not identify which specific CDBG projects were worked on or the administrative category to be charged (general, rehabilitation or lead administration).

Recommendation – The Commission should establish and implement a tracking system to adequately record time and costs incurred by the Commission while administering specific CDBG projects.

- (B) Hourly Billing Rate – According to DED personnel we spoke with, hourly rates which include both direct and indirect costs may be used by the Commission to bill cities for administration of CDBG projects if the rates are supported by calculations and actual costs. For the past several years, the Commission has billed cities \$35 per hour for administering CDBG projects. The hourly rate could not be supported by documentation or approval by the Board.

Recommendation – The Commission should ensure the hourly rate used to bill cities is properly supported by actual costs and the rate is reviewed at least annually for each type of project administered.

- (C) Timesheets Review and Approval – A number of the timesheets we reviewed included modifications to the time originally recorded by the employee. Each of the timesheets was approved by the Executive Director. However, when timesheets were altered by the Executive Director, no explanation or reason for the change was documented or maintained. In addition, we were unable to determine if the employees were notified of the changes and the Executive Director could not provide explanations for the changes.

Recommendation – Timesheets should be completed based on actual time spent on individual projects. All changes made to timesheets should be supported by documentation and communicated to the employee.

- (D) CDBG Fund Balance – The Commission has maintained a positive fund balance for the CDBG program for the past several years. The balance at June 30, 2006 totaled \$62,553. The fund balance accumulated as a result of the Commission receiving administrative fees for the projects in excess of the costs incurred. According to DED personnel we spoke with, the Commission should recover only the actual direct and indirect costs incurred to administer the CDBG projects.

Recommendation – The administrative funds collected by the Commission in excess of the actual direct and indirect costs incurred while administering the CDBG projects should be returned to the CDBG program administered by DED.

**Report on Special Investigation of
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Exhibits

Report on Special Investigation of
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Summary of Revenues, Expenditures and Fund Balances by Program
For the period July 1, 2000 through June 30, 2006

Fiscal Year Description	Regional Economic Development Investments, Inc. Revolving Loan	Area Housing Enterprise and Development, Inc.	Iowa Department of Transportation	Economic Development Administration	Commnity Development Block Grant CDBG
2003					
Beginning fund balance	\$ 1,095,300	176,946	-	-	47,066
Revenues	47,381	39,820	41,180	68,000	68,283
Expenditures	(73,231)	(43,300)	(41,180)	(68,000)	(58,544)
Other sources (uses)	-	-	-	-	-
Ending fund balance	<u>\$ 1,069,450</u>	<u>173,466</u>	<u>-</u>	<u>-</u>	<u>56,805</u>
2004					
Beginning fund balance	\$ 1,069,450	173,466	-	-	56,805
Revenues	36,421	47,457	47,324	71,007	85,307
Expenditures	(63,022)	(39,477)	(47,324)	(71,007)	(93,781)
Other sources (uses)	-	61,516	-	-	-
Ending fund balance	<u>\$ 1,042,849</u>	<u>242,962</u>	<u>-</u>	<u>-</u>	<u>48,331</u>
2005					
Beginning fund balance	\$ 1,042,849	242,962	-	-	48,331
Revenues	39,587	13,377	54,824	71,000	112,431
Expenditures	(44,405)	(39,981)	(54,824)	(71,000)	(111,855)
Other sources (uses)	-	21,846	-	-	-
Ending fund balance	<u>\$ 1,038,031</u>	<u>238,204</u>	<u>-</u>	<u>-</u>	<u>48,907</u>
2006					
Beginning fund balance	\$ 1,038,031	238,204	-	-	48,907
Revenues	42,258	3,867	58,191	71,000	112,965
Expenditures	(51,984)	(17,741)	(58,191)	(71,000)	(99,319)
Other sources (uses)	-	-	-	-	-
Ending fund balance	<u>\$ 1,028,305</u>	<u>224,330</u>	<u>-</u>	<u>-</u>	<u>62,553</u>

NOTE: The Commission did not file required audit reports with the Office of Auditor of State for fiscal years 2001 and 2002.

Iowa Department of Economic Development	Housing Partnership Fund	Housing Fund	Local Housing Assistance Program	Hazard Mitigation Grant	Local Programs/ Special Projects	Total
-	37,683	4,852	100,032	-	155,674	1,617,553
9,375	3,325	1,500	125	983,730	72,086	1,334,805
(9,375)	(106)	-	(48)	(914,382)	(92,255)	(1,300,421)
-	-	-	-	-	-	-
-	40,902	6,352	100,109	69,348	135,505	1,651,937
-	40,902	6,352	100,109	69,348	135,505	1,651,937
9,376	236	19,472	-	-	50,765	367,365
(9,376)	(22)	-	(16,000)	(61,853)	(40,235)	(442,097)
-	-	-	-	-	-	61,516
-	41,116	25,824	84,109	7,495	146,035	1,638,721
-	41,116	25,824	84,109	7,495	146,035	1,638,721
9,375	89	-	-	-	34,130	334,813
(9,375)	(14)	-	(3,622)	-	(37,997)	(373,073)
-	-	-	-	-	-	21,846
-	41,191	25,824	80,487	7,495	142,168	1,622,307
-	41,191	25,824	80,487	7,495	142,168	1,622,307
9,375	5	-	7,708	9,418	34,207	348,994
(9,375)	-	-	(4,910)	(9,418)	(47,009)	(368,947)
-	-	-	-	-	-	-
-	41,196	25,824	83,285	7,495	129,366	1,602,354

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CDBG Revenues, Expenditures and Fund Balances
For the period July 1, 2000 through June 30, 2006

	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Revenues:						
Contract administration	\$ 70,200	76,045	68,283	85,307	112,431	112,965
Expenditures:						
Personnel	54,125	53,104	44,243	61,849	78,753	64,700
Fringe benefits	11,579	12,803	8,982	20,204	20,106	17,511
Travel	2,062	2,362	1,487	3,588	3,725	4,490
Phone	442	358	299	377	389	260
Printing and postage	740	907	959	1,094	862	934
Supplies	-	198	-	3	14	-
Equipment	-	-	100	1,821	180	-
Contractual	-	120	25	100	1,643	6,365
Other	596	907	404	525	585	1,092
Indirect cost	6,031	4,407	2,045	4,220	5,598	3,967
Total expenditures	75,575	75,166	58,544	93,781	111,855	99,319
Revenues over/(under) expenditures	(5,375)	879	9,739	(8,474)	576	13,646
Fund Balance:						
Beginning balance, July 1	51,562	46,187	47,066	56,805	48,331	48,907
Ending balance, June 30	\$ 46,187	47,066	56,805	48,331	48,907	62,553

