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**NEWS RELEASE**

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FOR RELEASE \_\_\_\_\_ October 10, 2002 \_\_\_\_\_

Auditor of State Richard Johnson today released a report on a special investigation of the Fourth Judicial District Department of Correctional Services (District) headquartered in Council Bluffs. The report covers the period September 1, 2000 through March 7, 2002. The special investigation was requested by the Attorney General's Office as a result of alleged misappropriations of District funds.

Johnson reported that the special investigation identified \$1,815.00 of undeposited receipts collected by Allison Libal-Lightfoot, a probation officer formerly employed by the District. The collections were composed of supervision fees and restitution payments made by individuals on probation. Johnson also reported that because approved receipt documents were not issued for all collections, additional amounts may have been collected but not recorded or deposited. The report also includes recommendations to strengthen the District's internal control.

Copies of the report have been filed with the Division of Criminal Investigation and the Attorney General's Office.

A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at [www.state.ia.us/government/auditor/reports](http://www.state.ia.us/government/auditor/reports).

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**REPORT ON SPECIAL INVESTIGATION  
OF THE  
FOURTH JUDICIAL DISTRICT  
DEPARTMENT OF CORRECTIONAL SERVICES**

**FOR THE PERIOD  
SEPTEMBER 1, 2000 THROUGH MARCH 7, 2002**

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**Auditor of State's Report**

To Matthew Gelvin, Director of the Fourth Judicial District  
Department of Correctional Services:

As a result of alleged improprieties regarding certain client receipts, we conducted a special investigation of the Fourth Judicial District Department of Correctional Services (District). We have applied certain tests and procedures to selected financial transactions of the District for the period September 1, 2000 through March 7, 2002. Based on discussions with District officials, representatives of the Division of Criminal Investigation and a review of relevant information, we performed the following procedures:

- (1) We evaluated the District's internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) We reviewed the summary of undeposited receipts prepared by District officials.
- (3) We reviewed selected receipt documents prepared and submitted by a former probation officer, Allison Libal-Lightfoot, and other probation officers to determine if the receipt documents agreed with records of cash deposited to the District Office.
- (4) We reviewed the sequence of the receipt documents issued by Ms. Libal-Lightfoot to ensure all receipt documents were accounted for.
- (5) We reviewed the dates of the receipt documents issued by Ms. Libal-Lightfoot to ensure that the receipt documents were issued sequentially.
- (6) We reviewed the receivable balance due from certain clients as recorded by Ms. Libal-Lightfoot on receipt documents she prepared. We then compared this information to collections recorded for those clients at the District Office.

These procedures identified \$1,815.00 of supervision fees and restitution collections that were not deposited to the District Office. We were unable to determine whether additional collections may have been undeposited during this time period because receipt documents were not always issued from the District's receipt book by Ms. Libal-Lightfoot for collections received. Our detailed findings and recommendations are presented in the Investigative Summary and Exhibits A and B of this report.

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

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

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the Fourth Judicial District Department of Correctional Services and the Division of Criminal Investigation during the course of our investigation.

RICHARD D. JOHNSON, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 1, 2002

## Fourth Judicial District Department of Correctional Services

### Investigative Summary

#### **Background Information**

Each of the State's eight Judicial District Department of Correctional Services is responsible for furnishing or contracting for services necessary to provide a community-based correctional program that meets the needs of that judicial district. As part of this responsibility, each District Department employs probation officers. Probation officers meet periodically with individuals on probation or parole to ensure their conduct is consistent with the terms and conditions of their release. Probation officers are also responsible for obtaining statements of loss for each crime victim from the Court Attorney and drawing up a restitution plan to be followed by the individuals on probation or parole. The restitution plan is filed with the Clerk of Court and the probation officer is to monitor the client's compliance with the plan.

Prior to June 30, 2001, probation officers in the Fourth Judicial District Department of Correctional Services (District) collected restitution payments from clients. The payments were to be submitted to the District's Restitution Clerk for processing and forwarding to the victims. The restitution payments are now collected by the Clerk of Court.

In accordance with Section 905.14 of the *Code of Iowa*, probation officers also are to collect a \$250.00 supervision fee from each client. The fee is generally collected in a number of small payments made by the client during meetings with their probation officer. Collections of the fee are retained by the District for administrative and program services.

