



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

Contact: David A. Vaudt
515/281-5835
or Tami Kusian
515/281-5834

FOR RELEASE _____ December 8, 2010

Auditor of State David A. Vaudt today released a report on a special investigation of the Region 4 Fusion Office (Office) in Atlantic, Iowa for the period March 1, 2006 through August 31, 2009. Prior to August 31, 2009, the Office was staffed by employees of the Atlantic Police Department who were assigned to provide support to the framework established for the statewide collection and exchange of criminal intelligence information which is shared among participating agencies throughout the state to identify and evaluate criminal activity. The special investigation resulted from concerns regarding certain financial transactions identified by officials at the Iowa Department of Public Safety and the Iowa Homeland Security and Emergency Management Division (HSEMD).

Vaudt reported the special investigation identified \$66,839.61 of improper and unsupported disbursements and undeposited collections. Vaudt also reported it was not possible to determine if there were additional undeposited collections because limited records were available.

The improper and unsupported disbursements identified total \$66,739.61. The improper disbursements total \$55,949.92 and the unsupported disbursements total \$10,789.69. The improper and unsupported disbursements were made from various funding sources available to the Office, including grant funds, City funds, the Office's Forfeiture Account and petty cash. Of the improper and unsupported disbursements identified, \$51,767.26 were unallowable payments from grant funds awarded by HSEMD. The improper disbursements identified include \$41,000.00 of purchases which were made outside the period of grant availability, \$6,185.97 of purchases which were reimbursed by Pottawattamie County and \$2,531.48 of purchases which were reimbursed by Cass County.

Vaudt reported the \$100.00 of undeposited collections identified include 2 checks from the Taylor County Clerk of Court.

In addition, Vaudt reported several concerns with the records maintained the Office. The records were not kept in an orderly fashion and several records were missing, including invoices and credit card receipts.

The report also includes recommendations to strengthen the internal controls at all regional offices, such as improvements to segregation of duties, ensuring Board minutes are properly signed and ensuring all bills are approved by the Board prior to payment.

Copies of the report have been filed with the Cass County Attorney's Office, the Attorney General's Office and the Division of Criminal Investigation. 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/1060-5820-00P0.pdf>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
REGION 4 FUSION OFFICE
ATLANTIC, IOWA
FOR THE PERIOD
MARCH 1, 2006 THROUGH AUGUST 31, 2009**

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Telephone (515) 281-5834 Facsimile (515) 242-6134

Auditor of State's Report

To James Saunders, Director of the Division of Intelligence of the
Department of Public Safety, and David Miller, Administrator of
the Iowa Homeland Security and Emergency Management Division:

At your request, we conducted a special investigation of the Region 4 Fusion Office (Office) as a result of concerns regarding certain financial transactions. We have applied certain tests and procedures to selected financial transactions of the Office for the period March 1, 2006 through August 31, 2009. Prior to August 31, 2009, the Office was staffed by members of the Atlantic Police Department who were assigned to provide support to the framework established for the statewide collection and exchange of criminal intelligence information which is shared among participating agencies throughout the state to identify and evaluate criminal activity.

Based on our review of relevant information and discussions with officials and staff from the City of Atlantic, the Atlantic Police Department, the Iowa Department of Public Safety and the Iowa Homeland Security and Emergency Management Division, we performed the following procedures:

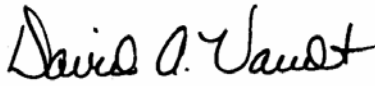
- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed activity in a checking account held by the Office to determine its propriety.
- (3) Examined grant agreements between Iowa Department of Homeland Security and Emergency Management Division (HSEMD) and the City of Atlantic. The City of Atlantic acted as the fiscal agent for the Office.
- (4) Examined certain disbursements to determine how grant proceeds were used by the Office. We also determined if the disbursements were properly supported and an appropriate use of grant funds.
- (5) Reviewed minutes of the Region 4 Board to identify any significant actions.
- (6) Confirmed payments to the Office by the State of Iowa, certain law enforcement entities in southwest Iowa and certain Clerks of Court to determine if they were properly deposited in the Office's checking account.

These procedures identified \$66,839.61 of improper and unsupported disbursements and undeposited collections. Of this amount, the improper and unsupported disbursements total \$66,739.61 and undeposited collections total \$100.00. The \$66,739.61 of improper and unsupported disbursements were made from various funding sources available to the Office, including grant funds, City funds, the Office's Forfeiture Account and petty cash. The improper disbursements total \$55,949.92 and the unsupported disbursements total \$10,789.69. Of the improper and unsupported disbursements identified, \$51,767.26 were unallowable payments from grant funds. We were unable to determine if additional collections were not properly deposited because adequate records for receipts were not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** and **B** of this report.

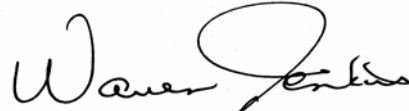
The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the Region 4 Fusion Office, other matters might have come to our attention that would have been reported to you.

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

We would like to acknowledge the assistance and many courtesies extended to us by officials and personnel of the Iowa Department of Public Safety, the Iowa Homeland Security and Emergency Management Division and the City of Atlantic during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 7, 2010

Region 4 Fusion Office
Investigative Summary

Background Information

The Region 4 Fusion Office (Office) is located in Atlantic, Iowa. Employees of the Atlantic Police Department (APD) assigned to the Office provide support to the framework established by the Iowa Department of Public Safety (DPS) which serves as a mechanism for the collection and exchange of criminal intelligence information which is shared among participating agencies throughout the State to identify and evaluate criminal activity.

The APD officers assigned to the Office were to also facilitate the intelligence fusion process. Using the framework established for the State of Iowa Intelligence Fusion Center (within the Intelligence Division of DPS) collects information from law enforcement, public safety, homeland security and private sector partners. This fusion process was established to improve law enforcement's ability to detect and prevent crime and terrorism and helps protect the critical infrastructure and key assets within the State.

The intelligence fusion process is coordinated within and between 6 regions established within the State. Offices have been established in Sioux City, Waterloo, Oelwein, Des Moines, Blue Grass and Atlantic. Region 4 includes 14 counties in southwest Iowa. The Region 4 office is not controlled or monitored by DPS. Instead, it has a Board which is to oversee operations. The Board is composed of representatives of various law enforcement entities within the Region, such as sheriff's offices, police departments and task forces.

The APD officers assigned to the Region 4 Fusion Office included Officer Dennis Rudolph, who was the Office supervisor, and Officer Bobby Blake. Chris Dvorak, who is a full time secretary and dispatcher for the APD, handled financial transactions on a part-time basis for the Office during evenings and weekends. In addition, Amy Peerbolt provided administrative support at the Office.

The Office was primarily funded by an annual grant established between the Iowa Homeland Security and Emergency Management Division (HSEMD) and the City of Atlantic (City). Grant funds were to be used to build capabilities at the state and local levels and to implement the goals and objectives included in state homeland security strategies and initiatives. For purposes of the grant, the City acted as the fiscal agent for the Office. **Table 1** summarizes the grant funds received for 2005 through 2008.

| Table 1 | | |
|-------------------|---------------------|------------------------|
| Grant Year | Grant Period | Amount |
| 2005 | 05/13/05 – 03/31/07 | \$ 386,092.00 |
| 2006 | 08/31/06 – 03/31/08 | 366,305.50 |
| 2007 | 10/12/07 – 10/12/09 | 316,667.00 |
| 2008 | 03/01/09 – 05/31/11 | 297,352.33 |
| Total | | <u>\$ 1,366,416.83</u> |

As the fiscal agent, the City also paid most of the Office's expenses and was subsequently reimbursed with grant funds. According to Ms. Dvorak, with the exception of payroll, expenditures to be paid with the grant were supported by invoices from vendors. The invoices were received in the mail or were left on her desk at the Office.

