



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 July 2, 2012

Auditor of State David A. Vaudt today released a report on the Chariton Valley Planning & Development Council of Governments (Council) for the period July 1, 2007 through August 31, 2010. The Council is located in Centerville, Iowa and serves a 4 county region in southeastern Iowa, including all the cities within the region. The Council was established in accordance with Chapter 28H of the *Code of Iowa*. The primary functions of the Council are to stimulate and support job creation, business investment, attract and retain a skilled workforce, cultural enhancement, improve the quality of life and provide for infrastructure installation and maintenance.

The review was requested by the Iowa Department of Economic Development (DED) (now the Iowa Economic Development Authority). DED requested the review be performed after the U.S. Department of Commerce, Economic Development Administration (EDA) completed a Peer Performance Evaluation and Recommendation Report in which concerns about the Council's financial and operational management and Board oversight were identified.

Vaudt reported the review identified \$101,789.38 of disbursements which were an unallowable use of federal funds for programs administered by the Council. Of the \$101,789.38 of unallowable disbursements identified, \$53,976.06 was improper for operations of the Council and should not have been paid for with either federal or other Council funds. The remaining \$47,813.32 of disbursements identified were reasonable for operations of the Council, but did not qualify to be paid for with federal funds.

Of the improper disbursements identified, \$46,805.00 was paid to Tracy Daugherty, the Council's former Executive Director, as follows:

- \$17,976.53 of excess payroll resulting from unapproved raises and \$1,913.82 of related FICA and IPERS payments,
- \$13,489.71 of improper compensatory time payments,
- \$438.97 of improper termination pay and related IPERS payments,
- \$11,950.00 of excessive rent payments and
- \$1,035.97 of improper reimbursements.

The remaining \$7,171.06 of improper disbursements include \$5,560.73 of credit card charges and \$1,610.33 paid to vendors for items such as flowers, alcohol, food, pop and decorative items.

The \$47,813.32 of disbursements identified as reasonable for operations of the Council but unallowable for federal purposes include Ms. Daugherty's termination pay and disbursements for meetings, travel, supplies, furniture and equipment to establish the Council's office. Some of these disbursements may have been allowable for federal programs, but the lack of support or information documenting the purpose of the disbursement prevented a determination of whether the disbursement was allowable for the federal programs. The \$47,813.32 includes the following:

- \$3,625.00 paid to Ms. Daugherty for her termination payout,
- \$252.15 paid to IPERS as a result of Ms. Daugherty's termination payout,
- \$823.30 paid to Ms. Daugherty as reimbursements for travel and supplies,
- \$17,851.90 of credit card purchases for furniture, decorations for the Council's office and supplies and
- \$25,260.97 to various vendors, including Staples, Hy-Vee and Wal-Mart, for food, kitchen supplies for the office kitchenette, cleaning supplies and office supplies.

Vaudt also reported the Council's allocation of expenditures to state and federal programs cannot be supported because the Council failed to maintain a current approved cost allocation plan and documentation to show how costs were allocated. As a result, it was not possible to determine if the costs allocated to each program were correct or if costs not allocated to a program could have been allocated to a program administered by the Council. Because it was not possible to determine if direct charges and other costs were allocated properly to each program, it is possible program funds from one program may have been used to pay the expenditures of another program which did not have sufficient resources. Disbursements which cannot be directly charged to a federal program or allocated through the indirect cost allocation plan should be paid for from non-federal sources.

The report includes recommendations to the Council to strengthen certain controls, such as improving segregation of duties and requiring monthly financial reports be provided to the Board for review. In addition, Vaudt recommended the Council develop a cost allocation plan, maintain supporting documentation for disbursements, adopt a credit card policy and ensure time sheets are reviewed and approved.

Copies of the report have been filed with the Iowa Economic Development Authority, the U.S. Department of Commerce - Economic Development Administration and the Attorney General's Office. A copy of the report is also 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/1160-2690-BC00.pdf>.

#

**A REVIEW OF THE
CHARITON VALLEY PLANNING & DEVELOPMENT
COUNCIL OF GOVERNMENTS
CENTERVILLE, IOWA**

**FOR THE PERIOD
JULY 1, 2007 THROUGH AUGUST 31, 2010**

Table of Contents

	<u>Page</u>
Auditor of State's Report	3-4
Review Summary:	
Background Information	5-7
Detailed Findings	7-21
Recommended Control Procedures	22-24
Exhibits:	<u>Exhibit</u>
Summary of Findings	A 27
Revenue and Expenditures by Program	B 28-31
Rent Payments	C 33
Reimbursements to Tracy Daugherty	D 34-35
Credit Card Charges	E 36-42
Payments to Other Vendors	F 44-45
Staff	46
Appendices:	<u>Appendix</u>
Copies of Selected Timesheets for Tracy Daugherty	1 49-52
Copies of Claim Form and E-mail Authorizing Raises	2 53-54



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

Auditor of State's Report

To Ms. Debi Durham, Director of the Iowa Economic
Development Authority and the Board Members of the
Chariton Valley Planning & Development Council of Governments:

At the request of the Iowa Department of Economic Development (DED) (now the Iowa Economic Development Authority), we conducted a review of the Chariton Valley Planning & Development Council of Governments (Council). We have applied certain tests and procedures to selected financial transactions of the Council for the period July 1, 2007 through August 31, 2010 and additional periods as considered necessary. Based on a review of relevant information and discussions with Council and DED personnel, we performed the following procedures:

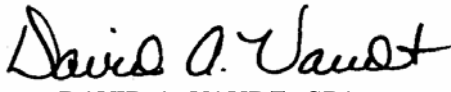
- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place.
- (2) Interviewed the Council's current Executive Director regarding operations of the Council and current and past policies and procedures.
- (3) Interviewed current employees concerning time sheet preparation and general operations of the Council.
- (4) Reviewed the procedures for recording and allocating time to the various programs administered by the Council.
- (5) Reviewed the Council's cost allocation plan to determine if it was approved and reasonable.
- (6) Reviewed activity in the checking account held by the Council to identify any unusual activity.
- (7) Reviewed selected disbursements to determine if they were properly authorized and supported, allowable in accordance with federal program rules and charged to the proper program.
- (8) Reviewed purchases made with the Council's credit card to determine allowability and propriety.
- (9) Reviewed the former Executive Director's time sheets to determine how she allocated her time and if her termination payout was correctly calculated.