Probation officers also periodically collect a \$40.00 fee from clients for urine analysis tests. The fee is only applicable when a client disagrees with the results of a positive drug test and requests a re-test. Once the \$40.00 fee is collected from the client, an additional analysis of the client's urine is performed. If the subsequent test is negative for drug use, the fee is returned to the client; if the results are positive, the client bears the cost of the analysis.

The Fourth Judicial District Department of Correctional Services issues receipt books to each of the probation officers employed by the District. Receipt documents are to be issued from the book each time probation officers collect funds from clients. The receipt documents are prenumbered and bound in a three part format. These receipt documents are referred to as "temporary receipts" by the District Office. The top copy (white) is the original receipt. It is to be completed by the probation officer and given to the client. The second copy (yellow) is a carbon and is to accompany the collections to the District Office. The first two copies of the receipt documents are perforated. The third copy (pink) of the receipt is not perforated and is to remain in the book. The receipt documents contain the following notations:

- "Amount of Account" - the amount due from the client prior to the current payment.
- "Amount Paid" - the collection amount for which the probation officer is preparing the receipt.
- "Balance Due" - the amount due from the client after the current payment.

Each probation officer is to deposit all cash collections, accompanied by the yellow copy of the corresponding receipt documents, to the District Office on a weekly basis. The receipt documents and collections are reconciled by a District administrative staff member and a permanent receipt number is created. The amount of supervision fees collected and the permanent receipt number are then recorded to each client's supervision fee record maintained by the District Office. The collection of any fees for urine analysis should be documented in the "Offender Event Log Report." Because restitution is not to be collected by probation officers, there are no procedures for recording these collections by the District.

## Fourth Judicial District Department of Correctional Services

### Investigative Summary

Allison Libal-Lightfoot began employment as a probation officer for the Fourth Judicial District Department of Correctional Services in August, 2000. She was assigned to the Atlantic area. Ms. Libal-Lightfoot was suspended with pay on March 7, 2002 amid allegations she did not deposit all the payments she collected from the clients she supervised. She was subsequently terminated from employment on March 15, 2002.

The Attorney General's Office subsequently contacted the Office of Auditor of State to perform an investigation of the alleged misappropriation. As a result of that request, we performed the procedures detailed in the Auditor of State's Report.

### Detailed Findings

According to District officials, a client of Ms. Libal-Lightfoot's came to the District Office in Council Bluffs on February 22, 2002 to remit the balance of his supervision fee. The client indicated that the balance due on his account was \$45.00. However, after reviewing the client's file, it was found that the amount recorded as due from the client was \$95.00. The client stated that he had paid \$50.00 to Ms. Libal-Lightfoot the previous month. Following several discussions with Ms. Libal-Lightfoot and a comparison of the receipt documents she issued with the cash amounts she remitted to the District Office, District officials placed Ms. Libal-Lightfoot on paid administrative leave.

**Undeposited Collections - Approved Receipt Documents** - As part of their investigation, District officials attempted to compare the pink copy of the temporary receipt documents issued by Ms. Libal-Lightfoot to the collections recorded by the District Office and the entry in the client's file. Matching the pink copy to either item would have indicated the money had been deposited to the District Office. The procedures performed by District officials identified twenty-six receipt documents issued by Ms. Libal-Lightfoot that did not correspond to a subsequent deposit at the District Office. The twenty-six receipts documented that \$1,240.00 of cash had been collected by Ms. Libal-Lightfoot and not deposited. We reviewed all, and re-performed some, of the procedures performed by District officials and concur with this finding. Information obtained from the receipt documents for the undeposited collections is summarized in **Exhibit A**. Copies of selected receipt documents are included in **Appendix 1**.

The following table summarizes the number of receipt documents issued by Ms. Libal-Lightfoot from her receipt book from September, 2000 through March, 2002. According to District officials, approximately 90 to 110 clients were assigned to Ms. Libal-Lightfoot during her employment with the District. We are unable to determine how many of the clients owed a supervision fee.