Ms. Dvorak attached a copy of each invoice to a requisition form which was typically signed by Officer Rudolph to document approval for payment. When Officer Rudolph was not available, Officer Blake signed the requisition. However, Ms. Dvorak periodically signed Officer Rudolph's name on the requisition when neither officer was available. After the requisitions were signed, they were sent to the City Clerk for payment. According to Ms. Dvorak, Officer Rudolph was always aware of the invoices submitted for payment, even the ones he did not sign. While we were unable to confirm Officer Rudolph was aware of each invoice, the requisitions reviewed appeared reasonable.

Claims for the Office were included on the list of claims submitted to the City Council for approval. Once approved, the City Clerk prepared checks to the vendors and provided copies of the checks to the Office. The City Clerk also provided copies of payroll checks to the Office.

According to Ms. Dvorak, as she prepared the requisitions for the City, she also prepared requests for reimbursements to be submitted to HSEMD. The requests were supported by the original vendor invoices and documentation from the City summarizing the Office's payroll and related costs. After Ms. Dvorak received copies of the checks provided by the City, she also sent the copies to HSEMD as proof of payment. According to Ms. Dvorak and HSEMD staff members we spoke with, if additional information was needed for HSEMD to authorize a reimbursement request, Ms. Dvorak was contacted and she provided what was needed.

After HSEMD staff members reviewed and approved the Office's requests, reimbursements were sent directly to the City for allowable expenses.

Ms. Dvorak also prepared individual timesheets for each Office employee each pay period which were subsequently signed by the employees. Officer Rudolph also signed the timesheets. According to Ms. Dvorak, even though she did not work in the Office during normal business hours when the other employees typically worked, she prepared their timesheets based on information they provided to her. She assumed they worked a "normal day" unless they notified her otherwise. Ms. Dvorak also stated if the employees came in late because they had been on a call or in the field late the previous day, they called her to let her know. However, in those instances, she recorded 8 hours for each of the 2 days, even though the days may be in 2 different pay periods. As a result, the timesheets do not consistently reflect the accurate number of hours worked each day by the employees.

According to Ms. Dvorak, overtime was not allowed. If an employee worked in excess of 40 hours during a week, the hours exceeding 40 were accumulated as compensatory time. However, there was not a formal system established to record employees' compensatory time. Each employee was responsible for tracking their own compensatory time. There was no review or approval of the time accumulated.

Certain expenses were incurred by the Office which were not allowable uses of grant funds. According to Ms. Dvorak, these costs were paid from a checking account held by the Office or from a petty cash fund. The checking account was referred to as the "Forfeiture Account." Ms. Dvorak maintained the checking account since its inception in October 2005. The deposits to the checking account included, but were not limited to, proceeds from forfeitures and restitution payments from a Clerk of Court. A petty cash fund was also maintained at the Office.

According to the former Director of the State Intelligence Fusion Center, his expectation was any forfeitures or other proceeds received as a result of a regional office being involved in an investigation would be deposited to the sponsoring organization's Forfeiture Account. Specifically, in the case of the Region 4 Fusion Office, because the staff were employees of the APD, his expectation would be any forfeiture proceeds would be deposited to the APD's forfeiture account. He was not aware of any forfeiture accounts established by any regional office and he did not expect a separate account would be established by any of the offices.

However, he did not know of any guidance which prohibited the offices from establishing a forfeiture account. According to the current Chief of the APD, he concurs the proceeds collected by the Office should have been deposited to the APD's forfeiture account.

As the funding entity for the Office, HSEMD must comply with federal requirements to periodically monitor the entities which receive grant funds. DPS officials contacted HSEMD officials when they became aware of the checking account held by the Office. DPS officials had also identified concerns funds in the checking account may have been used to make purchases which were not appropriate for Office operations. On August 20, 2009, HSEMD staff performed a monitoring visit. As a result of certain concerns identified during the monitoring visit, the former Director of the State Intelligence Fusion Center and the Administrator of HSEMD contacted the Office of Auditor of State to request a special investigation of the Region 4 Fusion Office. As a result of the request, we performed the procedures detailed in the Auditor of State's Report for the period March 1, 2006 through August 31, 2009.

After the monitoring visit, operations at the Office were terminated. The employees were placed on leave and the Chief of the APD, with assistance from Ms. Dvorak, worked with staff from HSEMD to close out the current grant and reimburse expenses incurred by the City of Atlantic on behalf of the Office.

Detailed Findings

These procedures identified \$66,839.61 of improper and unsupported disbursements and undeposited collections. Of this amount, the improper and unsupported disbursements total \$66,739.61 and undeposited collections total \$100.00. The \$100.00 of undeposited collections were 2 checks from the Taylor County Clerk of Court. We were unable to determine if additional collections were not properly deposited because adequate records for receipts were not available.

The \$66,739.61 of improper and unsupported disbursements were made from various funding sources available to the Office, including grant funds, City funds, the Office's Forfeiture Account and petty cash. The \$55,949.92 of improper disbursements identified include:

- \$41,000.00 of purchases which were made outside the period of grant availability,
- \$6,185.97 of purchases which were reimbursed by Pottawattamie County,
- \$2,531.48 of equipment purchases reimbursed by Cass County,
- \$3,360.00 of additional warranty coverage and network access for equipment which extended beyond the period of grant availability and
- \$1,033.62 of duplicate lodging costs.

The \$10,789.69 of unsupported disbursements include \$8,003.02 disbursed from the Office's Forfeiture Account and \$2,599.00 disbursed from petty cash.

Of the \$66,739.61 of improper and unsupported disbursements identified, \$51,767.26 were unallowable payments from grant funds. **Table 2** summarizes the improper and unsupported disbursements identified which were from grant funds.

Table 2

| Description | Improper | Unsupported | Total |
|---|-----------------|--------------------|--------------|
| Purchase after end of grant period | \$ 41,000.00 | - | 41,000.00 |
| Duplicate lodging costs | 1,033.62 | - | 1,033.62 |
| Credit card purchases | - | 187.67 | 187.67 |
| Equipment cost paid by Pottawattamie County | 6,185.97 | - | 6,185.97 |
| Additional warranty coverage and network access | 3,360.00 | - | 3,360.00 |
| Total | \$ 51,579.59 | 187.67 | 51,767.26 |

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

GRANT FUNDS - As previously stated, the Office was primarily funded by an annual grant the City of Atlantic received from HSEMD on behalf of the Office and grant funds were to be used to build capabilities at the state and local levels and to implement the goals and objectives included in state homeland security strategies and initiatives. Allowable expenditures included equipment purchased and used by the Office and local law enforcement entities to gather intelligence. Specifically, surveillance equipment, such as hidden cameras, recording devices and televisions were purchased. Other equipment, such as all-terrain vehicles, radios for communication and various types of tools were also allowable expenditures for the grant. In addition, the Office used grant funds for administrative costs, such as rent for an office, utilities, office furniture and payroll.

While the grants were awarded annually, the grant periods typically exceeded 12 months and 1 grant period usually overlapped both the prior and following grant periods. According to a HSEMD staff member we spoke with, the Office incurred more administrative costs than most other regional offices because the Office operated from a stand-alone location. Most regional offices are co-located with a local law enforcement entity. As a result, the Office incurred costs for rent, utilities and office furniture which are not typically incurred by other regional offices.

According to the HSEMD staff member, once all funds from a particular grant year had been used, funds were typically available from the next grant year. Because grant funds were typically available on a continuous basis, the City was able to be reimbursed in a timely manner for on-going expenses. However, the funding awarded for grant year 2008 was delayed.

Funds referred to as “2008 grant year” funds would normally be available from September 2008 through March 2010. Normally, the funds would be released to the regional office in January 2009. However, due to a waiver needed from the federal government, the 2008 grant year funds were not released to the regional offices until August 2009. As a result, there was no overlap between grants during calendar year 2009. This caused a cash flow burden for some of the regional offices because they had not sought other (local) funding sources. As a result, the regions relying solely on grant funds (such as Region 4) experienced cash flow difficulties.

Because the Office did not curtail or cease operations when the 2008 grant year funding was not immediately provided, costs continued to be incurred. The City paid the costs in a timely manner, but reimbursements were not requested or received because the grant funds had not been released.

The City’s accounting system includes the payments made on behalf of the Office and the reimbursements received from HSEMD. We reviewed the information in the accounting system

and determined the City had paid for \$6,533.02 of the Office's costs which were not reimbursed by HSEMD.