These procedures identified \$101,789.38 of disbursements which were an unallowable use of federal funds for programs administered by the Council. Of the \$101,789.38 of unallowable disbursements identified, \$53,976.06 was improper for operations of the Council and should not have been paid for with either federal or other Council funds. The remaining \$47,813.32 of disbursements identified were reasonable for operations of the Council, but should not have been paid for with federal funds. Because the Council does not have a current approved cost allocation plan, we were unable to determine if the costs allocated to each program are correct. Because we cannot determine if costs are allocated properly to each program, it is possible program funds from one program may have been used for expenditures of another program which did not have sufficient resources. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibit A** of this report.

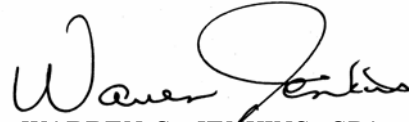
The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures or had we performed an audit of financial statements of Chariton Valley Planning & Development Council of Governments, other matters might have come to our attention which would have been reported to you.

Copies of the report have been filed with the Iowa Economic Development Authority, the U.S. Department of Commerce - Economic Development Administration 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 Chariton Valley Planning & Development Council of Governments during the course of this review.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 7, 2012

A Review of the
Chariton Valley Planning &
Development Council of Governments

Review Summary

Background Information

During fiscal year 2004, Appanoose, Lucas, Monroe and Wayne Counties (the Counties) left the Area XV Regional Planning Commission (Area XV) because of concerns with the management of Area XV. After leaving Area XV, the counties began working with Chariton Valley Resource and Development Corporation (CVRD). The Counties and the CVRD created the Chariton Valley Planning and Development, Inc. (Corporation). The Corporation was created as a nonprofit corporation under Chapter 504A of the *Code of Iowa* on February 4, 2004. The Executive Director of the Corporation at the time was Tracy Daugherty-Miller. During her tenure as the Executive Director, she also used her married name, Tracy Miller, and her maiden name, Tracy Daugherty. For the purposes of this report, she is referred to as Ms. Daugherty.

During fiscal year 2006, the Corporation and the Counties worked with the General Assembly to become designated as a Council of Governments (COG). By becoming a COG, the Corporation would be able to act as an administrative entity for cities and counties in its region which did not have the resources to administer larger state and federal programs, such as the Community Development Block Grant program (CDBG) awarded by the Department of Economic Development (DED) to counties and cities. The Corporation was designated as a Council of Governments under Chapter 28H of the *Code of Iowa* effective July 1, 2007. Upon becoming a COG, the name of the Corporation was changed to Chariton Valley Planning & Development Council of Governments (Council). Ms. Daugherty was appointed to continue her duties as Executive Director of the Council.

When the Council was approved as a COG, the Council was already receiving funding for administering Department of Transportation (DOT) programs and for grant writing from its members. The Council also had a line of credit with a local bank to help pay bills until it received reimbursement from DOT and the communities. Once the Council received its designation as a COG, it also applied for and received a grant from the US Department of Commerce - Economic Development Administration (EDA) to promote economic development in the region. As the Council continued to grow, it began to act as the administrative entity for CDBG programs in the region. Because most of the programs administered by the Council are on a reimbursement basis, the Council continued to use the line of credit to pay bills until it received reimbursement from the programs.

Each program administered by the Council has specific requirements regarding which costs may be allocated to the program. Some programs allow only costs which are specifically identifiable, while others also allow indirect costs to be allocated to the program. Costs which cannot be charged directly or allocated to specific programs should be paid for using other funding sources, such as dues collected from members. Unlike other COG's, the Council did not require its members to pay annual dues until July 1, 2011. Effective July 1, 2011, the annual dues are as follows:

- Counties \$3,500.00,
- County seats (city) \$2,000.00,
- Small communities \$750.00.

Because the Council receives funding for multiple projects, all staff are required to allocate their time between the various programs by completing a timesheet showing the hours worked on each program. If hours charged are not specifically identifiable to a program, the hours are charged to a "general" category line on the time sheet. Hours charged to a general category line are to be allocated to each program, if allowed by the program rules, based on the Council's approved cost allocation plan. Costs which are not allowed to be allocated must be paid for from other funding

sources. Payroll costs are allocated based on the hours directly charged to the program and any general category time which was not specifically identified to a program but allocated through the cost allocation plan. All employees of the Council are salaried.

Expenditures other than payroll, such as travel, are also to be identified to specific programs when possible. If expenditures cannot be specifically identified to a program, such as office rent and utility charges, they should be charged to the general category line. These charges are then allocated using the cost allocation plan to programs which allow indirect costs to be charged. For example, office rent and utilities can be allocated by dividing the total rent and utilities charges by the total number of hours incurred by the Council and then multiplying the rate by the number of hours charged for a specific program.

When the Council prepares a bill or reimbursement request for a program, it should be supported by the hours charged on employee timesheets, other expenditures directly charged to the program and any amounts allocated using the cost allocation plan.

During August 2010, the EDA carried out a performance review of the Council for the grant period October 1, 2009 through June 30, 2010. Based on preliminary discussions and questions from the EDA's peer review team, the Board became concerned with Ms. Daugherty's ability to manage the operations of the Council. After discussing several issues with Ms. Daugherty, the Board asked for and received Ms. Daugherty's resignation as the Executive Director on August 25, 2010.

On October 22, 2010, the Council received the final Peer Evaluation report from the EDA for the performance review performed in August 2010. The report identified a number of concerns regarding the operations of the Council. The concerns identified by EDA included:

- Accounting Records – The accounting records maintained are incomplete, inaccurate and disorganized and do not support the amounts allocated to the various programs administered by the Council.
- Timesheets – Timesheets are inaccurate and incomplete, specifically for the former Executive Director.
- Budget – The Council was operating without a current budget.
- Rental of Office Space – The former Executive Director owned and rented the building to the Council. In addition, there were concerns with the terms of the lease agreement.
- Salaries – The salary paid to the former Executive Director appeared excessive.
- Reliance on Line of Credit – The Council has relied on a line of credit for its continuing operations. A lack of reliable revenue has put the Council into debt beyond its current means.
- Leadership and Oversight – The problems cited were the result of ineffective leadership and poor oversight by the Council's Board. Also, the Council had not been audited since its inception.

As a result of the concerns identified in the EDA report, the Council contracted with the State Auditor's Office to perform financial statement audits for fiscal years 2008, 2009 and 2010.

During the same period, the Department of Economic Development (DED) identified concerns with how the Council was requesting and accounting for funds received for several CDBG programs. DED was concerned about the adequacy of support maintained for the amounts being drawn down for administering these programs. After discussing its concerns with the Council and being informed of the EDA's report findings, DED requested the State Auditor's Office perform a review of the Council's operations.