<b>Month</b>	<b>Number of Receipt Documents Issued</b>	<b>Month</b>	<b>Number of Receipt Documents Issued</b>
September, 2000	4	July, 2001	2
October, 2000	11	August, 2001	12
November, 2000	8	September, 2001	0
December, 2000	6	October, 2001	0
January, 2001	7	November, 2001	7
February, 2001	7	December, 2001	6
March, 2001	12	January, 2002	4
April, 2001	16	February, 2002	2
May, 2001	4	March, 2002	8
June, 2001	3		

Fourth Judicial District Department of Correctional Services

Investigative Summary

During our review of the receipt books used by Ms. Libal-Lightfoot, we identified the following additional items:

- Eight receipt documents prepared by Ms. Libal-Lightfoot were not issued in the proper sequence. The dates of the receipt documents ranged from September 7, 2000 to February 2, 2002. Three of the receipt documents contained dates subsequent to the dates of the succeeding receipt documents. The remaining five receipt documents contained dates prior to the dates of the preceding receipt documents.
- A majority of the receipt documents prepared for the months of January through April, 2001 were recorded on one or two days within the month. It would be unusual for all collections within a month to be received on the same day.
- Only three receipt documents were prepared by Ms. Libal-Lightfoot in June, 2001; however, they were not recorded until August.
- Only two receipt documents were issued in July, 2001 and February, 2002.
- No receipt documents were issued from Ms. Libal-Lightfoot's receipt book during September and October, 2001.
- All of the receipt documents dated March, 2002 contain the date of March 6, 2002. Ms. Libal-Lightfoot was contacted by her supervisor early during the week of March 4. He requested that she bring her receipt book and all moneys collected to the District Office on Thursday, March 7. Again, it would be unusual for all of the fees received to be collected on one day.

Based on the lack of or minimal activity recorded in Ms. Libal-Lightfoot's receipt book, we believe it is likely additional funds were collected by Ms. Libal-Lightfoot that were not recorded or subsequently deposited. However, we are not able to determine the amount of any additional undeposited collections.

**Undeposited Collections - Unapproved Receipt Documents** - During their investigation, District officials received from clients a number of receipt documents that were issued by Ms. Libal-Lightfoot on slips of paper rather than from the receipt book. Copies of these unapproved receipt documents are included in **Appendix 2**.

The unapproved receipt documents are handwritten on various types and sizes of paper. They each bear a signature of Ms. Libal-Lightfoot's name. None of the receipt documents correspond to any permanent receipt documents prepared by the District Office because the cash collected was not deposited with the District Office. The ten unapproved receipt documents received by the District by our fieldwork date total \$575.00. They are listed in **Exhibit B**. Because the clients have a receipt document, they will not be required to pay the undeposited portion of the supervision fee again.

Because the unapproved receipt documents are not prenumbered or controlled in any way by the District, we are unable to determine how many additional unapproved receipt documents, if any, have not been submitted to the District Office. As a result, we are unable to determine whether additional collections may have been undeposited.

In addition to the unapproved receipt documents included in **Exhibit B**, several clients told District officials they had also made payments to Ms. Libal-Lightfoot for which they received a handwritten receipt document. However, they did not retain the receipt document. Because District officials do

Fourth Judicial District Department of Correctional Services

Investigative Summary

not have documentation of the amounts paid, the clients will be required to pay any undeposited amounts.

Based on our review of the approved and unapproved receipt documents issued by Ms. Libal-Lightfoot, it appears that there may have been additional collections received by Ms. Libal-Lightfoot that weren't recorded in her receipt book. We identified receipts that document a "balance due" amount that does not correspond to the client's official supervision fees record maintained by the District. Because of the incomplete nature of the receipt book maintained by Ms. Libal-Lightfoot, we are unable to determine the amount of any additional undeposited collections.

**Summary of Findings**

The following table summarizes the undeposited funds collected by Ms. Libal-Lightfoot that have been identified. Additional collections that cannot be identified may have also been undeposited.

<b>Description</b>	<b>Exhibit</b>	<b>Amount</b>
Collections recorded on approved receipt documents	A	\$ 1,240.00
Collections recorded on unapproved receipt documents	B	575.00
Total		<u>\$ 1,815.00</u>

**Recommended Control Procedures**

As part of our investigation, we reviewed the procedures used by the Fourth Judicial District Department of Correctional Services to process receipts and deposits. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide that the actions of one individual will act as a check on those of another and provide a level of assurance that errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the District's internal controls.

- A. Numerical Sequence of Receipt Documents - The numerical sequence of the receipt documents submitted was not accounted for by an independent party each time collections were submitted by a probation officer for deposit at the District Office.

Recommendation - District Office staff have begun accounting for the numerical sequence of receipt documents when they are submitted by the probation officers. The staff should continue to account for the numerical sequence of the receipt documents to ensure all receipt documents have been submitted.