Based on documentation we reviewed and according to HSEMD staff we spoke with, the vast majority of the costs reimbursed to the City were supported and appropriate. While a limited number of the costs submitted for reimbursement by the Office were initially not properly supported or allowable for the grant, additional information was provided or the costs were removed from the reimbursement request. We reviewed the reimbursements made to the City by HSEMD. During our review, we identified the concerns summarized in the following paragraphs.

Reimbursements to the City -

- Supporting documentation was not available for all payroll costs claimed from the 2005 through 2007 grant funds. While the City submitted payroll journals and timesheets to support the number of hours worked and gross payroll costs incurred by the City, documentation to support costs such as insurance and workers' compensation could not be located. For the 2004 grant year, the City submitted a spreadsheet which documented the allocation of payroll related costs incurred by the City. However, a similar spreadsheet could not be located for fiscal years 2005 through 2007. As a result, we analytically compared the costs incurred by the City for fiscal year 2004 to those incurred for fiscal years 2005 through 2007. Because the costs did not change significantly, it appears the costs submitted for fiscal years 2005 through 2007 are reasonable.
- A Motorola® Livescan station and printer were purchased using funds from the 2005 grant. The \$41,000.00 invoice was dated June 11, 2007. However, the grant period ended March 31, 2007. Because the purchase was made after the grant period ended, 2005 grant funds should not have been used. As a result, the purchase is included in **Exhibit A** as an improper disbursement.
- A \$3,861.00 purchase was supported only by a purchase order prepared by Officer Rudolph. According to the purchase order signed by Officer Rudolph, an "i2 Analyst Notebook Sftware [sic] – Standalone, USB" was purchased. While the purchase was not supported by documentation from the vendor, we observed the computer at the Office. The purchase was reimbursed by HSEMD from 2006 grant funds. Because we determined the computer had been purchased, the cost is not included in **Exhibit A**.
- A duplicate request for reimbursement of \$1,033.62 of lodging costs was submitted to HSEMD by the Office. The lodging costs were included in Requests #20 and #22 from 2006 grant funds. HSEMD subsequently reimbursed the City twice for the lodging costs. The \$1,033.62 of duplicate costs is included in **Exhibit A** as an improper disbursement.
- Request #4 for the 2007 grant year included disbursements which were supported only by credit card statements. According to an HSEMD staff member, original invoices or receipts were requested but not received for the disbursements. However, a satisfactory explanation was provided for the payments. The transactions on the credit card statements are listed in **Table 3** and appear to be related to meal and lodging costs which are allowable expenses for the grant. Because the costs are not supported by appropriate documentation, they are included in **Exhibit A** as unsupported disbursements.

Table 3

| Transaction Date | Merchant | Amount |
|-----------------------------|--------------------------------------|------------------|
| 02/03/08 | Horseshoe Casino, Council Bluffs, IA | \$ 34.22 |
| 02/04/08 | Horseshoe Casino, Council Bluffs, IA | 102.68 |
| 02/08/08 | Hy-Vee Gas #1382 Q75, Le Mars, IA | 39.32 |
| 02/28/08 | Kansas City BBQ, Des Moines, IA | 11.45 |
| Total | | <u>\$ 187.67</u> |

Compliance with Grant Requirements - Grant requirements prohibit reimbursement of costs incurred prior to award of the grant. As stated previously, the funds for the 2008 grant year were not released by HSEMD to the regional offices until August 2009. While the regional offices had been approved for an award, the funds were held until a waiver for certain costs had been received by HSEMD. However, the Office incurred costs from the time the 2007 grant year funds ran out in early 2009 until the 2008 grant funds were received. It was the understanding of City officials the Office would use the funds awarded for the 2008 grant year to pay the costs incurred during this period.

According to HSEMD officials, because of the financial strain compliance with this requirement would have caused the City, the award of the funds were back-dated to be effective March 1, 2009. As a result, all allowable costs paid by the City on behalf of the Office from March 1, 2009 were eligible for reimbursement from the 2008 grant.

During the monitoring visit performed on August 20, 2009, HSEMD staff identified a camper equipped and used for surveillance. According to a HSEMD staff member, when she asked Officer Rudolph what funds were used to purchase the camper, he replied 2008 grant year funds. Because the 2008 grant year funds had not yet been awarded, she told him that wasn't possible. However, because the period of the availability for the 2008 grant funds was subsequently back-dated to March 1, 2009, the purchase became an eligible cost for the grant funds. The \$9,800.00 cost of the camper was reimbursed to the City by HSEMD.

During the monitoring visit, HSEMD staff also learned Office staff had recently bought equipment for local Sheriff's Offices which would later be paid for by the Sheriff's Offices. During the visit, an HSEMD staff member informed Office staff the purchase could not be made with grant funds if the equipment was not for the Office. She further explained the City could make the purchase with City funds and be reimbursed directly by the Sheriff's Offices. However, grant funds could not be used in this manner.

According to the HSEMD staff person, she was not aware of other instances in which grant funds were used to make equipment purchases which were later repaid by local law enforcement entities. To determine if other such purchases were made, we contacted a number of local governmental entities and requested a listing of payments made to the Office between September 1, 2005 and September 30, 2009, along with a copy of any related invoices.

Based on the information from the governmental entities contacted, we determined equipment had been purchased for 3 County Sheriff's Offices and was to be installed by Office staff. The 3 purchases are described in the following paragraphs.

- On March 9, 2009, a \$6,185.97 check was issued to Region 4 Fusion Center by Pottawattamie County. The \$6,185.97 was deposited to a checking account held by the Office.

The check was supported by 2 invoices to the Pottawattamie County Sheriff's Office from the Office. Copies of the invoices are included in **Appendix 1**. As illustrated by the **Appendix**, each invoice was dated December 2, 2008 and had an invoice number of 100. Of the 2 invoices, 1 was described as "For Interview Room Equipment" and the second was described as "For Electronic Surveillance Equipment." Each invoice contained a listing of certain equipment.

Based on our review of invoices from Supercircuits, Inc., most of the equipment listed on the invoices to the Pottawattamie County Sheriff's Office was purchased by the Office in November 2008. Because the cost was recovered from Pottawattamie County, Grant funds should not have been requested for the purchases. The \$6,185.97 paid by the Grant is included in **Exhibit A** as an improper disbursement from grant funds.

- On June 15, 2009, a \$2,531.48 check was issued to Region IV Fusion Center by Cass County. The \$2,531.48 was deposited to a checking account held by the Office.

The check was supported by an invoice from the Office. A copy of the invoice is included in **Appendix 2**. As illustrated by the **Appendix**, while the invoice is not similar in appearance to the invoices issued to Pottawattamie County, it also included a list of certain equipment.

With the exception of the power adaptors, all of the equipment listed on the invoice was purchased by the Office from Supercircuits, Inc. in May 2009. The May invoice from Supercircuits, Inc. was paid by the City. Because the cost was recovered from Cass County, the City should have been reimbursed for the cost of the purchase. The \$2,531.48 is included in **Exhibit A** as an improper disbursement from City funds.

- We also reviewed an invoice issued by the Office to the Adams County Sheriff's Office. A copy of the invoice is included in **Appendix 3**. As illustrated by the **Appendix**, the invoice is not similar in appearance to the invoices issued to Pottawattamie or Cass Counties. The invoice is dated June 22, 2009 and includes electronic equipment similar to what was installed for Pottawattamie and Cass Counties. This is the purchase identified during the HSEMD monitoring visit.

According to representatives of the Adams County Sheriff's Office, the equipment was never installed at the Sheriff's Office and the check prepared to pay the invoice was returned to Adams County and then voided.

Based on our review of reimbursements from the Grant and payments made by the City, neither the Grant nor the City paid for the equipment which was billed to Adams County.

Because the payment from Adams County was not deposited and neither the City nor the Grant paid for the equipment, a cost has not been included in **Exhibit A** for the equipment.