Report on Special Investigation of
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Chargeable Hours
For the period July 1, 2000 through June 30, 2006

Program	2001	2002
Community Development Block Grant (CDBG)^	2,500.50	3,191.00
Economic Development Administration (EDA)	2,550.50	3,363.25
Department of Transportation (DOT)	1,331.50	1,022.50
Regional Economic Development Investments, Inc. - Revolving Loan Fund (RLF)	1,722.25	1,595.25
Area Housing Enterprise and Development, Inc.	355.25	531.25
Grant Applications	63.00	35.00
Local	963.50	154.50
National Oceanic and Atmospheric Administration (NOAA)	-	49.50
Local Housing Assistance Program (LHAP)	112.00	324.00
Iowa Department of Economic Development (IDED)	291.00	46.00
Rental Inspections	-	-
Council of Governments	-	193.00
06 Housing Grants (CDBG)	-	-
Department of Economic Development (DED) - CDBG Workshop	-	11.50
Rural Home Building Initiative (HUD)	-	-
River Hills Initiative	-	-
Iowa Department of Economic Development - Local	-	-
Federal Emergency Management Agency (FEMA)	-	-
Southern Iowa Homeownership Program (AHEAD)	7.00	-
Holiday/Sick Leave	1,435.00	1,430.00
Total	<u>11,331.50</u>	<u>11,946.75</u>

^ - Includes billed and unbilled time.

Number of Hours for Fiscal Year				
2003	2004	2005	2006	Total
2,354.00	3,553.50	3,727.50	2,709.50	18,036.00
2,181.50	2,615.75	2,108.50	2,205.00	15,024.50
1,245.00	1,533.50	1,737.50	2,237.00	9,107.00
570.00	1,371.00	902.00	719.50	6,880.00
319.00	260.00	427.50	347.50	2,240.50
342.00	88.50	1,047.00	472.00	2,047.50
248.00	404.00	-	101.00	1,871.00
1,596.00	106.00	-	-	1,751.50
717.50	350.50	-	-	1,504.00
93.00	146.50	148.00	109.50	834.00
52.50	74.50	191.50	63.50	382.00
150.50	-	-	-	343.50
-	-	-	248.50	248.50
12.00	-	218.00	-	241.50
-	150.00	-	-	150.00
5.00	53.00	-	-	58.00
50.00	-	1.00	-	51.00
-	36.00	-	-	36.00
-	-	-	-	7.00
1,328.50	1,748.75	1,649.50	1,457.00	9,048.75
11,264.50	12,491.50	12,158.00	10,670.00	69,862.25

**Report on Special Investigation of
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Comparison of Budget to Actual Billings
For the period July 1, 2000 through June 30, 2006

Project Name (Contract Number)	Project Completion Date	Budgeted CDBG Grant from DED	Total Funds Billed by June 30, 2006	Difference
Housing Rehabilitation Projects:				
Allerton (#03-HSG-007)	03/31/06	\$ 35,875.00	35,875.00	-
Birmingham (#02-HSG-025)	09/30/03	35,875.00	35,875.00	-
Bloomfield (#03-HSG-006)	05/31/05	38,375.00	38,375.00	-
Eldon 1 (#00-HS-062)	06/30/02	36,310.00	36,310.00	-
Fairfield (#05-HSG-002)	06/30/08	^ 54,250.00	14,869.50	39,380.50
Hedrick 1 (#99-HSG-008)	04/30/02	45,000.00	45,000.00	-
Hedrick 2 (#04-HSG-074)	05/31/06	% 35,875.00	35,614.47	260.53
Moravia 1 (#01-HSG-034)	03/31/03	36,800.00	36,800.00	-
Moravia 2 (#04-HSG-075)	10/31/06	^ 35,875.00	30,055.30	5,819.70
Seymour (#05-HSG-006)	12/31/07	^ 41,650.00	13,842.50	27,807.50
Sigourney (#06-HSG-110)	12/31/08	^ 54,250.00	5,512.00	48,738.00
Subtotal		450,135.00	328,128.77	122,006.23
Water and Sewer:				
Albia (#02-WS-078)	11/30/02	6,000.00	3,551.71	2,448.29
Bloomfield (#05-WS-008)	06/30/07	^ 15,000.00	7,495.00	7,505.00
Centerville (#05-WS-019)	06/30/07	^ 15,000.00	8,977.50	6,022.50
Delta 1 (#04-WS-024)	02/28/06	15,000.00	14,997.50	2.50
Delta 2 (#05-WS-030)	12/31/06	^ 15,000.00	8,999.50	6,000.50
Derby (#03-WS-005-96)	07/31/06	^ 13,000.00	13,000.00	-
Humeston (#04-WS-046)	06/30/07	^ 15,000.00	15,000.00	-
Keosauqua (#02-WS-081)	04/30/04	15,000.00	14,999.51	0.49
Lockridge (#04-WS-056)	12/31/07	^ 12,000.00	11,987.47	12.53
Lovilia (#02-WS-077)	11/30/04	10,000.00	9,999.50	0.50
Packwood (#02-WS-082-01)	10/31/03	12,000.00	11,868.78	131.22
Subtotal		143,000.00	120,876.47	21,978.79
Community Facility Projects:				
Libertyville (#02-CF-005)	08/31/03	15,000.00	14,997.50	2.50
Birmingham day care (#99-CF-056)	03/31/01	15,000.00	15,000.00	-
Corydon (day care) (#99-CF-057)	02/28/02	10,000.00	10,000.00	-
Bloomfield - Day care (#03-CF-037)	12/31/05	15,000.00	14,997.50	2.50
Eddyville Family Resource and Child Development Center (#99-CF-055)	02/28/01	17,500.00	17,500.00	-
Subtotal		72,500.0	72,495.0	5.00
Total		\$ 665,635.00	521,500.24	143,990.02

^ - Projects are still in process and will have additional time and costs charged.