- B. Completeness of Receipt documents - The District does not have any policies or procedures in place to ensure that all cash collected is properly recorded in each probation officer's receipt book.

Recommendation - The District should periodically review the "supervision fee record" maintained in client files to ensure that payments are being collected on a regular basis. When circumstances warrant, the District should also send a statement to clients notifying them of non-payment and the balance due.

Fourth Judicial District Department of Correctional Services

Investigative Summary

- C. Restitution Collections - Ms. Libal-Lightfoot collected two restitution payments from clients but did not remit the collections for deposit.

Recommendation - The District should emphasize to probation officers that restitution payments are not to be collected. The District should also remind clients periodically that restitution payments are to be made to the Clerk of Court.

**Fourth Judicial District Department of Correctional Services  
Undeposited Collection – Approved Receipt Documents**

For the period September 1, 2000 through March 7, 2002

<b>Receipt Number</b>	<b>Date</b>	<b>Client Number</b>	<b>Amount</b>	<b>Reason for Payment</b>
2801	04/10/01	1051110	\$ 125.00	Supervision Fee
2802	04/10/01	6341298	30.00	Supervision Fee
2803	04/21/01	1160974	25.00	Supervision Fee
^ 2804	04/21/01	6968013	25.00	Supervision Fee
2805	04/21/01	1162496	25.00	Supervision Fee
2806	04/21/01	0083308	25.00	Supervision Fee
2807	04/21/01	6035955	30.00	Supervision Fee
2808	04/21/01	6845771	20.00	Supervision Fee
2809	04/24/01	1142573	200.00	Restitution
2810	05/08/01	1034342	50.00	Supervision Fee
2811	05/08/01	0045908	165.00	Supervision Fee
^ 2812	05/08/01	0028826	20.00	Supervision Fee
2813	05/19/01	0083308	25.00	Supervision Fee
2838	11/06/01	1118158	25.00	Supervision Fee
2839	11/06/01	0028235	50.00	Supervision Fee
2840	11/13/01	1006981	75.00	Supervision Fee
^ 2841	11/14/01	0028826	25.00	Supervision Fee
2842	11/17/01	1162545	25.00	Supervision Fee
2843	11/17/01	6902652	25.00	Supervision Fee
2844	11/17/01	1040976	30.00	Supervision Fee
2845	12/03/01	6585507	40.00	Urine Analysis
2846	12/11/01	1118158	25.00	Supervision Fee
2847	12/11/01	0010047	30.00	Supervision Fee
2848	12/15/01	1116685	50.00	Supervision Fee
2849	12/15/01	6143908	50.00	Supervision Fee
2850	12/15/01	1138301	25.00	Supervision Fee
Total			<u>\$ 1,240.00</u>	

^ Copies of these receipt documents are included in **Appendix 1**.

**Exhibit B**

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Fourth Judicial District Department of Correctional Services  
Undeposited Collection – Unapproved Receipt Documents

For the period September 1, 2000 through March 7, 2002

<u>Date</u>	<u>Client Number</u>	<u>Amount</u>	<u>Reason for Payment</u>
09/11/01	0028826	\$ 25.00	Supervision Fee
10/09/01	6341298	25.00	Supervision Fee
10/15/01	0028826	25.00	Supervision Fee
10/20/01	1120277	250.00	Restitution
11/07/01	6791881	25.00	Supervision Fee
01/15/02	0028826	25.00	Supervision Fee
02/19/02	0028826	25.00	Supervision Fee
02/19/02	1006981	100.00	Supervision Fee
02/26/02	6674579	25.00	Supervision Fee
03/05/02	1040944	50.00	Supervision Fee
		<u>\$ 575.00</u>	

Copies of these receipt documents are included in **Appendix 2**.

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**Fourth Judicial District Department of Correctional Services**

**Staff**

**This special investigation was performed by:**

**Annette K. Campbell, CPA, Director  
Marc D. Johnson, Staff Auditor**

**Tamera S. Kusian, CPA  
Acting Deputy Auditor of State**

**Appendix 1**

**Fourth Judicial District Department of Correctional Services  
Copies of Undeposited Collections - Approved Receipt Documents**

For the period September 1, 2000 through March 7, 2002

6968013  
net

**RECEIPT** DATE 4-21 NO. 2804

RECEIVED FROM [REDACTED]