Equipment Purchases – A portion of the grant funds obtained from HSEMD were used to purchase equipment. The reimbursement requests sent to HSEMD are to include an Authorized Equipment List (AEL) number used for tracking and a listing of equipment with the proper AEL is to be maintained at each regional office. Using the AEL information, we determined if purchases made with grant funds were allowable costs for the grant.

According to individuals we spoke with, the Office did not have written checkout procedures which were followed when equipment was used by other law enforcement entities. In addition, written procedures had not been developed for the disposal of equipment.

During our investigation, we attempted to observe 171 items reported as purchased with 2005 through 2008 grant funds. We also attempted to locate certain items found at the Office on the listing. Some of the items found at the Office were purchased with 2004 grant funds. Based on this testing, we determined:

- The listing maintained by the Office did not include a notation of any asset disposals.
- We were unable to locate 12 items. However, based on information from law enforcement officers who worked with the Office's staff, descriptions of the items and how they were intended to be used, we determined it was likely the items had been stolen or destroyed during their use in the field.
- We determined 9 items included in the Office's listing had been returned to the vendor from which they were purchased. Of the 9 items, 7 were initially claimed for reimbursement from the grant, but were subsequently withdrawn. The 7 items were purchased for the Cass County Sheriff's Office.

For the remaining 2 items, a credit remains with Spytech for 2 GPS (global positioning system) units returned to the vendor. We spoke with a representative of the vendor and confirmed the units, which cost \$2,331.00, had been returned and the Office was still eligible for replacement equipment or a refund of some type. The total amount of \$2,331.00 can be used to purchase other merchandise. However, if a refund is requested, a 15% restocking fee would be applied, resulting in a cash refund of \$1,981.35. Because the GPS units were paid for with grant funds, any refunds collected should be returned to the grant.

- During our observation of equipment, we identified 12 pieces of equipment which were not included in the Office's listing. The cost of the equipment was not included in the reimbursements from the HSEMD grants during the period of our review. We are unable to determine if the Office purchased the equipment or if it was provided by other sources, such as a participating law enforcement agency.

We also traced certain equipment purchases to the related supporting documentation and identified the following:

- The Office's listing included 2 items which were recorded for \$600.00 each rather than the actual cost of \$1,165.00 each. Because the amount of the purchase was supported by appropriate documentation and reimbursed by HSEMD at the amount supported by the documentation, the difference between the actual cost and the amount shown on the listing is not included in **Exhibit A**.
- An invoice we reviewed showed the purchase of certain hand held radios included \$1,200.00 for 5 years of warranty coverage and \$3,000.00 for 5 years of network access. Because this coverage exceeds the grant performance period, the additional costs are not allowable uses of grant funds. **Exhibit A** includes \$3,360.00 for the additional 4 years of warranty coverage and network access.

FORFEITURE ACCOUNT – As previously stated, certain expenses were incurred by the Office which were not allowable uses of grant funds. According to Ms. Dvorak, these costs were paid from a petty cash fund or from a checking account held by the Office. The checking account was referred to as the “Forfeiture Account.” It was opened on October 20, 2005.

Ms. Dvorak maintained the account since its inception. According to Ms. Dvorak, when disbursements were not an allowable use of grant funds, Officer Rudolph notified her and she prepared a check for the payment. Ms. Dvorak also stated if Officer Rudolph told her the purpose of the check, she wrote it in the memo line. However, supporting documentation was not consistently provided to her for the payments. Because Ms. Dvorak was the only authorized signer on the account, she prepared and signed the checks. She also recorded the payments in the check register and reconciled the check register to the monthly bank statements.

We reviewed the activity in the checking account for the period October 20, 2005 through September 16, 2009 to determine the source of certain deposits and the subsequent disposition of funds. We also compared the activity recorded in the check register prepared by Ms. Dvorak to the bank statements for the account. With the exception of \$.04 of interest and a deposit which was incorrectly recorded twice in the check register, we did not identify any variances between the check register and the bank statements. Each of the checks drawn on the account were properly recorded in the check register. Because a deposit was recorded twice in the check register, the register was overstated by \$64.23.

Between October 20, 2005 and September 15, 2009, \$18,571.89 was deposited to the checking account. Based on the descriptions recorded in the check register, the deposits were from the sources summarized in **Table 4**.

| Table 4 | |
|--|---------------------|
| Source per Check Register | Amount |
| Proceeds from forfeitures | \$ 6,332.00 |
| Payments from counties | 8,717.45 |
| Payments from Taylor County Clerk of Court | 1,641.32 |
| State of Iowa | 927.82 |
| PD (Police Department) | 401.62 |
| SW Iowa Council | 360.12 |
| Old van | 181.60 |
| Interest | 9.96* |
| Total | <u>\$ 18,571.89</u> |

*- Only \$9.62 was recorded in the check register. However, the bank statements document \$9.96 of interest was earned.

We traced the amounts recorded as proceeds from forfeitures to supporting documentation to ensure all payments were properly deposited. We did not identify any additional proceeds from forfeiture cases which should have been deposited. However, we cannot determine if all forfeiture cases were identified for our review.

The \$8,717.45 of payments from counties includes \$6,185.97 from Pottawattamie County and \$2,531.48 from Cass County as discussed previously. Copies of the invoices for these payments are included in **Appendices 1** and **2**.

We also contacted a representative of the Judicial Department and determined the only payments to the Office by a Clerk of Court were issued by the Taylor County Clerk of Court for

restitution collected by the Clerk. Of the restitution payments to the Office by the Taylor County Clerk of Court, 6 checks were not deposited to the Office's Forfeiture Account. The checks were restitution for the same case and are listed in **Table 5**.

Table 5

| Check Date | Check Number | Amount |
|-------------------|---------------------|---------------|
| 11/21/08 | 7389 | \$ 50.00 |
| 12/19/08 | 7442 | 50.00 |
| 06/12/09 | 7920* | 50.00 |
| 07/21/09 | 7993* | 50.00 |
| 08/13/09 | 8023* | 50.00 |
| 09/09/09 | 8066* | 50.00 |
| Total | | \$ 300.00 |

*- Check found in cash box.

Of the 6 checks, 4 uncashed checks were found in the cash box held at the Office. The 4 checks are identified in **Table 5**. We were unable to determine the disposition of the 2 remaining checks. The 2 checks were not included in the handwritten ledger maintained for the cash box. As a result, it does not appear the proceeds of the checks were placed in the cash box. The 2 checks total \$100.00. This amount is included in **Exhibit A** as undeposited collections.

The amounts deposited for forfeiture proceeds, the payments for equipment for the Sheriffs' Offices, the payments from the Taylor County Clerk of Court and interest account for 89% of all deposits to the checking account. We were unable to determine the specific reason the Office received funds from the State of Iowa, a police department and the SW Iowa Council. In addition, we were unable to verify the completeness of the funds recorded for the remaining sources.

Between October 20, 2005 and September 15, 2009, 98 checks were issued from the checking account. The checks total \$12,491.79. We reviewed an image of each check to identify the payee and any notations made on the check. We also compared the information recorded on the checks to the information recorded in the check register. While the notations recorded in the memo portion of the checks were not exactly the same as the notations recorded in the check register, the nature of the explanations were consistent. We also identified some differences between the payees recorded on the checks and the payees recorded in the check register. The checks for which we identified a difference are listed in **Table 6**.

Table 6

| Check Date | Check Number | Payee/Description per Check Register | Payee/Description per Check Image |
|-------------------|---------------------|---|---|
| 03/06/07 | 1061 | Asurion/Money Order Phone 18 | 1 st Whitney Bank/ <i>none</i> |
| 01/24/08 | 1072 | Cash/CI | 1 st Whitney Bank/Cash CI |
| 02/26/09 | 1095 | Cash/Meals Reimbursement | Dennis Rudolph/ <i>none</i> |

Of the 98 checks, 26 were supported by appropriate documentation. The 26 checks include 1 for the purchase of electronic equipment and 24 issued to a County Attorney, the Attorney General's Office or another law enforcement entity for distribution of forfeiture proceeds. Based on the documentation available, the purchase and forfeiture distributions were appropriate. The remaining check was issued for \$67.80 on October 6, 2008. According to the supporting documentation and the notation in the check register, the purchase was for a

plaque. Because the purchase is not consistent with the operations of the Office, it was an improper use of the forfeiture funds. The \$67.80 is included as an improper disbursement in **Exhibit A**.