% - The final billing is pending.

Report on Special Investigation of
Area XV Regional Planning Commission

Analysis of Hours Recorded on Timesheets and Amounts Billed
For the period July 1, 2000 through June 30, 2006

CDBG Project or Activity Name	Project Completion Date	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
<u>Housing Projects</u>							
Allerton (#03-HSG-007)	03/31/06	-	4.0	48.0	517.0	323.0	109.0
Birmingham (#02-HSG-025)	09/30/03	182.0	81.0	1,314.5	105.0	34.0	-
Bloomfield (#03-HSG-006)	05/31/05	51.0	31.0	23.0	928.0	755.5	23.0
Eldon (#00-HS-062)	06/30/02 @	772.5	628.0	1.5	-	-	-
Fairfield (#05-HSG-002)	06/30/08 ^	-	-	-	-	52.0	223.0
Hedrick (#99-HSG-008)	04/30/02 @	480.5	954.0	-	-	-	-
Hedrick (#04-HSG-074)	05/31/06 %	-	-	12.0	58.5	728.5	194.0
Moravia (#01-HSG-034)	03/31/03	37.0	685.5	470.5	-	-	-
Moravia (#04-HSG-075)	10/31/06 ^	-	-	-	57.5	521.0	242.0
Seymour (#05-HSG-006)	12/31/07 ^	-	-	-	-	56.0	268.5
Sigourney (#06-HSG-110)	12/31/08 ^	-	-	-	-	-	144.0
Subtotal		1,523.0	2,383.5	1,869.5	1,666.0	2,470.0	1,203.5
<u>Water and Sewer</u>							
Albia (#02-WS-078)	11/30/02	-	16.0	11.0	-	-	-
Bloomfield (#05-WS-008)	06/30/07 ^	-	-	-	-	29.0	31.5
Centerville (#05-WS-019)	06/30/07 ^	2.0	-	-	-	57.0	54.0
Delta (#04-WS-024)	02/28/06	-	-	-	67.5	241.0	115.0
Delta (#05-WS-030)	12/31/06 ^	-	-	-	-	34.0	140.0
Derby (#03-WS-005-96)	07/31/06 ^	-	-	-	36.5	70.5	142.0
Humeston (#04-WS-046)	06/30/07 ^	-	-	-	8.5	72.5	218.0
Keosauqua (#02-WS-081)	04/30/04	-	35.5	39.5	492.0	-	18.0
Lockridge (#04-WS-056)	12/31/07 ^	-	-	-	35.0	152.5	387.0
Lovilia (#02-WS-077)	11/30/04	-	-	55.0	278.0	18.5	-
Packwood (#02-WS-082-01)	10/31/03	-	6.5	54.5	337.5	-	-
Subtotal		2.0	58.0	160.0	1,255.0	675.0	1,105.5
<u>Community Facility Projects</u>							
Libertyville (#02-CF-005)	08/31/03	-	46.5	190.5	268.5	-	-
<u>Day Care</u>							
Birmingham day care (#99-CF-056)	03/31/01 @	132.5	-	-	-	-	-
Corydon (day care) (#99-CF-057)	02/28/02 @	103.5	-	-	-	-	-
Bloomfield - Day care (#03-CF-037)	12/31/05	-	-	-	-	195.5	10.5
Eddyville Family Resource and Child Development Center (#99-CF-055)	02/28/01 @	135.5	-	-	-	-	-
Subtotal		371.5	-	-	-	195.5	10.5
Total		1,896.5	2,488.0	2,220.0	3,189.5	3,340.5	2,319.5

~ - Adjusted hours include individual project hours plus an allocation for the general housing and general CDBG hours not assigned to a specific project. The adjusted hours do not include 1,241.5 hours recorded on employees' timesheets for unallowable tasks, such as grant applications. When unallowable hours are considered, hours total 18,036, which ties to **Exhibit C**.

* - Hours are not specifically identifiable to a CDBG project. CDBG housing hours were allocated only to housing projects. General CDBG hours were allocated to all projects (see definitions on pages 15 and 16.)

^ - Projects are still in process and will have additional time and costs charged.

@ - These projects began prior to fiscal year 2001. We used hours and costs only for the periods shown to allocate costs.

% - The final billing is pending.

< - Hours charged are from the timesheets as adjusted by the Executive Director.

<u>Hours Charged per Timesheets <</u>	<u>Allocation of General CDBG Hours *</u>	<u>Adjusted Hours ~</u>	<u>Calculated Billing at \$35/hr.</u>	<u>Amount Billed</u>
1,001.0	110.48	1,111.48	\$ 38,901.80	35,875.00
1,716.5	189.45	1,905.95	66,708.25	35,875.00
1,811.5	199.93	2,011.43	70,400.05	38,375.00
1,402.0	154.74	1,556.74	54,485.90	36,310.00
275.0	30.35	305.35	10,687.25	14,869.50
1,434.5	158.32	1,592.82	55,748.70	45,000.00
993.0	109.60	1,102.60	38,591.00	35,614.47
1,193.0	131.67	1,324.67	46,363.45	36,800.00
820.5	90.56	911.06	31,887.10	30,055.30
324.5	35.81	360.31	12,610.85	13,842.50
144.0	15.89	159.89	5,596.15	5,512.00
<u>11,115.5</u>	<u>1,226.80</u>	<u>12,342.30</u>	<u>431,980.50</u>	<u>328,128.77</u>
27.0	0.71	27.71	969.85	3,551.71
60.5	1.59	62.09	2,173.15	7,495.00
113.0	2.96	115.96	4,058.60	8,977.50
423.5	11.10	434.60	15,211.00	14,997.50
174.0	4.56	178.56	6,249.60	8,999.50
249.0	6.53	255.53	8,943.55	13,000.00
299.0	7.84	306.84	10,739.40	15,000.00
585.0	15.33	600.33	21,011.55	14,999.51
574.5	15.06	589.56	20,634.60	11,987.47
351.5	9.21	360.71	12,624.85	9,999.50
398.5	10.43	408.93	14,312.55	11,868.78
<u>3,255.5</u>	<u>85.32</u>	<u>3,340.82</u>	<u>116,928.70</u>	<u>120,876.47</u>
<u>505.5</u>	<u>13.25</u>	<u>518.75</u>	<u>18,156.25</u>	<u>14,997.50</u>
132.5	3.47	135.97	4,758.95	15,000.00
103.5	2.71	106.21	3,717.35	10,000.00
206.0	5.40	211.40	7,399.00	14,997.50
<u>135.5</u>	<u>3.55</u>	<u>139.05</u>	<u>4,866.75</u>	<u>17,500.00</u>
<u>577.5</u>	<u>15.13</u>	<u>592.63</u>	<u>20,742.05</u>	<u>57,497.50</u>
<u>15,454.0</u>	<u>1,340.50</u>	<u>16,794.50</u>	<u>\$ 587,807.50</u>	<u>521,500.24</u>