ADDRESS Humboldt

DOLLARS \$ 25<sup>00</sup>

FOR SP

ACCOUNT		HOW PAID	
AMT OF ACCOUNT	<u>250</u>	CASH	<u>25</u>
AMT PAID	<u>25</u>	CHECK	
BALANCE DUE	<u>225</u>	MONEY ORDER	

BY: [Signature]

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**RECEIPT** DATE 5-8-01 NO. 2812

RECEIVED FROM [REDACTED]

ADDRESS Atlantic City

DOLLARS \$ 20

FOR SP

ACCOUNT		HOW PAID	
AMT OF ACCOUNT	<u>200</u>	CASH	<u>20</u>
AMT PAID	<u>20</u>	CHECK	
BALANCE DUE	<u>180</u>	MONEY ORDER	

BY: [Signature]

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**RECEIPT** DATE 11-11-01 NO. 2841

RECEIVED FROM [REDACTED]

ADDRESS [REDACTED]

DOLLARS \$ 25

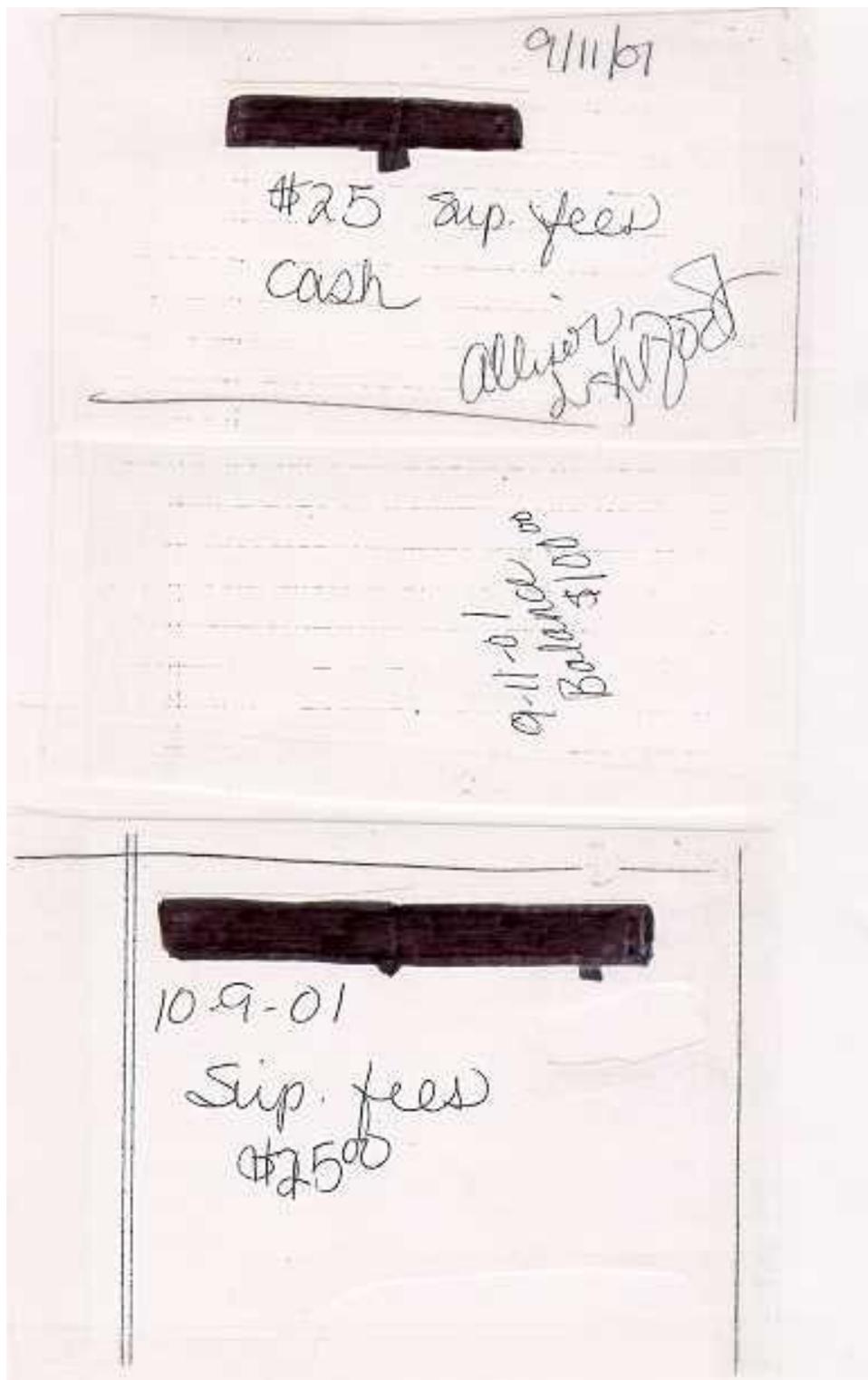
FOR \_\_\_\_\_

ACCOUNT		HOW PAID	
AMT OF ACCOUNT	<u>250</u>	CASH	<u>25</u>
AMT PAID	<u>25</u>	CHECK	
BALANCE DUE	<u>225</u>	MONEY ORDER	

BY: \_\_\_\_\_

Fourth Judicial District Department of Correctional Services  
Copies of Undeposited Collections - Unapproved Receipt Documents