We were unable to locate supporting documentation for the remaining 72 checks. The checks are listed in **Exhibit B**. Based on the vendor, amount and explanations for the payments recorded on the checks and in the check register, 38 of the 72 payments to vendors appear reasonable for the Office's operations. These payments included supplies and equipment purchases, mowing and food purchases to serve during meetings at the Office.

The 72 unsupported checks also include 14 checks issued to obtain cash and 1 check issued to purchase a money order. Of the 14 checks issued to obtain cash, 6 agree with notations made in a handwritten ledger for a petty cash account maintained in the Office. These 6 checks total \$2,850.00. Because they appear to have been placed in the petty cash account, they are included in **Exhibit B** as reasonable.

The 38 checks to vendors which appear reasonable for the Office's operations and the 6 checks issued to obtain cash which appear to have been included in petty cash total \$8,003.02. Because the 44 payments appear appropriate for the Office's operations but are not supported by appropriate documentation, they are identified as unsupported disbursements in **Exhibit A**.

Because appropriate documentation could not be located for the remaining 9 checks issued to obtain cash and to purchase a money order and we are unable to determine if they were used for the Office's operations, the payments are identified as improper in **Exhibit B**.

The 72 unsupported checks also include 11 checks which were described in the memo portion of the check or in the check register as purchases of pop, food or other supplies for meetings. While it is not unreasonable to purchase such supplies with forfeiture funds, the 11 purchases were made on dates which were not on or near the time of a meeting. As a result, the 11 checks are identified as improper in **Exhibit B**.

Based on the description in the memo portion of the check or in the check register, the remaining 8 unsupported checks were for purposes which do not support the operation of the Office. Of the 8 checks, 4 were issued to an officer working in the Office or a family member of an officer, 2 were issued to a credit card company and 2 were for flowers for a funeral. Based on the explanation recorded in the check register, 1 of the payments to the credit card company was also for flowers. The 8 checks total \$394.15 and are identified as improper in **Exhibit B**.

The checks identified as improper in **Exhibit B** total \$1,761.66 and are included as improper disbursements in **Exhibit A**.

At September 16, 2009, \$6,080.10 remained in the checking account. As previously stated, the funds deposited to the checking account included \$6,185.97 from Pottawattamie County which should have been returned to HSEMD and \$2,531.48 from Cass County which should have been returned to the City. Because these funds were improperly deposited to the checking account, the City should work with HSEMD officials to identify a resolution.

As stated previously, the former Director of the State Intelligence Fusion Center expected any forfeiture proceeds received as a result of Region 4 Fusion Office's involvement in an investigation would be deposited to the APD's forfeiture account because the Office staff were employees of the APD. He was not aware of any forfeiture accounts established by any regional office and he did not expect a separate account would be established by any of the offices. However, he did not know of any guidance which prohibited the offices from establishing a forfeiture account.

PETTY CASH – According to Ms. Dvorak, cash was kept in a locked cash box in Officer Rudolphs' office. She stated she did not have access to the cash box and was not involved in maintaining the funds held in the cash box. We reviewed the contents of the cash box, which included a handwritten ledger, credit cards, undeposited checks from the Taylor County Clerk of Court, various receipts and \$497.61 of cash. A number of the receipts were from restaurants. Some receipts were also from department stores for clothing.

A copy of the handwritten ledger is included in **Appendix 4**. As illustrated by the **Appendix**, the initial information recorded is dated April 28. While the year was not recorded, it appears to have been activity from 2006. Also as illustrated by the **Appendix**, the ledger has a line drawn across the activity between May and December 2006 and it does not document how the \$6.00 balance at the end of the period was spent. The **Appendix** also illustrates the ending cash balance recorded at June 29, 2009 is \$501.00. However, we found only \$497.61 in currency and coins in the cash box. The \$6.00 balance at the end of May 2006 and the \$3.93 difference between the ending cash balance recorded at June 29, 2009 and the amount in the cash box are included in **Exhibit A** as an improper disbursement of \$9.39 because we are unable to determine how the funds were spent.

The handwritten ledger included 9 additions to the balance, which were not always identified as deposits. Of the 9 additions, we were able to trace 6 to checks issued from the Office's Forfeiture Account. The 6 checks total \$2,850.00. Because sufficient information is not available, we are unable to determine the source of the remaining 3 additions included in the ledger, which total \$250.00, and the \$6.00 opening balance.

Because we are unable to determine the source of the remaining deposits, we were unable to perform tests to determine the completeness of the deposits. As a result, we are unable to determine if additional collections should have been deposited to the petty cash account or if the collections received by the Office should have been deposited to the Office's Forfeiture Account instead. It is also possible the unidentified amounts deposited to the petty cash account were related to the grant funds and should have been returned to HSEMD or redeposited with the City. The 3 unidentified deposits total \$250.00.

As illustrated by the **Appendix**, the disbursements from petty cash included purchases of supplies, payments to confidential informants for information or to assist in a buy. The disbursements also include costs incurred by the confidential informants, such as cellular phone expenses and the costs to relocate a confidential informant. Based on the handwritten ledger and available documentation, the disbursements from petty cash total \$2,599.00.

According to the descriptions recorded in the ledger for the disbursements from the cash box, the disbursements appear reasonable for the Office's operations. However, we were unable to locate supporting documentation, such as invoices or confidential informant files, for the disbursements. As a result, the \$2,599.00 of disbursements recorded in the ledger are included in **Exhibit A** as unsupported disbursements.

RECOMMENDED CONTROL PROCEDURES

As part of our investigation, we reviewed the procedures used by Region 4 Fusion Office (the Office) to process financial transactions. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations.

We observed a consistent lack of internal controls, including segregation of duties and inadequate financial accounting records and supporting documentation. The Office is no longer in operation. However, we have made certain recommendations for the identified control findings so other regional offices may ensure adequate policies and procedures are in place.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The individual handling financial transactions for the Office had control over each of the following areas:

- (1) Receipts – collecting, posting and preparing deposits.
- (2) Disbursements – preparing, signing and distributing checks and recording the payments.

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

- B. Equipment Listing – A portion of the grant funds obtained from HSEMD were used to purchase equipment. The reimbursement requests sent to HSEMD are to include an Authorized Equipment List (AEL) number used for tracking and a listing of equipment with the proper AEL is to be maintained at each regional office. During our investigation, we identified the following:

- Written checkout procedures were not in place for the times equipment was used by other law enforcement entities.
- Written procedures had not been developed for the disposal of equipment.
- We attempted to trace 171 items purchased with the 2005 through 2008 grant funds to the equipment. However, we were unable to locate 12 items. The listing maintained by the Office did not include a notation of the assets' disposal.
- We determined 9 items included in the Office's listing had been returned to the vendor from which they were purchased. Of the 9 items, a credit remains with the vendor for 2 GPS (global positioning system) units returned to Spytech.
- We identified 12 pieces of equipment which were not included in the Office's listing.
- The Office's listing included 2 items which were recorded for \$600.00 each rather than the actual cost of \$1,165.00 each.

Recommendation – Each regional office should implement procedures to ensure the equipment listing is complete, accurate and periodically reviewed by someone independent of its preparation and maintenance. The periodic review should include comparing a sample of the items on the listing to the actual assets and ensuring a sample of selected assets is included on the listing.

In addition, each regional office should implement procedures to ensure all lost, stolen and damaged equipment is properly reported to HSEMD in a timely manner.

C. Equipment Purchased with Grant Funds – As previously stated, a portion of the grant funds obtained from HSEMD were used to purchase equipment. During our review of equipment purchased by the Office, we determined:

- The \$6,185.97 cost of certain equipment installed at Pottawattamie County was reimbursed to the City by HSEMD with grant funds. The cost was also paid by Pottawattamie County. The payment from the County was deposited in the Office's Forfeiture Account.
- An invoice we reviewed showed the purchase of certain hand held radios included \$1,200.00 for 5 years of warranty coverage and \$3,000.00 for 5 years of network access. Because this coverage exceeds the grant performance period, the additional costs are not allowable uses of grant funds.