As a result, we performed the procedures detailed in the Auditor of State's Report for the period July 1, 2007 through August 31, 2010 to address DED's concerns and the EDA concerns which were not related to the financial statement audit. A separate report will be issued for the financial statement audit requested by the Council.

Detailed Findings

These procedures identified \$101,789.38 of disbursements which were an unallowable use of federal funds for programs administered by the Council. Of the \$101,789.38 of unallowable disbursements identified, \$53,976.06 was improper for the operations of the Council and should not have been paid for with either federal or Council funds. The remaining \$47,813.32 of disbursements identified were reasonable for the operations of the Council, but did not qualify to be paid with federal funds.

The \$53,976.06 of improper disbursements includes \$46,805.00 for the following payments to Ms. Daugherty:

- \$17,976.53 of excess payroll resulting from unapproved raises and \$1,913.82 of related FICA and IPERS payments,
- \$13,489.71 of improper compensatory time payments,
- \$438.97 of improper termination pay and related IPERS payments,
- \$11,950.00 of excessive rent payments and
- \$1,035.97 of improper reimbursements.

The remaining \$7,171.06 of improper disbursements include \$5,560.73 of credit card charges and \$1,610.33 paid to vendors for items such as flowers, alcohol, food, pop and decorative items.

The \$47,813.32 of disbursements identified as reasonable for the operations of the Council but unallowable for federal purposes include Ms. Daugherty's termination payout and disbursements for meetings, travel, supplies, furniture and equipment to establish the office. Some of these disbursements could be allowable for federal programs or eligible to be allocated to the programs administered by the Council. However, because of the lack of support or information noting the purpose of the disbursement, we were unable to determine if the disbursement was allowable for the programs administered by the Council. The \$47,813.32 includes the following:

- \$3,625.00 paid to Ms. Daugherty for her termination payout,
- \$252.15 paid to IPERS as a result of Ms. Daugherty's termination payout,
- \$823.30 of payments to Ms. Daugherty for travel and supplies,
- \$17,851.90 of credit card purchases for furniture, decorations for the office and supplies and
- \$25,260.97 to various vendors including Staples, Hy-Vee and Wal-Mart, for food, kitchen supplies for the office kitchenette and cleaning supplies.

COST ALLOCATION

As previously stated, the Council administers federal programs funded by DOT, DED and the EDA. Each federal program has its own set of rules providing guidance on what may be charged to it. Most federal programs allow both direct and indirect expenditures to be charged. Direct expenditures are those which are specific to a program and are not charged to any other program, such as payroll based on the hours an employee spends working on the program. Indirect expenditures are those expenditures which benefit more than 1 program, such as office rent, utility bills and staff time which is not specific to a program, such as an administrative assistant's time. Indirect charges are to be allocated based on an approved cost allocation plan. There are some federal programs which only allow direct charges to the program. In these cases, the rules are specifically set out in the terms of the agreement.

The programs administered by the Council allow indirect costs to be charged using an approved cost allocation plan or indirect cost rate to ensure administrative costs are distributed among the various programs in an equitable manner. During the EDA's review, it reported the Council's accounting records do not allow for an understanding of revenues and expenditures and the allocation among the various programs.

Because of the varying nature of the programs funded and the costs which can be charged to each program, the Council should be tracking the revenues and expenditures by program. The programs administered by the Council do not allow funds from one program to be used to fund the activities of another program. For example, CDBG programs have limited budgets for administration and only costs involved in administering the specific program may be charged to the program. Funds from 1 CDBG project may not be used to cover the expenditures of a different CDBG project.

We requested a copy of the Council's cost allocation plan and the accounting policy and procedures manuals to identify how costs were to be allocated. According to staff we spoke with, the Council does not have written policy and procedures manual or a current cost allocation plan. The last approved cost allocation plan staff could locate was for the period October 1, 2005 through September 30, 2006.

The Council required staff to prepare timesheets and record travel by specific program numbers. In addition, some supporting documentation attached to other expenditures included information identifying which program(s) was to be charged. However, there was no indication how Ms. Daugherty determined where costs were to be allocated when information was not provided on the supporting documentation for the expenditures.

Ms. Daugherty resigned effective August 25, 2010. After her departure, the Council contracted with a local CPA firm to compile financial statements and allocate revenues and expenditures by program in order to have a better financial picture of the Council's operations for fiscal years 2008, 2009 and 2010. Using the limited information available, the Council's CPA firm allocated the revenues and expenditures by program. **Table 1** summarizes the total revenues and expenditures for fiscal years 2008, 2009 and 2010, as determined by the CPA firm, from each funding source from which the Council receives funding.

Table 1

Funding Source	Revenues	Expenditures	Excess Revenues (Expenditures)
Cities and Counties	\$ 81,584.58	53,825.96	27,758.62
DED	156,600.33	204,559.62	(47,959.29)
DOT	707,346.67	810,072.72	(102,726.05)
EDA	96,427.12	25,406.11	71,021.01
FEMA/Homeland Security	73,968.02	44,453.91	29,514.11
Public Health	3,230.00	17,507.49	(14,277.49)
General [^]	315,667.38	437,848.71	(122,181.33)
Total	<u>\$ 1,434,824.10</u>	<u>1,593,674.52</u>	<u>(158,850.42)</u>

[^] - Revenues and expenditures which could not be identified to a program were allocated to this general category line item by the CPA firm.

As the **Table** shows, the Council's revenues were \$158,850.42 less than the Council's expenditures for the period of our review. The amounts in the **Table** are presented on an accrual basis and include receivables and payables. The programs funded by cities and counties, the EDA and FEMA have more revenues than expenditures, while the programs funded by DOT, DED and Public Health have more expenditures than revenues. In addition, the general category line, which includes the expenditures which could not be identified to a specific program, shows more expenditures than revenues. The revenues included in the general category line includes donations, fees for services and funds received from state programs, such as biofuel and the Grow Iowa Values Fund.

For the DOT projects administered by the Council, there is a 20% local match requirement. When the Council submits a request for payment to the DOT, the DOT pays 80% of the cost and the remaining 20% is to be paid by the counties and cities. According to staff we spoke with, Ms. Daugherty did not bill the counties and cities for their share of the DOT projects, which contributed to the deficit in the DOT projects shown in **Table 1**.

As shown in **Exhibit B**, the Council expended DOT funds totaling \$810,072.00. Based on the 20% match requirement, the Council should have collected \$162,014.40 from the various cities and counties. According to Council staff we spoke with, the Council was only able to bill a total of \$95,585.00 for planning and administration of the grants to its 10 members. The Council could not bill the remaining \$66,429.20 for planning and administration because the grants were closed and funds were no longer available.