For the period September 1, 2000 through March 7, 2002

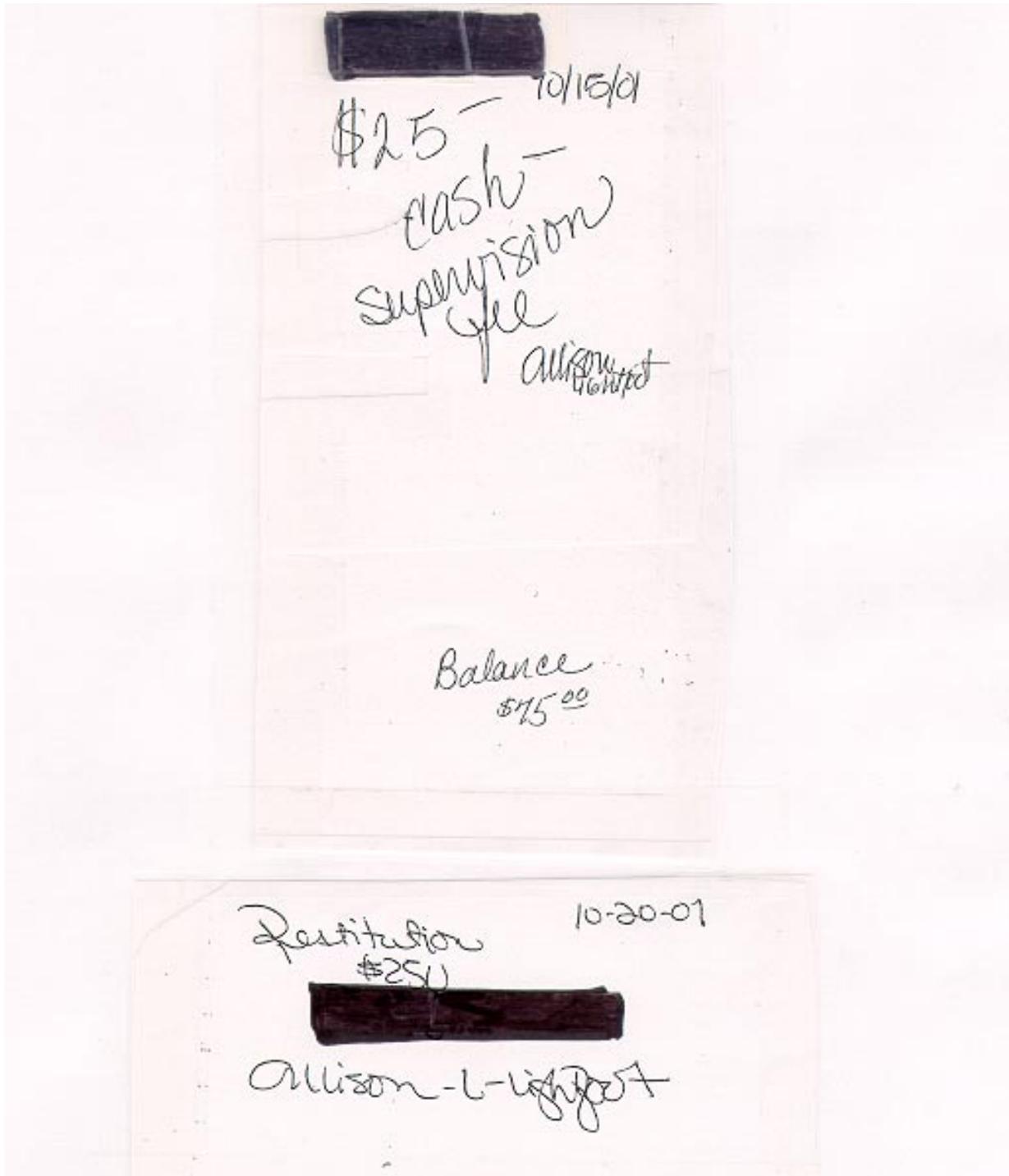


**Appendix 2**

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