Recommendation – Each regional office should implement procedures to ensure purchases made with grant funds are for equipment used by the office making the purchase. Procedures should also be implemented to ensure reimbursements are only sought for purchases made during the period of the grant.

D. Financial Accounting Records – Limited financial records were maintained by the Office for the period of our review. The following conditions were identified:

- 1) Pre-numbered receipts were not issued for collections.
- 2) Disbursements were not consistently supported by appropriate documentation.
- 3) Disbursements were not approved or documented in the minutes of Board meetings. In addition, some disbursements were approved by the individual preparing, distributing and recording the payments.
- 4) Monthly bank account reconciliations and bank statements were not reviewed by an individual independent of the Office's financial transactions.
- 5) Financial reports detailing bank balances were not prepared for the Board meetings or reviewed by an independent individual.

In addition, a petty cash account was established at the Office, but it was not maintained on an imprest basis and adequate receipts were not kept to document how the petty cash was spent.

Recommendation – Each regional office should ensure adequate financial records are maintained and periodically reviewed by a party independent of their preparation. At a minimum, records should include:

- prenumbered receipts issued for all collections,
- invoices, receipts or other appropriate documentation to support disbursements,
- an accounting system or ledger summarizing all financial transactions,
- bank statements,

- disbursement listings approved by the Board prior to payment and
- minutes of Board proceedings.

In addition, any petty cash accounts held in the regional offices should be approved by the Board and established at a set amount. The use of the petty cash accounts should be limited, but may be used for items such as postage and small purchases of office supplies. Appropriate receipts should be maintained for disbursements from the petty cash account. The receipts should be reviewed by an independent party prior to replenishment of the account.

- E. Timesheets and Compensatory Time – Timesheets for all Office employees were prepared by an individual even though she did not work in the Office during the hours the other employees typically worked. She prepared timesheets for the other employees based on information they provided to her. She assumed they worked a “normal day” unless they notified her otherwise.

In some cases, employees arrived to work later than normal because they had been on a call or in the field late the previous day. When this occurred, the employees contacted the employee preparing the timesheets. However, the employee preparing the timesheets recorded 8 hours for each of the 2 days, even though the days may be in 2 different pay periods. As a result, the timesheets do not consistently reflect the accurate number of hours worked each day by the employees.

In addition, because overtime was not allowed, an employee who worked in excess of 40 hours during a week accumulated compensatory time for each hour in excess of 40. However, there was not a formal system established to record the employees’ compensatory time. Each employee was responsible for tracking their own compensatory time and there was no review or approval of the time accumulated.

Recommendation – Each employee should prepare their own timesheet. The timesheets should accurately reflect the hours actually worked each day. The timesheets should also be reviewed and approved by an independent party familiar with each employee’s daily arrival and departure times.

In addition, any compensatory time earned should be recorded in a systematic manner and the accumulated compensatory time should be reviewed by an independent party.

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Exhibits

**Report on Special Investigation of the
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Summary of Findings
For the period March 1, 2006 through August 31, 2009

| Description | Exhibit/Table Page Number | Improper | Unsupported | Total |
|---|------------------------------|--------------|-------------|-----------|
| Improper and Unsupported Disbursements from: | | | | |
| Grant Funds: | | | | |
| Reimbursements to the City: | | | | |
| Purchase after end of grant period | Page 9 | \$ 41,000.00 | - | 41,000.00 |
| Duplicate lodging costs | Page 9 | 1,033.62 | - | 1,033.62 |
| Credit card purchases | Table 3 | | 187.67 | 187.67 |
| Compliance with grant requirements: | | | | |
| Equipment cost paid by Pottawattamie County | Page 11 | 6,185.97 | - | 6,185.97 |
| Equipment purchases: | | | | |
| Additional warranty coverage and network access | Page 12 | 3,360.00 | - | 3,360.00 |
| Subtotal of Grant Funds | | 51,579.59 | 187.67 | 51,767.26 |
| City Funds: | | | | |
| Equipment cost paid by Cass County | Page 11 | 2,531.48 | - | 2,531.48 |
| Forfeiture Account: | | | | |
| Purchase of plaque | Pages 14 and 15 | 67.80 | - | 67.80 |
| Disbursements without supporting documentation | Exhibit B | 1,761.66 | 8,003.02 | 9,764.68 |
| Subtotal of Forfeiture Account | | 1,829.46 | 8,003.02 | 9,832.48 |
| Petty Cash: | | | | |
| Variance between cash and ledger sheet | Page 16 | 9.39 | - | 9.39 |
| Unsupported disbursements | Page 16 | - | 2,599.00 | 2,599.00 |
| Subtotal of Petty Cash | | 9.39 | 2,599.00 | 2,608.39 |
| Subtotal of improper and unsupported disbursements | | 55,949.92 | 10,789.69 | 66,739.61 |
| Undeposited Collections to: | | | | |
| Forfeiture Account: | | | | |
| Checks from Taylor County Clerk of Court | Page 14 | 100.00 | - | 100.00 |
| Total | | \$ 56,049.92 | 10,789.69 | 66,839.61 |

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Unsupported Disbursements from the Forfeiture Account
For the period March 1, 2006 through August 31, 2009

| Per Check Image | | | |
|-----------------|------|--------------------------------|-----------------------------------|
| Date | Ck # | Payee | Description |
| 01/09/06 | 1008 | Cash | Juan Mendez forfeiture-cash to CI |
| 01/24/06 | 1016 | Walmart | printer/scanner |
| 01/30/06 | 1019 | Pamida | mouse traps |
| 02/08/06 | 1020 | Gall's | light bar |
| 02/10/06 | 1021 | LSH Lights | light bars |
| 02/13/06 | 1023 | Casey's | pop |
| 02/13/06 | 1022 | Atlantic News Telegraph | legal notice for Oct |
| 02/24/06 | 1027 | Atlantic Motor Supply | light supplies for veh. |
| 03/10/06 | 1029 | HyVee | board meeting |
| 03/10/06 | 1030 | Wal-Mart | none |
| 03/16/06 | 1031 | Don's Uniforms | Uniform |
| 04/10/06 | 1035 | J&J Graphics | shirts (9 polos) |
| 04/18/06 | 1036 | Walmart | ink cart (4) |
| 05/05/06 | 1038 | Atlantic Motor Supply | see invoice |
| 05/09/06 | 1037 | Cappels | see invoice |
| 05/18/06 | 1039 | J&J Custom Graphic Design | Jackets |
| 06/12/06 | 1042 | Bobby Blake | lunch (Humbolt Co.) |
| 06/27/06 | 1043 | Ben Daughenbaugh | mowing x2 |
| 06/27/06 | 1044 | Ben Daughenbaugh | mowing |
| 08/18/06 | 1046 | Ben Daughenbaugh | mowing 3x |
| 08/18/06 | 1047 | Ben Daughenbaugh | mowing 2x |
| 08/21/06 | 1050 | Cash | cash for MOCI e gas |
| 08/21/06 | 1048 | Atlantic Motor Supply | car wax and supplies |
| 08/22/06 | 1049 | Walmart | blinds |
| 09/05/06 | 1045 | Ben Daughenbaugh | mowing (2) |
| 10/31/06 | 1052 | Municipal Emergency Services | Shipping |
| 11/27/06 | 1041 | New Harvest Four Square Church | Lockers (5) |
| 12/04/06 | 1054 | Walmart | none |
| 12/29/06 | 1055 | Cash | none |