In August 2011, the Council billed each of its 10 members \$9,585.50 for their share of the \$95,585.00 match for fiscal years 2007 through 2010. In total, the Council has collected \$73,835.00 from its members for the period July 1, 2007 through June 30, 2010. The \$73,383.50 is not included in **Table 1** because it was not billed or recorded by the Council until fiscal year 2012.

It is likely the Council used the excess funds from one program to cover the expenditures of another program or to offset the shortfall in the general category line. In addition, the Council has been using a line of credit with a local bank to help cover the deficits.

Exhibit B provides a detailed breakout by individual program and funding source for fiscal years 2008 through 2010. The information in **Exhibit B** was compiled by the Council's CPA firm. The firm classified the revenues and expenditures using the following procedures:

1. Using the available supporting documentation, the CPA firm classified revenues and expenditures to the program identified. For revenues, the CPA firm used the agency named on the drawdown request or the payor of the check issued to the Council. For expenditures, the CPA firm used the actual invoices and receipts or other support attached to the check voucher.
2. If the support for the expenditure did not include documentation showing the program the expenditure was to be allocated to, the CPA firm used the program Ms. Daugherty originally coded the expenditure to in the accounting system based on the cost allocation plan for the period October 1, 2005 through September 30, 2006.
3. If the CPA firm had a reason to believe the information had been miscoded by Ms. Daugherty, or there was not support for the expenditure, the CPA firm recorded the expense to the general category line.

If the Council had an approved cost allocation plan, it may have been allowable to allocate the excess general category expenditures to various programs in accordance with each program's guidelines. However, the Council does not have a current cost allocation plan and the records available do not provide the information necessary to determine the proper allocation between the programs, we are unable to determine if the Council is in compliance with federal regulations for the program(s) it administers because it cannot support the allocation of disbursements among the programs it administers.

PAYROLL

As previously stated, the Council received a report from the EDA identifying concerns with the Council's administration of the EDA grant. The concerns identified by the EDA include how the Director recorded and tracked her annual vacation, sick leave and compensatory time and what appeared to be an excessive salary. According to Council staff we spoke with and the Council's response to EDA's questions, all leave time was charged to the general category line. Because the Council does not have a current cost allocation plan, we are unable to determine how leave was allocated among the programs or if it remained in the general category line.

All employees are required to complete timesheets allocating their hours to the specific programs they work on or to a general category line if the hours cannot be identified to a specific program. We reviewed the timesheets of all staff and confirmed staff allocated their time to specific programs or to the general category line. When staff recorded vacation, sick leave or compensatory time, the hours were charged to the general category line. According to staff we spoke with, they were not sure how, or if, Ms. Daugherty allocated the hours charged to the general category line.

Staff timesheets were reviewed and approved by Ms. Daugherty. Ms. Daugherty also approved her own timesheet. The Board did not review Ms. Daugherty's timesheets.

We reviewed Ms. Daugherty's timesheets for the period she was employed and we identified the following inconsistencies:

- Ms. Daugherty's timesheets show her time in as 8:00 a.m. and her time out as 4:30 p.m. Monday through Friday. The times are preprinted on her timesheet. If the time Ms. Daugherty arrived/departed changed, there is no indication of this on her time sheets. In addition, the total hours on timesheets did not always equal the number of hours shown.
- Ms. Daugherty recorded compensatory time on her timesheet, even though her timesheets never added to more than 8 hours per day. Compensatory time is earned when an employee works in excess of their normal hours. However, as the Executive Director, Ms. Daugherty would not be eligible to accrue compensatory time.
- When Ms. Daugherty used compensatory time, she showed the hours as a reduction on the compensatory line of her timesheet and also showed the number of hours used on the general category line on her timesheet. We are unable to determine how these hours were allocated to the various programs.
- On her last timesheet for fiscal year 2010, which was dated July 4, 2010, Ms. Daugherty showed an ending vacation balance of 293 hours and a sick leave balance of 0 hours. The balance carried forward on the first timesheet in fiscal year 2011, which was dated July 17, 2010, showed a beginning vacation balance of 271 hours and a beginning sick leave balance of 12 hours. We could not determine why the balances did not agree.

According to Council staff we spoke with, Ms. Daugherty was the primary point of contact for the cities and counties in the region. She rarely worked directly on a program and spent most of her time in meetings and supervising programs. Staff members we spoke with were unsure how she allocated her time to the various programs.

Ms. Daugherty's timesheets included lines for each program she allocated her time to and lines for vacation, sick leave and compensatory time used and earned. In accordance with the Council's policies included in the employee handbook, Ms. Daugherty earned 6 hours of vacation and 4 hours of sick leave every pay period. Based on her pay stubs, Ms. Daugherty accrued compensatory time but did not receive a payout for any compensatory time. Instead, she used the compensatory time in lieu of vacation or possibly sick leave. Examples of her timesheets are included in **Appendix 1**.

Paid Leave – When the Council began operating as a COG on July 1, 2007, the Council carried forward the balances for each employee's vacation, sick leave and compensatory time. The balances were recorded on the timesheets and in the accounting system as each employee's beginning balance. Each pay period, the employee should have recorded the amount of vacation, sick leave and compensatory time earned and used on their timesheets. At the end of each pay period, employees signed their timesheets and submitted them to Ms. Daugherty. Ms. Daugherty entered all payroll information, including vacation and sick leave data, into the accounting system. Compensatory time was not entered in the accounting system and the balances were only recorded on individual timesheets.

According to staff we spoke with, Ms. Daugherty often called in and said she was not coming in. According to the Board President, Ms. Daugherty was to call him anytime she would not be in. He rarely received a call from Ms. Daugherty and he stopped in from time to time and found she was not in the office. According to staff we spoke with, when Ms. Daugherty was asked about her absences from the office, she would state she was ill or working from home.

Because of the concerns regarding how Ms. Daugherty allocated her time, we requested support from staff and the Board President indicating the days she called in ill or was not at work in order to compare these records to Ms. Daugherty's timesheet. The Board President and staff could not locate any records, including leave slips or notes indicating when she was gone. Because no records could be located, there is no evidence to support the allegations she was not properly recording her time on her timesheets.