Report on Special Investigation of
Area XV Regional Planning Commission

Calculated Cost per Hour
For the period July 1, 2000 through June 30, 2006

CDBG Project or Activity Name	Project Completion Date	Total Expenditures FY 2001-2006 ~	Hours Charged per Timesheets <	Calculated Cost per Hour
<u>Housing Projects</u>				
Allerton (#03-HSG-007)	03/31/06	\$ 28,621.22	1,001.00	\$ 28.59
Birmingham (#02-HSG-025)	09/30/03	43,891.85	1,716.50	25.57
Bloomfield (#03-HSG-006)	05/31/05	50,840.42	1,811.50	28.07
Eldon (#00-HS-062)	06/30/02	38,178.25	1,402.00	27.23
Fairfield (#05-HSG-002)	06/30/08 ^	9,734.83	275.00	35.40
Hedrick (#99-HSG-008)	04/30/02	36,994.68	1,434.50	25.79
Hedrick (#04-HSG-074)	05/31/06 %	30,816.50	993.00	31.03
Moravia (#01-HSG-034)	03/31/03	28,967.00	1,193.00	24.28
Moravia (#04-HSG-075)	10/31/06 ^	26,023.89	820.50	31.72
Seymour (#05-HSG-006)	12/31/07 ^	11,522.69	324.50	35.51
Sigourney (#06-HSG-110)	12/31/08 ^	5,278.44	144.00	36.66
Subtotal		310,869.77	11,115.50	27.97
<u>Water and Sewer</u>				
Albia (#02-WS-078)	11/30/02	650.46	27.00	24.09
Bloomfield (#05-WS-008)	06/30/07 ^	2,024.98	60.50	33.47
Centerville (#05-WS-019)	06/30/07 ^	3,750.48	113.00	33.19
Delta (#04-WS-024)	02/28/06	13,229.44	423.50	31.24
Delta (#05-WS-030)	12/31/06 ^	6,152.19	174.00	35.36
Derby (#03-WS-005-96)	07/31/06 ^	8,284.18	249.00	33.27
Humeston (#04-WS-046)	06/30/07 ^	10,391.08	299.00	34.75
Keosauqua (#02-WS-081)	04/30/04	15,462.86	585.00	26.43
Lockridge (#04-WS-056)	12/31/07 ^	19,686.16	574.50	34.27
Lovilia (#02-WS-077)	11/30/04	9,259.79	351.50	26.34
Packwood (#02-WS-082-01)	10/31/03	10,415.54	398.50	26.14
Subtotal		99,307.16	3,255.50	30.50
<u>Community Facility Projects</u>				
Libertyville (#02-CF-005)	08/31/03	12,919.11	505.50	25.56

Allocation of General CDBG *		Adjusted @		Adjusted
Hours	Expenditures	Hours	Expenditures	Cost per Hour
110.48	\$ 3,197.98	1,111.48	\$ 31,819.20	28.63
189.45	5,483.85	1,905.95	49,375.70	25.91
199.93	5,787.36	2,011.43	56,627.78	28.15
154.74	4,479.09	1,556.74	42,657.34	27.40
30.35	878.57	305.35	10,613.40	34.76
158.32	4,582.92	1,592.82	41,577.60	26.10
109.60	3,172.42	1,102.60	33,988.92	30.83
131.67	3,811.38	1,324.67	32,778.38	24.74
90.56	2,621.32	911.06	28,645.21	31.44
35.81	1,036.71	360.31	12,559.40	34.86
15.89	460.06	159.89	5,738.50	35.89
1,226.80	35,511.66	12,342.30	346,381.43	28.06
0.71	6.16	27.71	656.62	23.70
1.59	13.78	62.09	2,038.76	32.84
2.96	25.75	115.96	3,776.23	32.56
11.10	96.49	434.60	13,325.93	30.66
4.56	39.64	178.56	6,191.83	34.68
6.53	56.73	255.53	8,340.91	32.64
7.84	68.12	306.84	10,459.20	34.09
15.33	133.29	600.33	15,596.15	25.98
15.06	130.89	589.56	19,817.05	33.61
9.21	80.09	360.71	9,339.88	25.89
10.43	90.79	408.93	10,506.33	25.69
85.32	741.73	3,340.82	100,048.89	29.95
13.25	115.17	518.75	13,034.28	25.13

Report on Special Investigation of
Area XV Regional Planning Commission

Calculated Cost per Hour
For the period July 1, 2000 through June 30, 2006

CDBG Project or Activity Name	Project Completion Date	Total Expenditures FY 2001-2006 ~	Hours Charged per Timesheet	Calculated Cost per Hour
Day Care				
Birmingham day care (#99-CF-056)	03/31/01	4,004.67	132.50	30.22
Corydon (day care) (#99-CF-057)	02/28/02	3,128.18	103.50	30.22
Bloomfield - Day care (#03-CF-037)	12/31/05	6,252.01	206.00	30.35
Eddyville Family Resource and Child Development Center (#99-CF-055)	02/28/01	4,095.35	135.50	30.22
Subtotal		17,480.21	577.50	30.27
Total		440,576.25	-	-
Costs not identified to a project *		36,500.14	-	-
Adjusted specific project costs		\$ 477,076.39	15,454.00	\$ 30.87

Projects for fiscal years 1999 and 2000 have not been included. Time sheets prior to fiscal year 2001 were no longer available.