| Description | | | | |
|---------------------------|---------------|--------|-------------------|-----------------|
| Per Check Register | Amount | | Reasonable | Improper |
| Juan Mendez | \$ 180.00 ^ | - | 180.00 | |
| Printer/scanner | 84.03 | 84.03 | - | |
| Mouse Traps | 6.40 | 6.40 | - | |
| Light Bar/Durango | 266.98 | 266.98 | - | |
| Light Bar/P/U | 280.55 | 280.55 | - | |
| Pop for invest | 14.61 @ | - | 14.61 | |
| Legal Notice for veh. | 11.58 | 11.58 | - | |
| Supplies for Veh Lights | 272.92 | 272.92 | - | |
| Board Meeting | 12.67 @ | - | 12.67 | |
| Pop Board Meeting | 15.20 @ | - | 15.20 | |
| Uniforms | 419.30 | 419.30 | - | |
| Polo Shirts | 150.00 | 150.00 | - | |
| Ink Cart | 70.28 | 70.28 | - | |
| Lamp & Flasher | 32.89 | 32.89 | - | |
| Tape | 3.89 | 3.89 | - | |
| Jackets | 114.90 | 114.90 | - | |
| Lunch (Humbolt Co) | 5.98 # | - | 5.98 | |
| Mowing X2 | 40.00 | 40.00 | - | |
| Mowing | 20.00 | 20.00 | - | |
| Mowing X 3 | 60.00 | 60.00 | - | |
| Mowing X 2 | 40.00 | 40.00 | - | |
| Gas For MOCIC | 50.00 ^ | - | 50.00 | |
| car wax and supplies | 15.96 | 15.96 | - | |
| blinds | 37.82 | 37.82 | - | |
| Mowing X2 | 40.00 | 40.00 | - | |
| Shipping | 9.33 | 9.33 | - | |
| Lockers | 25.00 | 25.00 | - | |
| 3 tool boxes | 31.71 | 31.71 | - | |
| CI # L-003-001 | 200.00 * | 200.00 | - | |

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Unsupported Disbursements from the Forfeiture Account
For the period March 1, 2006 through August 31, 2009

| Per Check Image | | | |
|-----------------|------|----------------------------|---------------------------|
| Date | Ck # | Payee | Description |
| 01/09/07 | 1056 | OMB's Express Polic Supply | Slim light |
| 01/29/07 | 1060 | J&J Custom Graphisc Design | Shirts and Pullovers |
| 03/06/07 | 1061 | 1st Whitney Bank | none |
| 03/19/07 | 1062 | Cappel's | none |
| 03/27/07 | 1063 | Casey's | none |
| 04/17/07 | 1065 | HyVee | none |
| 04/18/07 | 1064 | Flower on Main | none |
| 06/01/07 | 1066 | HyVee | none |
| 11/01/07 | 1067 | First Bank Card | xxxx xxxx xxxx xxxx |
| 12/06/07 | 1068 | 1st Whitney Bank | CA |
| 01/17/08 | 1071 | Casey's | Pizza-Worksession |
| 01/24/08 | 1072 | 1st Whitney Bank | Cash CI |
| 02/15/08 | 1074 | HyVee | Rolls for meeting |
| 02/28/08 | 1075 | HyVee | none |
| 03/03/08 | 1073 | Pamida | Mini Blind |
| 03/13/08 | 1076 | Pamida | 243-5700 |
| 03/13/08 | 1077 | Casey's | none |
| 04/15/08 | 1079 | Cash | Misc Supplies for Cameras |
| 04/25/08 | 1078 | First Bankcard | none |
| 05/07/08 | 1070 | NATIA | Membership-Rudy |
| 05/14/08 | 1069 | NATIA | Membership-Betty |
| 05/19/08 | 1080 | Cash | none |
| 07/08/08 | 1081 | M&A Sportshop Inc 216 | Jackets and Shirts |
| 07/11/08 | 1082 | HyVee | none |
| 08/22/08 | 1083 | Cash | CI per L41 |
| 09/11/08 | 1084 | Cash | Clothing Rudy |
| 10/10/08 | 1086 | Carpenter Uniform | Pants Rudy & Amy |
| 11/19/08 | 1087 | HyVee | Pop for Training |
| 12/05/08 | 1088 | Cash | router |
| 12/19/08 | 1090 | Henningssey's | none |

| Description | | | |
|---------------------------|---------------|-------------------|-----------------|
| Per Check Register | Amount | Reasonable | Improper |
| Slim Lights | 861.96 | 861.96 | - |
| Shirts and Jackets | 84.00 | 84.00 | - |
| Money Order Phone 18 | 61.00 ^ | - | 61.00 |
| Coats | 329.52 | 329.52 | - |
| Pizza Meeting | 42.91 @ | - | 42.91 |
| Harris Funeral | 26.75 # | - | 26.75 |
| Funeral | 26.75 # | - | 26.75 |
| Food Training | 75.37 @ | - | 75.37 |
| Northrup Flowers | 59.00 # | - | 59.00 |
| Cash | 175.00 ^ | - | 175.00 |
| Work Session Lunch | 29.13 @ | - | 29.13 |
| CI | 75.00 ^ | - | 75.00 |
| Meeting | 12.98 | 12.98 | - |
| Retirement Cake | 14.18 @ | - | 14.18 |
| Blinds | 8.24 | 8.24 | - |
| Plates and Pop | 26.80 @ | - | 26.80 |
| Meeting Meal | 141.37 | 141.37 | - |
| Misc Camera Parts | 200.00 * | 200.00 | - |
| Popon Micils card | 6.83 # | - | 6.83 |
| Member Rudolph | 25.00 | 25.00 | - |
| Member Bobby | 25.00 | 25.00 | - |
| CI | 150.00 * | 150.00 | - |
| Shirts and Jackets | 326.00 | 326.00 | - |
| Meeting | 26.79 | 26.79 | - |
| CI 1-08-002 | 200.00 ^ | - | 200.00 |
| Uniform Rudolph | 50.00 ^ | - | 50.00 |
| Pants Peer and Rudy | 225.94 | 225.94 | - |
| Pop | 18.54 @ | - | 18.54 |
| Router | 100.00 ^ | - | 100.00 |
| Meeting | 62.00 @ | - | 62.00 |

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Unsupported Disbursements from the Forfeiture Account
For the period March 1, 2006 through August 31, 2009

| Per Check Image | | | |
|-----------------|------|---------------------------|------------------------|
| Date | Ck # | Payee | Description |
| 01/05/09 | 1091 | Cash | <i>none</i> |
| 01/13/09 | 1089 | Dennis Rudolph | Reimbursment for meals |
| 01/27/09 | 1093 | Rhonda Rudolph | Meat |
| 02/09/09 | 1094 | HyVee | Supplies for Training |
| 02/26/09 | 1095 | Dennis Rudolph | <i>none</i> |
| 03/17/09 | 1096 | Cash | CI Relocate |
| 03/26/09 | 1097 | Cash | <i>none</i> |
| 03/27/09 | 1032 | J&J Custom Graphic Design | patches |
| 05/14/09 | 1098 | Sirchia | <i>none</i> |
| 06/10/09 | 1099 | Cash | Trailer parts |
| 06/12/09 | 1100 | Atlantic Motor Supplies | Carwash supplies |
| 06/23/09 | 1121 | IA DNR | Lodging/ACAMS |
| 07/15/09 | 1123 | Carpenter Uniforms | <i>none</i> |
| Total | | | |

^ - Check issued for cash or a money order. Proceeds were not deposited to the petty cash account.

* - Check issued for cash which appears to have been placed in petty cash. Checks total \$2,850.00.

- Payment does not support Office operations. Payments total \$394.15.