Once the vacation and sick leave earned and used were recorded in the accounting system, the information was submitted to the Council's CPA firm. As a result of the concerns identified previously, we compared information recorded on the employees' timesheets and in the accounting system to determine if the balances recorded were appropriate. As a result of our review and comparison of timesheets and the accounting system, we identified the following:

- As previously stated, Ms. Daugherty's ending balance reported on her timesheet for vacation and sick leave for the pay period ended July 4, 2010 did not agree to the beginning balance reported for the pay period ended July 17, 2010.
- As previously stated, there were concerns with the accuracy of Ms. Daugherty's leave usage recorded on her timesheets. Staff stated she would call in sick, say she was working at home or would just not come into work. Her timesheets did not always reflect this time away from work.
- We identified instances in which employee timesheets document vacation and/or sick leave used. However, the accounting system did not include the vacation and/or sick leave hours used. The information in the accounting system included only the hours earned.
- The information recorded in the accounting system rarely matched Ms. Daugherty's timesheets after June 30, 2008. As previously stated, the beginning balances for vacation and sick leave on the timesheets and the accounting system agreed in July 2007.
- We identified adjustments made to Ms. Daugherty's vacation and sick leave balances in the accounting system. However, there was no explanation for the adjustments in the accounting system or other supporting documentation for the adjustments.
- Using Ms. Daugherty's beginning balance per her timesheet, the hours she earned in accordance with the Council's policies and the hours she reported as used on her timesheets, we determined Ms. Daugherty used 47 hours more sick leave than she was entitled to.
- Ms. Daugherty recorded compensatory time earned and used on her timesheet, thereby treating herself as an hourly rather than a salaried employee. According to the Fair Labor Standards Act, as Executive Director, Ms. Daugherty would be considered a professional (exempt employee) and, therefore, not eligible for compensatory time. According to Board members we spoke with, there was no agreement or policy allowing Ms. Daugherty to earn or use compensatory time. The Board expected Ms. Daugherty would put in the time necessary to perform her job duties as Executive Director without being paid for the additional hours or earning compensatory time.
- For days Ms. Daugherty reported earning compensatory time, her timesheet did not record the program or activities she worked on to earn the compensatory time or the hours she worked in addition to her normal work hours. For days Ms. Daugherty reported using

compensatory time, the compensatory time used was charged to the general category on her timesheet and her clock hours worked did not vary from her normal work hours. As a result, any hours she worked on grant-funded programs or activities to earn compensatory time was not charged against those programs or activities, resulting in the potential loss of grant revenue for the Council.

Because we cannot rely on Ms. Daugherty's timesheets or leave information in the accounting system, we are unable to determine if the vacation, sick leave and compensatory time balances reported for Ms. Daugherty are correct.

The Council paid her for the compensatory time she recorded as used each pay period. **Table 2** summarizes the dollar amount paid to Ms. Daugherty for compensatory time reported on her timesheet by fiscal year. The amount paid is based on the hourly rate calculated for each period.

Fiscal Year	Period	Hourly Rate[^]	Hours Used	Amount Paid
2008	07/01/07 - 10/14/07	\$ 31.25	114.0	\$ 3,562.50
2008	10/15/07 - 06/30/08	32.81	142.5	4,675.43
2009	07/01/08 - 06/30/09	34.78	143.0	4,973.54
2010	07/01/09 - 06/30/10	34.78	8.0	278.24
2011	07/01/10 - 08/25/10	34.78	-	-
Total			<u>407.5</u>	<u>\$ 13,489.71</u>

[^] - Calculated based on her gross salary for each pay period divided by the number of hours recorded on her pay stub

As stated previously, the Council did not have a compensatory time policy. Because the Board did not review Ms. Daugherty's timesheets, the Board was unaware Ms. Daugherty reported she was earning and using compensatory time. Because Ms. Daugherty should not have earned or used compensatory time, the \$13,489.71 is included in **Exhibit A** as an improper disbursement.

Termination Payout - Upon her resignation, the Council paid Ms. Daugherty for the remaining vacation balance of 116 hours shown on her final paystub at her hourly rate of \$34.79 which was higher than her authorized rate of \$31.25 per hour. This is discussed further in the next section. She was not paid for her remaining compensatory time balance because the Council's policy was to pay out only the vacation balance upon termination. **Table 3** compares Ms. Daugherty's actual payout to what she was authorized to receive.

Description	Calculated payout	Amount
Actual termination payout	(116 hrs. x \$34.79)	\$ 4,035.64
Less:		
Authorized payout	(116 hrs. x \$31.25)	<u>3,625.00</u>
Excess payout		<u>\$ 410.64</u>

The **Table** shows Ms. Daugherty received \$410.64 more in termination pay than she was authorized to receive. In addition, the Council paid \$280.48 for the employer's share of IPERS, but did not pay the \$308.72 employer's share of FICA.

As previously stated, we identified concerns with the hours reported as vacation on both Ms. Daugherty's timesheets and in the accounting system. Because of these concerns, we cannot determine if the balance recorded on the timesheet or in the accounting system is correct. As a result, we cannot determine if the amount paid out as termination pay is correct.

Termination pay is a reasonable disbursement for the Council and is to be paid out of non-federal funds unless it can be shown how many hours were earned under particular federal programs.

We have included the \$410.64 of excess payout and the related \$28.33 of excess IPERS in **Exhibit A** as improper disbursements. Because we cannot determine the source of funds used to pay the termination benefits, the remaining \$3,625.00 of termination pay to Ms. Daugherty and \$252.15 of the employer’s share of IPERS are included in **Exhibit A** as reasonable but unallowable for federal purposes.

Unauthorized Pay Increases – When the Council became a COG on July 1, 2007, Ms. Daugherty’s salary was \$65,000.00. While employed as the Executive Director, Ms. Daugherty awarded herself 2 raises without Board approval.

The first raise was documented in an e-mail sent to the Council’s CPA firm. The e-mail sent by Ms. Daugherty to the CPA firm stated, “Effective October 1, 2007 my annual salary adjustment goes to \$68,250.00.” The second raise was included on a claim form dated July 8, 2008 sent to the Council’s CPA firm which stated, “Effective 7/1/2008 Annual Salary is adjusted to \$72,345.28.” According to Board members we spoke with, they did not authorize any salary increases for Ms. Daugherty or other employees of the Council. According to the payroll records, no other employees received a raise during the period of our review.

We reviewed the minutes available for the period of our review and found no indication the raises were approved by the Council’s Board. In addition, we found no minutes showing raises were granted to any staff. Staff we spoke with also stated they have not received raises during the period of our review. **Table 4** summarizes Ms. Daugherty’s actual annual salary and her unauthorized pay increases.

Table 4

Period	Actual Annual Salary	Hourly Rate	Dollar Increase	Percent Increase
07/01/07 – 09/30/07	\$ 65,000.00	31.25	\$ -	-
10/01/07 - 06/30/08	68,250.00	32.81	3,250.00	5.0%
07/01/08 – 08/28/10	72,345.28	34.78	4,095.28	6.0%

According to the Board members we spoke with, Ms. Daugherty’s salary should have remained at \$65,000.00 during her employment as the Executive Director. **Table 5** compares Ms. Daugherty’s authorized salary to her actual gross pay.