@ - Adjusted hours and expenditures include the original costs plus an additional increment for the general housing and general CDBG hours and expenditures not assigned to a specific project.

* - Hours are not specifically identifiable to a CDBG project. CDBG housing hours were allocated only to housing projects. General CDBG hours were allocated to all projects (see definitions on pages 15 and 16.)

^ - Projects are still in process and will have additional time and costs charged.

% - The final billing is pending.

~ - This represents the CDBG expenditures from the annual financial audit reports allocated by project.

< - Hours charged are from the timesheets as adjusted by the Executive Director.

Allocation of Unspecified		Adjusted @		Adjusted Cost per Hour
Hours	Expenditures	Hours	Expenditures	
3.47	30.19	135.97	4,034.86	29.67
2.71	23.58	106.21	3,151.76	29.67
5.40	46.93	211.40	6,298.94	29.80
3.55	30.88	139.05	4,126.23	29.67
15.13	131.58	592.63	17,611.79	29.72
-	-	-	-	-
-	-	-	-	-
1,340.50	\$ 36,500.14	16,794.50	\$ 477,076.39	28.41

Report on Special Investigation of
Area XV Regional Planning Commission

Comparison of Allocated Expenditures to Amount Billed
For the period July 1, 2000 through June 30, 2006

CDBG Project or Activity Name	Project Completion Date	Total Allocated		Amount Billed	
		Hours	Expenditures		
<u>Housing Projects</u>					
Allerton (#03-HSG-007)	03/31/06	1,111.48	\$ 31,819.20	35,875.00	#
Birmingham (#02-HSG-025)	09/30/03	1,905.95	49,375.70	35,875.00	#
Bloomfield (#03-HSG-006)	05/31/05	2,011.43	56,627.78	38,375.00	#
Eldon (#00-HS-062)	06/30/02	1,556.74	42,657.34	36,310.00	#
Fairfield (#05-HSG-002)	06/30/08 ^	305.35	10,613.40	14,869.50	
Hedrick (#99-HSG-008)	04/30/02	1,592.82	41,577.60	45,000.00	#
Hedrick (#04-HSG-074)	05/31/06 %	1,102.60	33,988.92	35,614.47	
Moravia (#01-HSG-034)	03/31/03	1,324.67	32,778.38	36,800.00	#
Moravia (#04-HSG-075)	10/31/06 ^	911.06	28,645.21	30,055.30	
Seymour (#05-HSG-006)	12/31/07 ^	360.31	12,559.40	13,842.50	
Sigourney (#06-HSG-110)	12/31/08 ^	159.89	5,738.50	5,512.00	
Subtotal		12,342.30	346,381.43	328,128.77	
<u>Water and Sewer</u>					
Albia (#02-WS-078)	11/30/02	27.71	656.62	3,551.71	
Bloomfield (#05-WS-008)	06/30/07 ^	62.09	2,038.76	7,495.00	
Centerville (#05-WS-019)	06/30/07 ^	115.96	3,776.23	8,977.50	
Delta (#04-WS-024)	02/28/06	434.60	13,325.93	14,997.50	#
Delta (#05-WS-030)	12/31/06 ^	178.56	6,191.83	8,999.50	
Derby (#03-WS-005-96)	07/31/06 ^	255.53	8,340.91	13,000.00	#
Humeston (#04-WS-046)	06/30/07 ^	306.84	10,459.20	15,000.00	#
Keosauqua (#02-WS-081)	04/30/04	600.33	15,596.15	14,999.51	#
Lockridge (#04-WS-056)	12/31/07 ^	589.56	19,817.05	11,987.47	
Lovilia (#02-WS-077)	11/30/04	360.71	9,339.88	9,999.50	#
Packwood (#02-WS-082-01)	10/31/03	408.93	10,506.33	11,868.78	
Subtotal		3,340.82	100,048.89	120,876.47	
<u>Community Facility Projects</u>					
Libertyville (#02-CF-005)	08/31/03	518.75	13,034.28	14,997.50	#
<u>Day Care</u>					
Birmingham day care (#99-CF-056)	03/31/01	135.97	4,034.86	15,000.00	#
Corydon (day care) (#99-CF-057)	02/28/02	106.21	3,151.76	10,000.00	#
Bloomfield - Day care (#03-CF-037)	12/31/05	211.40	6,298.94	14,997.50	#
Eddyville Family Resource and Child Development Center (#99-CF-055)	02/28/01	139.05	4,126.23	17,500.00	#
Subtotal		592.63	17,611.79	57,497.50	
Total		16,794.50	\$ 477,076.39	521,500.24	

^ - Projects are still in process and will have additional time and costs charged.

- Claimed maximum on the contract, or within \$5.

% - The final billing is pending.

(Over)/Under Billed To Date	Completed Projects		Active Projects	
	(Over) Billed	Under Billed	(Over) Billed	Under Billed
(4,055.80)	(4,055.80)	-	-	-
13,500.70	-	13,500.70	-	-
18,252.78	-	18,252.78	-	-
6,347.34	-	6,347.34	-	-
(4,256.10)	-	-	(4,256.10)	-
(3,422.40)	(3,422.40)	-	-	-
(1,625.55)	(1,625.55)	-	-	-
(4,021.62)	(4,021.62)	-	-	-
(1,410.09)	-	-	(1,410.09)	-
(1,283.10)	-	-	(1,283.10)	-
226.50	-	-	-	226.50
18,252.66	(13,125.37)	38,100.82	(6,949.29)	226.50
(2,895.09)	(2,895.09)	-	-	-
(5,456.24)	-	-	(5,456.24)	-
(5,201.27)	-	-	(5,201.27)	-
(1,671.57)	(1,671.57)	-	-	-
(2,807.67)	-	-	(2,807.67)	-
(4,659.09)	-	-	(4,659.09)	-
(4,540.80)	-	-	(4,540.80)	-
596.64	-	596.64	-	-
7,829.58	-	-	-	7,829.58
(659.62)	(659.62)	-	-	-
(1,362.45)	(1,362.45)	-	-	-
(20,827.58)	(6,588.73)	596.64	(22,665.07)	7,829.58
(1,963.22)	(1,963.22)	-	-	-
(10,965.14)	(10,965.14)	-	-	-
(6,848.24)	(6,848.24)	-	-	-
(8,698.56)	(8,698.56)	-	-	-
(13,373.77)	(13,373.77)	-	-	-
(39,885.71)	(39,885.71)	-	-	-
(44,423.85)	(61,563.03)	38,697.46	(29,614.36)	8,056.08