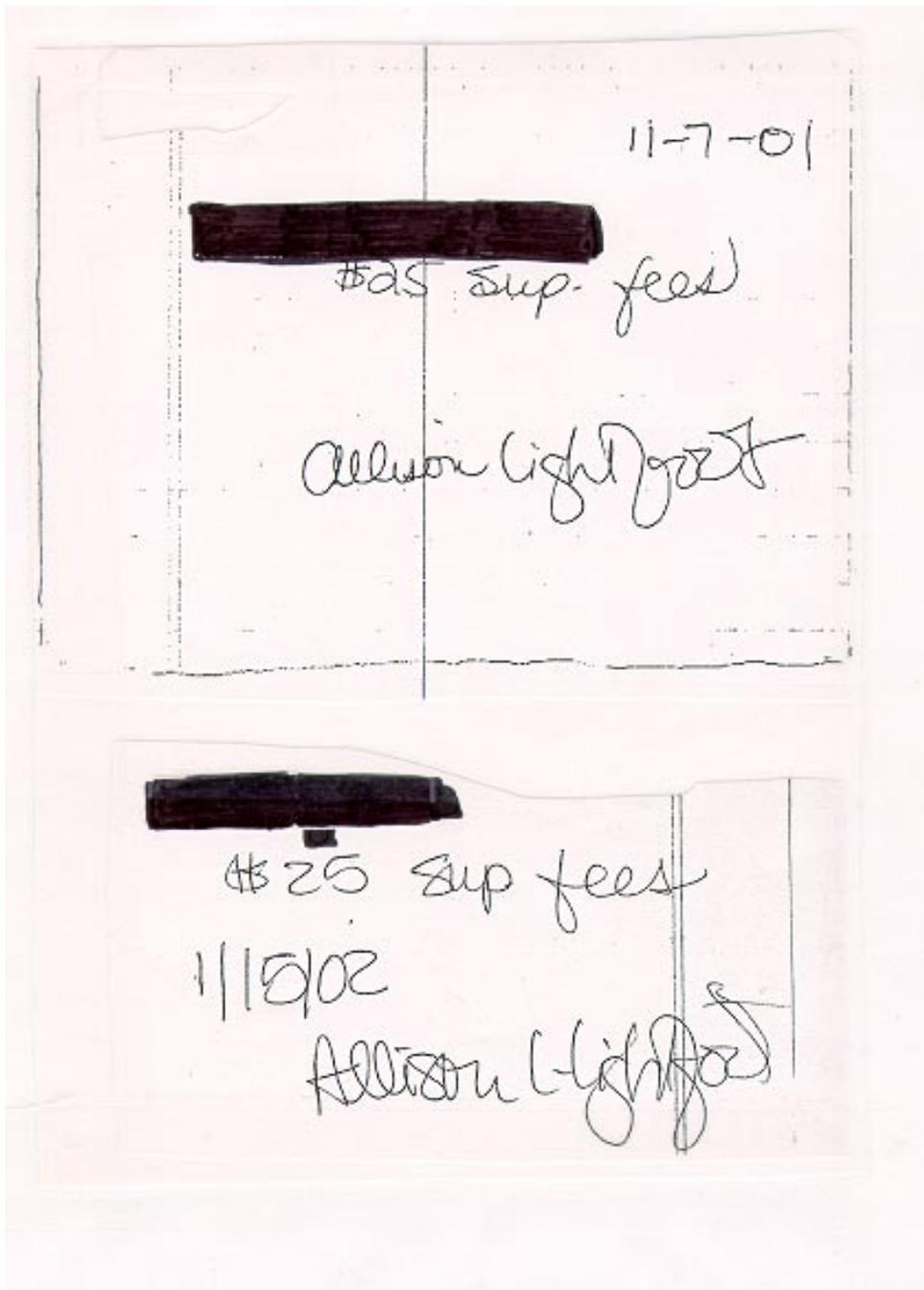
**Fourth Judicial District Department of Correctional Services  
Copies of Undeposited Collections - Unapproved Receipt Documents**