Table 5

Fiscal Year	Authorized Salary per Pay Period	Number of Pay Periods	Authorized Salary for Fiscal Year	Actual Gross Pay	Amount Overpaid
2008	\$ 2,500.00	26	\$ 65,000.00	67,575.12	2,575.12
2009	2,500.00	25.5	63,750.00	70,676.11	6,926.11
2010	2,500.00	26	65,000.00	72,345.26	7,345.26
2011^	2,500.00	4	10,000.00	11,130.04	1,130.04
Total			\$ 203,750.00	221,726.53	17,976.53

^ - For the period July 1, 2010 through August 28, 2010.

Appendix 2 includes copies of a claim form and an e-mail from Ms. Daugherty regarding the unauthorized raises. In addition, the Council paid \$885.42 for the employer’s share of IPERS and \$1,028.40 for the employer’s share of FICA on the unauthorized raises.

Because the Board did not authorize any pay increases for Ms. Daugherty, the \$17,976.53 of additional salary shown in **Table 5**, the additional FICA of \$885.42 and the additional IPERS of \$1,028.40 on the unauthorized raises are improper disbursements. The \$17,976.53 of additional salary and \$1,913.82 of additional FICA and IPERS are included in **Exhibit A** as improper disbursements.

DISBURSEMENTS

As previously stated, the Council received funding from various federal and state programs and cities and counties which paid the Council for helping write grants and other services. Because the Council did not charge dues to its members, and funds received from grant writing and other services were minimal, the Council did not have sufficient funds which could be used to pay its general operating expenses.

The supporting documentation for some of the expenditures identified the program or programs which should be charged. Many of the Council's expenditures were for general operations and, as such, were charged to a general category line. These expenditures were allocated by Ms. Daugherty to the various programs administered by the Council. As previously stated, Council staff could not locate a current approved cost allocation plan or support for how expenditures were allocated.

Because DED and the EDA were concerned about the allowability of costs charged to their programs, we reviewed selected expenditures of the Council. Based on our review, the expenditures were categorized as follows for purposes of this report:

1. Proper – these expenditures are proper and an allowable expense of the Council. These expenditures may be directly charged to a federal or state program or allocated through an approved indirect cost allocation plan.
2. Improper – these expenditures are personal in nature or not necessary or reasonable for operations of the Council.
3. Reasonable but unallowable – these expenditures are reasonable for operations of the Council, but are unallowable for the state and federal programs administered by the Council. This is based on discussion with Council staff indicating the vendor was used for purchases related to Council operations, limited supporting documentation or a description in the memo line of the check indicating the reason for the payment. For example, J & K Market is used for food and beverages for meetings and cleaning supplies. While these items may be used for Council operations, these expenditures may not be allowed to be charged directly or indirectly unless allowed by the program. These items would have to be paid using other funds, such as dues.

Expenditures, other than payroll which has been addressed earlier, are discussed in the following paragraphs. The expenditures are classified into the 3 categories above.

Excessive Rental Cost - In its report, the EDA expressed concerns over the ownership of the building and the amount of rent paid by the Council. Rent is an allowable expenditure for the programs administered by the Council and should be allocated based on an approved cost allocation plan. Rent is commonly allocated based on the square footage assigned to each program or the time spent on each program. Other options may include total revenues for each program or total direct expenditures for each program.

The monthly rent payments made by the Council from July 2007 through April 2011 are summarized in **Table 6**. As illustrated by the **Table**, the amount paid for rent increased significantly between June 2007 and April 2008. The **Table** also illustrates the amount of space rented doubled during this period. However, the amount of space needed by the Council did not increase. During this period, each rent payment was made to Ms. Daugherty, her husband or her mother-in-law. Because the rent payments were made directly to Ms. Daugherty or a close family

member, the transactions are susceptible to costing more than may have been paid to a landlord not related to Ms. Daugherty. Additional details about each lease entered into by the Council follows the **Table**.

Table 6

Period	Approximate Area Rented	Number of Employees	Monthly Rent
July 2006 – June 2007 [^]	2,000 square feet	3	\$ 300.00
July 2007 – March 2008	2,000 square feet	3	450.00
April 2008 – April 2010 [#]	4,000 square feet	3-5	900.00
May 2010 – April 2011	4,000 square feet	2-3	700.00

[^] - During this period, the Council was not a Council of Governments. The Council was approved to be a Council of Governments effective July 1, 2007.

[#] - Lease expired on March 31, 2010. However, the Council paid \$900.00 rent for April 2010.

When the Council became a COG, on July 1, 2007, it was already renting the 2nd floor of a building on the square, at 205 North 13th Street. The building was owned by Linda Miller, Ms. Daugherty’s mother-in-law. The Council paid \$300.00 per month for the 2nd floor, consisting of 2 apartments totaling approximately 2,000 square feet. The Council also had use of common spaces and was required to pay utilities for the 2nd floor. The Council used the apartments as office space, meeting space and for storage. At the time, the Council employed an Executive Director and 2 staff. Because the space rented was apartments rather than office areas, the space included amenities not needed by the Council, such as kitchen space.

According to staff members we spoke with, the Council moved into 205 North 13th Street in July 2004. As the Executive Director, Ms. Daugherty would have been responsible for securing the location and the Board should have approved the terms of the lease. While it is not apparent why Ms. Daugherty would have chosen to lease 2 apartments for the Council’s operations, leasing this location would have benefited her mother-in-law, who owned the building at the time. According to the Appanoose County Assessor’s website, Ms. Daugherty’s mother-in-law, Linda Miller, owned the building from October 19, 2000 to August 20, 2007. Ms. Daugherty and her husband purchased the building in August 2007 for \$40,000.00, just 1 month after the Council entered into a new lease for space within the building.

On July 3, 2007, the Council signed a new 1 year lease for the 2nd floor and the rent increased from \$300.00 to \$450.00 per month, a 50% increase. However, the amount of space specified in the lease did not increase. Although the lease was with Linda Miller, the payments were made to Mike Miller, Ms. Daugherty’s husband, after the sale of the property. The first check issued to Mr. Miller was for the September 2007 rent.

While the lease was only for the 2nd floor, the Council started to use the main floor in July 2007, according to staff we spoke with, while continuing to use the 2nd floor. However, the Council did not pay any additional rent for the expanded space. The main floor had previously housed a retail business owned and operated by Ms. Daugherty’s mother-in-law. However, the retail business closed prior to Ms. Daugherty and her husband’s purchase of the building. After expanding to the main floor, the Council’s operations included approximately 2,000 square feet on the main floor and 2,000 square feet on the 2nd floor. The minutes of Council meetings do not include approval or discussion of this arrangement.