Report on Special Investigation of
Area XV Regional Planning Commission

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
James S. Cunningham, CPA, Senior Auditor II
Carey L. Fraise, Staff Auditor
Heather L. Templeton, Senior Auditor
Paula J. Smothers, Assistant Auditor



Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices

**Report on Special Investigation of
Area XV Regional Planning Commission**

Report on Special Investigation of
Area XV Regional Planning Commission

Copies of Memos from Executive Director

Area 15 REGIONAL
PLANNING
COMMISSION
An Iowa Council of Governments

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Appanoose · Davis · Jefferson · Keokuk · Lucas · Mahaska · Monroe · Van Buren · Wapello ·
Wayne

July 2, 2003

MEMO

TO: [REDACTED]
FROM: Ellen Foudree
RE: Birmingham CDBG project - all Admin. funds expended

As of June 30, 2003 all administrative funding as allowed under the City of Birmingham CDBG Housing Rehab. program has been expended.

Therefore, beginning July 1, 2003 your timesheet will require allocation of time to other funding sources.

Please discuss this with Anton Till and Chris Bowers in determining what projects you will be working on and allocating your time to during the upcoming months.

Cc: [REDACTED]

Established 1974

Report on Special Investigation of
Area XV Regional Planning Commission

Copies of Memos from Executive Director

Area 15 REGIONAL
PLANNING
COMMISSION

"An Iowa Council of Governments"

PO Box 1110
Ottumwa, Iowa 52501
Phone: 641.684.6551
Fax: 641.684.6551

e-mail: Area15RPC@ihcc.cc.ia.us

Appanoose · Davis · Jefferson · Keokuk · Lucas · Mahaska · Monroe · Van Buren · Wapello · Wayne

August 8, 2000

MEMO

TO: [REDACTED]
FROM: Ellen Foudree, Executive Director
RE: Time Allocation

Effective for the pay period beginning 8/7/00 and running through October 31, 2000 (10/31/00), the following time allocations will be in place:

[REDACTED]	24 hours per pay period	Birmingham Day Care CDBG
	24 hours per pay period	Eddyville Day Care CDBG
	32 hours per pay period	IDOT
[REDACTED]	5 hours per pay period	Birmingham Day Care CDBG
	5 hours per pay period	Eddyville Day Care CDBG
	70 hours	Eldon, Hedrick & Bloomfield
[REDACTED]	48 hours per pay period	EDA
	32 hours	Chariton & Corydon CDBG projects

I will be monitoring your timesheets closely for compliance with this time allocation schedule. Please report as indicated.

Report on Special Investigation of
Area XV Regional Planning Commission

Copies of Memos from Executive Director

5/12/99

MEMO

TO: Area 15 RPC staff
FROM: Ellen
RE: Salary allocation thru 6/30/99

In order to stay within budget, please allocate all time from May 1 - June 30, 1999 to the following programs:

	EDA	DOT	RLF	CDBG
	-0-	33%	-0-	66% (what cheer)
	-0-	100%	-0-	-0- except when attending What Cheer H.Z. meetings
	33%	-0-	66%	-0-
	100%	-0-	-0-	-0-
	60% <i>48</i>	-0-	-0-	40% (Chariton) <i>32</i>
	-0-	-0-	-0-	100%

Appendix 2

Report on Special Investigation of
Area XV Regional Planning Commission

Summary of Inconsistencies Identified on Timesheets

Pay Period Ended	Number of Instances Identified				Description on timesheet not allowable for CDBG
	Travel for project not included on timesheet	Timesheet altered by Executive Director	Hours charged on timesheet do not agree with distribution	Timesheet altered using white-out	
07/07/00	1	-	1	-	-
07/21/00	2	-	-	-	-
08/04/00	1	-	-	-	-
08/18/00	2	-	-	-	-
09/01/00	1	1	-	-	-
09/15/00	-	-	-	-	-
09/29/00	3	-	-	-	-
10/13/00	1	-	1	-	-
10/27/00	-	-	1	-	-
11/10/00	3	-	-	-	-
11/24/00	2	-	-	-	-
12/08/00	-	-	1	-	-
12/22/00	-	-	-	-	-
01/05/01	-	-	-	-	-
01/19/01	-	1	-	-	-
02/02/01	-	-	-	-	-
02/16/01	-	-	-	-	-
03/02/01	-	-	-	-	-
03/16/01	-	-	-	-	-
03/30/01	1	-	-	-	-
04/13/01	1	-	-	-	-
04/27/01	-	-	-	-	-
05/11/01	-	-	-	-	-
05/25/01	1	-	-	-	-
06/08/01	2	-	-	-	-
06/22/01	-	-	-	-	-
Total for FY01	21	2	4	-	-

Report on Special Investigation of
Area XV Regional Planning Commission

Summary of Inconsistencies Identified on Timesheets

Pay Period Ended	Number of Instances Identified				Description on timesheet not allowable for CDBG
	Travel for project not included on timesheet	Timesheet altered by Executive Director	Hours charged on timesheet do not agree with distribution	Timesheet altered using white-out	
07/06/01	2	-	-	-	-
07/20/01	-	-	-	-	-
08/03/01	-	-	-	-	-
08/17/01	1	1	-	-	-
08/31/01	-	-	-	-	-
09/14/01	-	-	-	-	1
09/28/01	-	-	-	-	-
10/12/01	-	-	-	-	-
10/26/01	-	-	-	1	-
11/09/01	-	1	-	2	1
11/23/01	-	-	-	-	-
12/07/01	-	-	-	-	-
12/21/01	-	-	-	-	-
01/04/02	-	-	-	-	-
01/18/02	2	-	-	-	-
02/01/02	-	-	-	-	-
02/15/01	1	-	-	-	-
03/01/02	1	1	-	-	-
03/15/02	-	-	1	-	-
03/29/02	-	-	1	-	-
04/12/02	2	-	-	-	-
04/26/02	1	-	-	-	-
05/10/02	-	2	-	-	-
05/24/02	-	-	-	-	-
06/07/02	-	-	-	-	-
06/21/02	1	-	-	-	-
Total for FY02	11	5	2	3	2