For the period September 1, 2000 through March 7, 2002



Fourth Judicial District Department of Correctional Services  
Copies of Undeposited Collections - Unapproved Receipt Documents

For the period September 1, 2000 through March 7, 2002

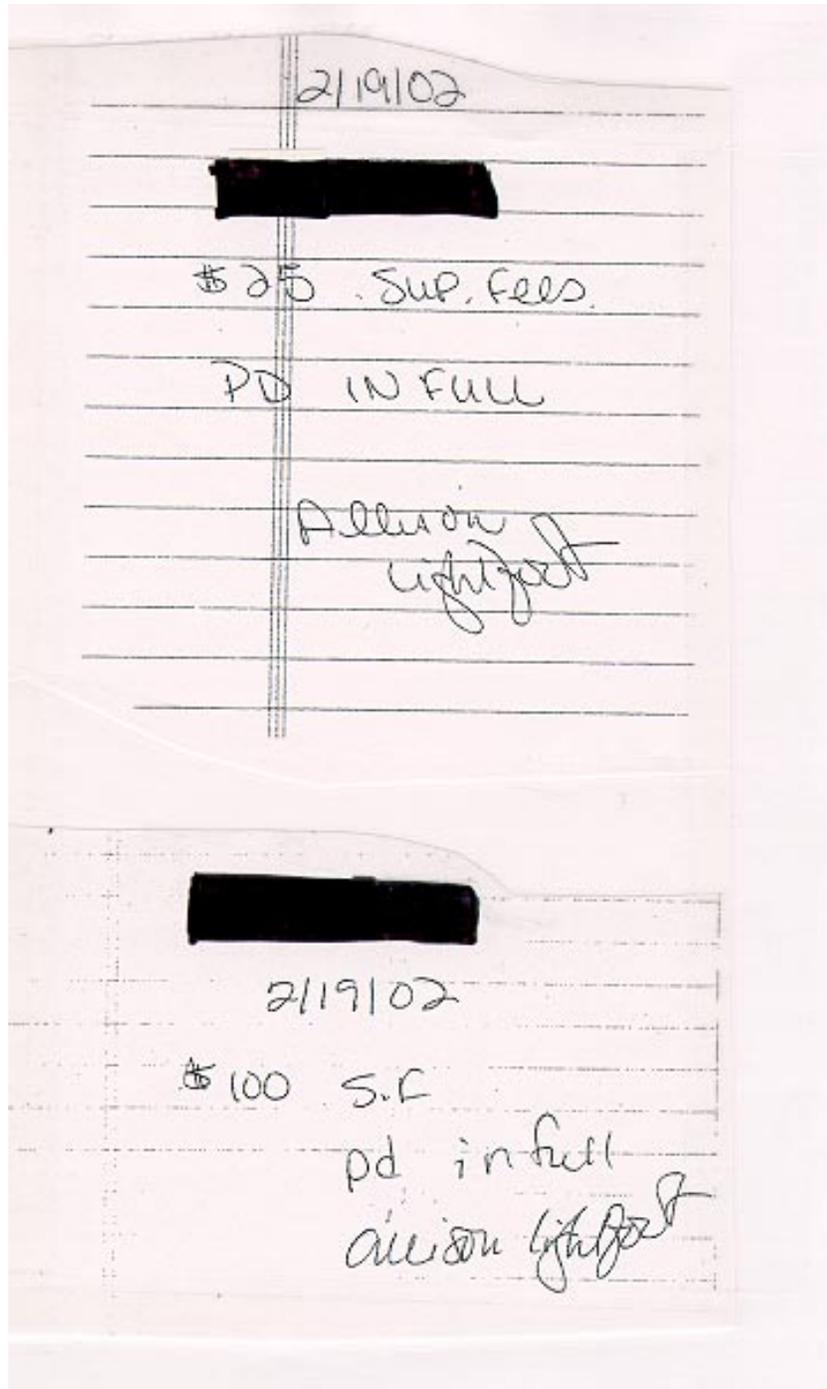


**Appendix 2**

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**Fourth Judicial District Department of Correctional Services  
Copies of Undeposited Collections - Unapproved Receipt Documents**

For the period September 1, 2000 through March 7, 2002



Fourth Judicial District Department of Correctional Services  
Copies of Undeposited Collections - Unapproved Receipt Documents

For the period September 1, 2000 through March 7, 2002