At the time the Council expanded to the main floor, there were only 3 employees. Because the number of employees did not increase, there was no need to double the amount of space occupied. The Council continued to pay monthly rent of \$450.00 for the entire building until a new lease was signed on April 1, 2008.

The new lease, effective April 1, 2008 through March 30, 2010 was for the entire building. The copy of the lease provided to us by the Council showed the lease was signed by Dean Kaster, the Board President, but it did not include any other signatures or a date signed. The lease was approved by the Board at its March 26, 2008 meeting. The lease was for \$10,800.00 per year, or \$900.00 per month. The payments were made to Mr. Miller through February 2009. From March 2009 through late September 2009, the rental payments were made to Tracy Miller (Tracy Daugherty). From early November 2009 through March 2011, the payments were made to Tracy Daugherty.

The Council hired an additional staff member in July 2008 and another in September 2008, bringing the total number of employees to 5. Of the 5 employees, 2 were located on the main floor, the Executive Director's office was located in the loft area of the main floor and the remaining 2 staff members were located in the apartments on the 2nd floor. Based on the amount of space available on the main floor and the loft area of the main floor, all 5 employees would have been able to be located on the main floor.

A staff member resigned in August 2009 and another staff member resigned in July 2010. The 3 remaining staff members were located on the main floor and the loft area of the main floor.

On April 29, 2010, the Council signed a 1 year lease with Ms. Daugherty for the period May 1, 2010 through April 20, 2011 at a total cost of \$8,400.00 (\$700.00 per month). According to staff we spoke with, the rent was decreased as a result of financial problems encountered by the Council. The Council could not locate a copy of the lease for April 2009 through April 2010. The Council continued to employ an Executive Director and 2 staff during this period. The 2nd floor continued to be used for storage. As previously stated, the Executive Director resigned on August 25, 2010, leaving only 2 staff occupying the entire building.

In November 2010, the Board decided to look for other office space. According to Council members and staff we spoke with, the Council's research showed the rental cost of buildings which would suit their needs ranged from \$350.00 to \$900.00 per month. The Council moved into its current location at 308 North 12th Street in April 2011. According to staff we spoke with, the square footage and building layout is similar to their old location. There is approximately 2,000 sq. ft. on the main level and 2,000 sq. ft. on the 2nd floor. The Council is currently paying \$500.00 per month for the building and has the option to buy the building. According to staff we spoke with, they are only utilizing the main floor, approximately 2,000 square feet. The second floor is storage and mostly empty.

As previously stated, the EDA expressed concerns over the ownership of the building and the amount of rent paid by the Council. As stated in the preceding paragraphs, the amount paid by the Council was established by Ms. Daugherty and/or her family members. Based on information provided by several realtors in the area and the current Executive Director, rental rates for the same size space (approximately 2,000 sq. ft.) around the town square ranged from \$400.00 to \$600.00 per month. The current Executive Director also indicated the rental rates are negotiable. For example, a property the Council was interested in was listed for \$900.00 per month, but the current Executive Director negotiated a monthly rate of \$650.00 per month before agreeing to terms on their current location.

The realtors we spoke with also stated newer buildings and remodeled or renovated buildings rent for higher rates. Buildings which are older or require updating or renovation would usually rent toward the lower end of the range. As a result, we used \$500.00, which is between the low of \$400.00 per month and the high of \$600.00 per month provided by the realtors, as a reasonable market rate.

Using \$500.00 per month as a reasonable market rate for rental property in the area, the Council was overcharged for its space at the old location owned by Ms. Daugherty. **Table 7** summarizes the excess rent paid as a result of paying \$650.00 to \$900.00 per month, as reflected in **Exhibit C**, compared to paying the market rate of \$500.00 per month for the building.

Table 7

Description	Amount
Total rent paid for 205 North 13 th Street (Exhibit C) [^]	\$ 30,450.00
Market value (per month)	\$ 500.00
x Number of months (April 2008 through April 2011)	x 37
Total rent based on market rate	18,500.00
Excess rental cost	\$ 11,950.00

[^]-From April 2008 – April 2011 and excludes \$70.00 included for maintenance in the 3/30/10 payment.

The **Table** reflects only the period when the Council rented the entire building. This allows for a comparison between the market rate and what the Council paid for the same space. **Exhibit C** includes a list of all rent payments, including any maintenance charges, totaling \$34,420.00 made to Ms. Daugherty or her husband.

Staff we spoke with stated they did not believe the Council ever researched rental rates for similar properties in the area while leasing the building owned by Ms. Daugherty and/or her family members. The Board relied on Ms. Daugherty to locate an appropriate location and negotiate a reasonable rate for the Council. However, because Ms. Daugherty and/or her family members owned the building leased by the Council, she was not in a position to represent the Council's best interests when lease terms were established.

Based on the Council's current rental rate of \$500.00 per month, the lack of major employers in the Centerville area and the economic conditions in the rental market over the last few years as a result of a downturn in the economy, the rent paid to Ms. Daugherty appears to be excessive and unreasonable. As the Executive Director, Ms. Daugherty's should have looked out for the best interests of the Council. Because Ms. Daugherty also owned the Building, she may not have been looking out for the best interests of the Council. The Council also should have been aware of the conflict and requested comparison rental rates for office space in the area to ensure it was getting the best deal possible for the Council and its needs.

As a result, the Council incurred excessive rental charges of \$11,950.00. Because Ms. Daugherty was the beneficiary of the excessive rent payments, we have included the \$11,950.00 in **Exhibit A** as improper disbursements.

Reimbursements to Tracy Daugherty - As part of Ms. Daugherty's job duties, she was to attend program meetings and training related to the programs administered by the Council. The meeting and training events often occurred throughout the region and in the Des Moines area. On occasion, training would also be held outside of Iowa. According to staff we spoke with, Ms. Daugherty used her personal vehicle to travel to training events and charged mileage and other expenses directly to the program or programs. Ms. Daugherty also purchased office supplies using her personal funds and submitted claims for reimbursement.

We reviewed all reimbursements to Ms. Daugherty along with available supporting documentation. **Exhibit D** is a list of the reimbursements made to Ms. Daugherty. The classification of the expenditures is based on information available on the supporting documentation and other activities included on the same reimbursement form. **Table 8** summarizes the amounts based on the categories previously identified.