Appendix 2Report on Special Investigation of
Area XV Regional Planning Commission

Summary of Inconsistencies Identified on Timesheets

Pay Period Ended	Number of Instances Identified				
	Travel for project not included on timesheet	Timesheet altered by Executive Director	Hours charged on timesheet do not agree with distribution	Timesheet altered using white-out	Description on timesheet not allowable for CDBG
07/05/02	-	-	1	2	-
07/19/02	-	-	-	2	-
08/02/02	1	-	-	-	-
08/16/02	-	-	-	-	-
08/30/02	-	-	-	-	-
09/13/02	-	-	-	-	-
09/27/02	-	-	1	-	-
10/11/02	-	1	-	-	2
10/25/02	-	1	-	-	1
11/08/02	-	-	-	-	2
11/22/02	-	-	-	-	-
12/06/02	-	-	2	-	-
12/20/02	-	1	-	-	-
01/03/03	1	-	-	-	-
01/17/03	-	-	-	-	-
01/31/03	-	-	-	-	-
02/14/03	1	-	-	-	-
02/28/03	-	-	-	-	-
03/14/03	-	-	-	-	-
03/28/03	-	-	-	-	-
04/11/03	2	1	-	-	-
04/25/03	-	-	-	-	-
05/09/03	-	-	-	-	-
05/23/03	-	-	-	-	-
06/06/03	-	-	-	-	-
06/20/03	-	-	-	-	-
Total for FY03	5	4	4	4	5

Report on Special Investigation of
Area XV Regional Planning Commission

Summary of Inconsistencies Identified on Timesheets

Pay Period Ended	Number of Instances Identified				
	Travel for project not included on timesheet	Timesheet altered by Executive Director	Hours charged on timesheet do not agree with distribution	Timesheet altered using white-out	Description on timesheet not allowable for CDBG
07/04/03	5	-	2	-	-
07/18/03	4	1	1	-	-
08/01/03	1	1	1	-	-
08/15/03	2	1	1	-	-
08/29/03	1	-	-	-	-
09/12/03	2	-	1	-	-
09/26/03	-	-	-	-	1
10/10/03	-	-	2	-	1
10/24/03	2	1	3	-	-
11/07/03	1	-	-	-	-
11/21/03	1	-	1	-	-
12/05/03	-	-	-	-	-
12/19/03	1	1	-	-	-
01/02/04	-	3	-	-	-
01/16/04	1	-	-	-	-
01/30/04	1	1	-	-	-
02/13/04	-	-	-	-	-
02/27/04	-	-	-	-	-
03/12/04	-	-	1	-	-
03/26/04	-	1	1	-	-
04/09/04	2	-	1	-	-
04/23/04	1	1	-	-	-
05/07/04	-	1	-	-	-
05/21/04	1	-	-	-	-
06/04/04	8	-	1	-	-
06/18/04	2	-	-	-	-
Total for FY04	36	12	16	-	2

Appendix 2

Report on Special Investigation of
Area XV Regional Planning Commission

Summary of Inconsistencies Identified on Timesheets

Pay Period Ended	Number of Instances Identified				
	Travel for project not included on timesheet	Timesheet altered by Executive Director	Hours charged on timesheet do not agree with distribution	Timesheet altered using white-out	Description on timesheet not allowable for CDBG
07/02/04	2	1	-	-	-
07/16/04	1	-	-	1	-
07/30/04	2	2	-	-	-
08/13/04	-	-	1	-	-
08/27/04	4	-	1	-	-
09/10/04	-	-	-	-	1
09/24/04	3	1	-	-	-
10/08/04	4	1	-	1	-
10/22/04	4	-	1	-	-
11/05/04	1	-	-	2	-
11/19/04	-	1	-	-	-
12/03/04	4	-	-	-	-
12/17/04	-	-	-	-	-
12/31/04	-	2	-	-	-
01/14/05	-	3	-	-	-
01/28/05	1	-	-	-	-
02/11/05	-	-	-	-	-
02/25/05	-	1	-	-	-
03/11/05	-	-	-	-	-
03/25/05	-	1	-	-	-
04/08/05	-	-	-	-	2
04/22/05	1	-	-	-	-
05/06/05	-	1	-	-	-
05/20/05	-	-	-	-	-
06/03/05	2	-	-	-	-
06/17/05	1	1	-	-	-
Total for FY05	30	15	3	4	3

Report on Special Investigation of
Area XV Regional Planning Commission

Summary of Inconsistencies Identified on Timesheets

Pay Period Ended	Number of Instances Identified				
	Travel for project not included on timesheet	Timesheet altered by Executive Director	Hours charged on timesheet do not agree with distribution	Timesheet altered using white-out	Description on timesheet not allowable for CDEG
07/01/05	-	-	1	-	-
07/15/05	-	-	-	-	-
07/29/05	1	-	1	-	1
08/12/05	4	-	1	-	-
08/26/05	3	-	-	-	-
09/09/05	2	-	1	-	-
09/23/05	1	-	-	-	-
10/07/05	2	-	-	-	-
10/21/05	1	-	-	-	1
11/04/05	1	-	1	-	-
11/18/05	-	-	-	-	-
12/02/05	2	-	-	-	-
12/16/05	2	-	-	-	-
12/30/05	1	-	-	-	1
01/13/06	1	-	-	-	-
01/27/06	-	-	-	-	-
02/10/06	2	-	-	-	-
02/24/06	2	-	-	-	-
03/10/06	1	-	-	-	-
03/24/06	5	-	1	-	-
04/07/06	2	-	1	-	-
04/21/06	1	-	-	-	-
05/05/06	1	-	-	-	-
05/19/06	2	-	-	-	1
06/02/06	1	-	-	-	-
06/16/06	-	-	1	-	1
Total for FY06	38	-	8	-	5
Total	141	38	37	11	17