@ - Purchase of pop, food or other supplies for a meeting. However, purchases were not near the time of a meeting. Purchases total \$376.51.

| Description | | | | |
|----------------------------------|--------------------|--|-------------------|-----------------|
| Per Check Register | Amount | | Reasonable | Improper |
| MO & CB CI C-04-002 | 300.00 * | | 300.00 | - |
| Meal Reimbursment | 14.61 # | | - | 14.61 |
| Meat Xmas | 122.95 # | | - | 122.95 |
| Training | 65.10 @ | | - | 65.10 |
| Meals Reimbursement | 131.28 # | | - | 131.28 |
| CI Relocate | 1,000.00 * | | 1,000.00 | - |
| Traingin Credit Card didn't work | 1,000.00 * | | 1,000.00 | - |
| Patches | 258.07 | | 258.07 | - |
| Evidence supplies | 421.75 | | 421.75 | - |
| Trailer Parts | 100.00 ^ | | - | 100.00 |
| Car Wash Supplies | 50.93 | | 50.93 | - |
| Lodging ACAS | 48.00 | | 48.00 | - |
| Pants and Shorts | 273.93 | | 273.93 | - |
| | <u>\$ 9,764.68</u> | | <u>8,003.02</u> | <u>1,761.66</u> |

Report on Special Investigation of the
Region 4 Fusion Office

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Lesley Geary, CPA, Senior Auditor II
Donald J. Lewis, CPA, Senior Auditor
Lara Van Wyk, Assistant Auditor

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

Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices

Report on Special Investigation of the
Region 4 Office

Copy of Invoice to Pottawattamie County Sheriff's Office

Region 4 Fusion Center

406 West 7th Street
Atlantic, IA 50022
Phone 712-243-5700 Fax 712-243-5701



INVOICE

DATE: December 2, 2008
INVOICE # 100
FOR: *Electronic Surveillance
Equipment*

Bill To:
Pottawattamie Sheriff's Office
1400 Big Lake Road
Council Bluffs, IA 51501
712-890-2200

| DESCRIPTION | AMOUNT |
|------------------------------|--------------------|
| 8 Channel DVR | \$ 1,399.99 |
| 4 B/W Super Pinhole Cameras | 475.96 |
| 4 B/W High Res Snake Cameras | 1,119.96 |
| Micro Pre-Amp Mic | 9.99 |
| 2 250GB SATA Hard Drive | 340.00 |
| 1000 Ft Spool Siamese Cable | 209.99 |
| 12 Regulated Power Supplies | 119.98 |
| DVR Bracket | 19.99 |
| 100 Ft. CAT 5 | 69.99 |
| Power Strip | 4.99 |
| 18 BNC Adaptors | 26.10 |
| Router | 59.99 |
| Shipping & Handling | 348.74 |
| TOTAL | \$ 4,205.67 |

Make all checks payable to Region 4 Fusion Center

4205.67

THANK YOU FOR YOUR BUSINESS!

Region 4 Fusion Center



INVOICE

Bill To:
Pottawattamie Sheriff's Office
1400 Big Lake Road
Council Bluffs, IA 51501
712-890-2200

| DESCRIPTION | AMOUNT |
|--|--------------------|
| 4 Channel DVR | \$ 749.99 |
| 19 inch Monitor | 399.99 |
| 2 Color Sprinkler Cameras | 279.99 |
| 2 Color Snake Cameras | 438.98 |
| Micro Pre-Amp Mic | 19.98 |
| Router | 59.99 |
| 12 BNC Adaptors | 17.40 |
| Power Strip | 4.99 |
| 24 ft. of electrical wire w/ 1 female reciptical | 7.99 |
| TOTAL | \$ 1,860.32 |

Make all checks payable to Region 4 Fusion Center

1980.30

THANK YOU FOR YOUR BUSINESS!

Report on Special Investigation of the
Region 4 Office

Copy of Invoice to Cass County Sheriff's Office



04 May 2009

Cass County Sheriff's Office Install.

| | Model | | Total |
|--|-------------------------|-----|-------------------------|
| Sprinkler head color camera | \$149.95 @ CVL99-V | (4) | \$599.80 |
| Board cameras | \$89.95 @ PC504UXP | (2) | \$179.90 |
| DVR | \$1099.95 @ DMR8CD3-160 | (1) | \$1099.95 |
| Mics | \$9.99 @ PA3 | (2) | \$19.98 |
| <u>Cable connectors & accessories</u> | | | |
| Y-Power | \$4.95 @ YPOWER | | \$40.95 |
| Male power connector | \$1.49 @ CON-7 | | \$74.50 |
| Female power connector | \$1.49 @ CON-8 | | \$74.50 |
| Male crimp on BNC connector | \$1.45 @ CON-17 | | \$72.50 |
| power adaptors | \$9.95 @ DC12-500R | | \$119.40 |
| Sub | | | \$2281.48 |
| Shipping&handling | | | \$250.00 |
| <u>TOTAL</u> | | | <u>\$2531.48</u> |

Report on Special Investigation of the
Region 4 Office

Copy of Invoice to Adams County Sheriff's Office

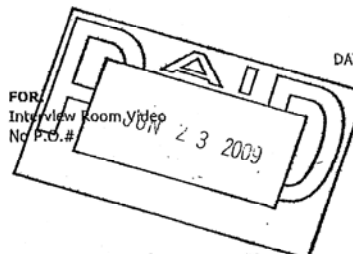
REGION 4 FUSION CENTER

406 West 7th Street
Atlantic, Iowa 50022
Phone 712-243-5700 Fax 712-243-5701

TO:
Adams County Sheriff's Office
Corning, Iowa

INVOICE

INVOICE #2-1
DATE: JUNE 22, 2009



| DESCRIPTION | HOURS | RATE | AMOUNT |
|---------------------------------------|-------|--------|---------|
| Digital Video Recorder , Networkable | | 949.95 | 949.95 |
| Color Day/Night Cameras, X 4 | | 229.90 | 919.60 |
| RG59u x 18 ga, power/video bulk cable | | 143.95 | 143.95 |
| Super Gain Microphones, X 2 | | 9.95 | 19.90 |
| 12V x 500 ma Power Supply, X 6 | | 9.95 | 59.70 |
| Electronic Audio/Video Switch | | 29.95 | 29.95 |
| CAT-5e Network Cable | | 59.95 | 59.95 |
| LinkSys Network Router/Switch | | 59.95 | 59.95 |
| Miscellaneous Power/Video ends X 12 | | 4.95 | 59.40 |
| Shipping and Handling | | 150.00 | 150.00 |
| TOTAL | | | 2452.35 |

01000-01010-218-05

Make all checks payable to Region 4 Fusion Center

Thank you for your business!

Report on Special Investigation of the
Region 4 Office

Copy of Ledger for Petty Cash Account

Forfeiture Account's Ledger

| | | | | | Beginning Balance | |
|-----------|----------|---|---------|--------|-------------------|----------|
| Officer # | Date | Type of Transaction | Debit | Credit | | |
| | 28 Apr | Deposit | | 75 00 | 6 00 | 81 00 |
| | 28 Apr | # C-04-003 - 200 info on Lab | 75 00 | | | 6 00 |
| | 30 May | C-03-01 Drug Recog. Class speaker | 100 00 | | | - 94 00 |
| | | Deposit | | 100 00 | | 6 00 |
| | | | | | | 200 00 |
| | 12-29-06 | CT# L-03-001 (200 information & assist buy) | 150 00 | | | |
| | 12-29-06 | buy expenses | 50 00 | | | |
| | 1-23-07 | B-08-001 (Information) | 75 00 | | | - 75 00 |
| | 1-23-07 | Dep | | 75 00 | | 0 00 |
| | 5-20-08 | CT# C-04-003 Dep Info | 150 00 | | | |
| | 5-20-08 | Deposit | | 150 00 | | 0 00 |
| | 8-21-08 | Deposit | | 200 00 | | 200 00 |
| | 8-22-08 | CI# L-08-002 (cell 4 minutes exp) | 200 00 | | | |
| | 1-5-09 | E-04-003 (buy ring introduction underwire) | 300 00 | 300 00 | | |
| | 3-17-09 | CT# L-05-002 (relaxation) | 1000 00 | | | |
| | | due to death threats on double homicide case - with new cell phone + 1000 minutes plus living expenses for two weeks Food, cell phone, motel, gas 7 days to start | | | | |
| | | NOT ALL USED | | | | 135 00 * |
| | 3-26-09 | Deposit | 1000 00 | | | 1000 00 |
| | 4-13-09 | R659 cable, spool - 500ft Missouri install | 249 00 | | | 851 00 |
| | 6-24-09 | CT# C-04-005 Narcotics Info - Lab & grow Intel | 300 00 | | | 551 00 |
| | 6-29-09 | CAT5 cables - Trailer 1K/100' 5-10' (Privately bought) | 113 00 | | | 438 00 |
| | 6-29-09 | Viteo R659 / cable crimpable ends | 72 00 | | | 366 00 |
| | | Adjustment | | | | 501 00 |

* Didnt add 135 to total adjusted