Report on Special Investigation of
Area XV Regional Planning Commission

Copies of Selected Timesheets

AREA 15 REGIONAL PLANNING COMMISSION
Time and Attendance Report

PAY PERIOD: 9/27 - 10/08/04 ACCRUED VACATION: 30
NAME: [REDACTED] ACCRUED COMP. TIME: 1 1/2

PROGRAM ACCOUNTS	WEEK TOTAL							HOURS WORKED							TOTAL EARNINGS					
	M	T	W	T	F	FR	RI	MON	TUE	WED	THU	FRI	SAT	SUN		HRS	HOL	VAC	SICK	COMP
Bloomfield CPBG	6	7	4	3.5	6	6	2	6	8	2					58.5					773.80
Birmingham Rental	2																			293.51
Birmingham Pres at Photos				4.5																
Birmingham Public Hearing								2.5												
Bloomfield LEAD			4																	
Donor Care							10	8	18											
Staff Meeting		1																		
PIRERS Meeting		1																		
Signatory Grant									2											
Monitor Grant									2											
Birmingham Grant								2												1067.31
HOLIDAY																				
VACATION																				
SICK																				
COMP.																				
TOTAL TIME	8	9	8	8	6	10	8	42.5	81.5						80					

NOTATIONS: 10-01-04 - 1/2 hour comp in morning
10-04-04 - 2 hours training time from machine room to CLIVE
PAID
12.513
DATE: 10-11-04

I Certify that [REDACTED] Approval Signature/Date: [Signature] 10/11/04 (Rev. 1/2000)
Name/Date: [REDACTED] 10-11-04

Report on Special Investigation of
Area XV Regional Planning Commission

Copies of Selected Timesheets

AREA 15 REGIONAL PLANNING COMMISSION
Time and Attendance Report

PAY PERIOD: 7/19 - 7/30/04 ACCRUED VACATION: 42
 NAME: [REDACTED] ACCRUED COMP. TIME: 0

PROGRAM ACCOUNTS	WEEK TOTAL							HOURS WORKED							TOTAL EARNINGS	
	M	T	W	THU	FRI	WEEK TOTAL	DISTRIBUTION ACCOUNT	HRS	HOL	VAC	SICK	COMP				
Bloomfield CPBG	8	8	8	8	8	40										
ELDON Rental					4	4										675
ROSE HILL Rental					4	4	CPBG	60								155.77
DIRECTORS MEETING					0	0	Rest. wkd.	12								
Bloomfield LEAD					4	4	sick ltr				16					207.69
TOTAL TIME	8	8	8	8	8	40	TOTAL	60			16					1038.46

NOTATIONS:

Note: [REDACTED] did not attend RPC Bd of Directors meeting on 7/27/04

(Rev. 1/2000)

I Certify that the reported time is correct.
 Name/Date: [REDACTED] Approval Signature/Date: [Signature] 8/12/04

Report on Special Investigation of
Area XV Regional Planning Commission

Copies of Selected Timesheets

AREA 15 REGIONAL PLANNING COMMISSION
Time and Attendance Report

PAY PERIOD: 8/15 - 8/26/05 ACCRUED VACATION: 154
 NAME: [REDACTED] ACCRUED COMP. TIME: 0

PROGRAM ACCOUNTS	WEEK TOTAL							HOURS WORKED							TOTAL EARNINGS
	M	T	W	T	F	R	I	DISTRIBUTION ACCOUNT	HRS	HOL	VAC	SICK	COMP		
06 STEADNEY GRANT															
Stevanney LMAP															
MORAVIA 075-1 LEAD								CDDBg	71x						133.25
MORAVIA 075-6 LEAD															
MORAVIA 074-03 FIA															
HEDRICK 074-06 GVI.								shoul	1x						18.75
HEDRICK 074-04 LEAD															
HEDRICK 074-04 Rch.								IDED	8x				2x		150-
HEDRICK Files Organ.															
HEDRICK 074-06 Spres															
POWERTON SUMMIT															
Stevanney 06 Grant															
M75 DELTA ENVIRON.															
								TOTAL	80						1500-
NOTATIONS:															
HOLIDAY															
VACATION															
SICK															
COMP.															
TOTAL TIME	8	8	8	8	8	8	8	8	10	8	8	8	8	8	8
I Certify that the reported time is correct:															

PAID

CK. NO. 12963
DATE 09.01.05

Name/Date: [REDACTED] Approval Signature/Date: [Signature] 08.27.05 (Rev. 1/2000)

Report on Special Investigation of
Area XV Regional Planning Commission

Copies of Selected Timesheets

AREA 15 REGIONAL PLANNING COMMISSION
TRAVEL STATEMENT

PAY PERIOD: 8/15 - 8/26/05

NAME: [REDACTED]

DATE	PURPOSE OF TRAVEL	AREA OF TRAVEL	PER DIEM (attach receipts)	ACCT. CHARGED	TOTAL MILES	ODOMETER READING	MILEAGE (MILES X .30)	TOTAL CHARGE
8/17/05	Sigourney LRP mtg Council Mtg.	Sigourney Keokuk Co. FROM EARSON		WEL	39	177860	39 x .34	13.26
8/18/05	Heardick-Steinbocker Specs	HEARDICK Keokuk Co.		WEL	15	177899	15 x .34	5.10
8/19/05	Maravia Lead Inspector, Fowler	Appanoose Co Keokuk Co.		↓	60	177972	60 x .34	20.40
8/19/05	APRICK Final	Keokuk Count		↓	21	178032	21 x .34	7.14
8/22/05	LEAD TEST	Keokuk Count		↓	308	178080	308 x .34	104.72
8/23/05	Travel to Mansfield Conference	Clinton		WEL	61	26326	61 x .34	20.74
8/25/05	Sigourney + Heardick	Keokuk Count		WEL	71	26638	71 x .34	24.14
8/25/05	Maravia Inspection	Appanoose County		↓	575 x .34	178155		
						178216		
						178287		

PAID

TOTAL EXPENSES: 195.50
LESS ADVANCE:
NET PAYMENT DUE: 195.50

CK. NO. 12958
DATE 09.01.05

DATE 08.29.05

DATE 8/29/05

I certify that this Statement is correct and complete to the best of my knowledge and belief, and that payment for the amount claimed has not been received.

SIGNATURE OF TRAVELER [REDACTED]

SIGNATURE OF SUPERVISOR [Signature]