Table 8

Category	Amount
Proper	\$ 3,046.76
Improper	1,035.97
Reasonable but unallowable	823.30
Total	<u>\$ 4,906.03</u>

The \$1,035.97 was classified as improper because there was no support for the reimbursement, no purpose noted in the memo line of the check or a reason on the claim form indicating the purpose of the reimbursement. The \$1,035.97 is made up of 2 payments. The first was on September 30, 2008 for \$112.32 and the second was on March 26, 2009 for \$923.65. While the second payment is for a large amount, it does not appear to include the monthly rent. As previously stated, the monthly rent payment was \$900.00. As shown in **Exhibit C**, a \$900.00 rent payment was made on March 28, 2009. Because we are unable to determine the purpose of the 2 payments, the \$1,035.97 is included in **Exhibit A** as improper disbursements.

As shown by the **Table**, Ms. Daugherty received reimbursements totaling \$4,906.03. The \$823.20 classified as reasonable but unallowable was based upon a description included in the memo line of the check or description included on the reimbursement form. The \$823.30 is included in **Exhibit A** as reasonable but unallowable disbursements.

Credit Card Purchases - The Council maintains a VISA credit card which was primarily used for travel costs and purchases of office supplies. Ms. Daugherty was the primary holder of the credit card and the most frequent user. Other staff occasionally used the credit card to purchase supplies on-line or to pay for registration for conferences and meetings on line. According to staff we spoke with, supporting documentation was to be attached to each statement to support the charges.

We reviewed the credit card statements and supporting documentation to determine if the charges were proper, improper or reasonable but unallowable for the programs administered by the Council. A complete list of all transactions is included in **Exhibit E**. During our review of the credit card statements, we identified statements which included notations indicating some of the charges were personal in nature. Attached to the statements were copies of several redeemed personal checks totaling \$614.44. The personal checks were written by Ms. Daugherty to the Council to reimburse the personal charges. We identified more personal charges than those which Ms. Daugherty reimbursed the Council.

Table 9 summarizes the charges by the categories previously identified.

Table 9

Category	Amount
Proper	\$ 27,074.23
Improper	5,560.73
Reasonable but unallowable	17,851.90
Total	<u>\$ 50,486.86</u>

The \$5,560.73 of improper charges include purchases which are not reasonable for operations of the Council or are personal in nature. The improper charges identified include items such as clothing purchases at Dillard's and JCPenny totaling \$210.32, purchases at Yankee Candles totaling \$779.74, purchases of flowers totaling \$223.05 and wine purchased at Hy-Vee for \$542.88. In addition, we identified gift cards purchased at Deluxecard.com and Hy-Vee totaling \$561.90. According to staff we spoke with, the gift cards were purchased by Ms. Daugherty as Christmas gifts for the staff.

As the Executive Director, Ms. Daugherty was responsible for ensuring bills were paid in a timely manner. Because payments were not made timely, the Council incurred \$378.00 of late fees. These fees are included as improper disbursements as part of the improper credit card purchases included in **Exhibit A**.

The \$17,851.90 of reasonable but unallowable disbursements include payments to vendors which, according to staff, were normally used by the Council for supplies, food for meetings and computer equipment, such as printers. However, supporting documentation was not available and we could not determine the purpose of the specific charges. Reasonable but unallowable disbursements identified include payments to hotels, restaurants and other vendors for meetings or conferences for which a reason was not documented as to why the expense was necessary.

The \$5,560.73 of improper disbursements, the \$17,851.90 of reasonable but unallowable disbursements and Ms. Daugherty's personal checks totaling \$614.44 reimbursing the Council for personal purchases are included in **Exhibit A**.

Payments to Vendors - We also scanned other checks issued from the Council's checking account. Using the available supporting documentation, we identified \$1,568.24 of improper expenditures and \$24,185.77 of reasonable but unallowable expenditures. **Exhibit F** provides details of these expenditures. The payments classified as improper include:

- Donation – We identified a \$200.00 donation to Centerville Softball parents. According to staff we spoke with, they believe it was a donation for the team helping assemble some chairs for the office. We are unable to verify if the Centerville Softball team performed the work stated.
- Grocery stores – The majority of purchases classified as improper were for food and beverages purchased from Hy-Vee and Fareway. By reviewing the related receipts from these vendors, we identified purchases of pop, food items and alcohol.
- Miscellaneous – Purchases were from Wal-Mart, flower stores, home décor stores and arts and crafts stores. The purchases included \$379.69 of flowers and plants and \$237.22 for decorations, napkins and similar items.

A function of the Board is to help ensure the Council operates in an efficient and economical manner while meeting the needs of its members or other users of its services. Expenditures should be reviewed to ensure they are necessary and reasonable for operations of the Council and comply with any program requirements. The \$1,568.24 and the \$24,185.77 are included in **Exhibit A** as improper disbursements and reasonable but unallowable disbursements, respectively.

The Council purchases the majority of its office supplies from Staples. We identified \$42.09 of improper disbursements for snack foods and \$1,075.20 of reasonable but unallowable disbursements for items such as a flash drive, label writer and a 30 piece tool kit from Staples. Staples is excluded from **Exhibit F** due to the number of transactions and the small amount identified as improper disbursements and reasonable but unallowable disbursements. The \$42.09 and the \$1,075.20 are included in **Exhibit A** as improper disbursements and reasonable but unallowable disbursements, respectively.

OTHER CONCERNS

Financial Concerns – When the Council was established, the Board made the decision not to charge dues to its members. As a result, the Council had no source of revenues other than fees charged for services and funding received from the federal and state programs it administered. Many of the programs administered are on a reimbursement basis. Because the Council had to pay its bills prior to requesting reimbursement from these programs, the Council established a line of credit

with a local bank. The grant proceeds and fees charged for services were to be used to repay the line of credit.

Programs administered by the Council provide for some administrative funding to cover direct administrative costs and some overhead costs allocated through an approved cost allocation plan. The majority of the program funds are for direct costs of the program. For example, according to staff at DED, a CDBG sewer project may provide a \$250,000.00 grant for construction of a sewer, but only 10% of the funds may be used for administrative costs. Administrative costs include the direct costs charged to oversee the project by the Council, such as travel costs related to the oversight, preparation of reports, advertising for bids on the project and indirect costs allocated to the programs, such as rent and utilities.

The Council relied on a line of credit to pay bills related to its programs and general operations. Once the Council received reimbursements from the federal and state programs, the Council used the funds to repay the line of credit. The balance on the line of credit continued to grow as a result of the financial decisions made by the former Executive Director, poor oversight by the Board and the need to use the funds received to maintain the current operations of the Council instead of paying off the line of credit. Examples of the decisions which impacted the Council's financial position include:

- The former Executive Director failed to request matching funds from the member counties and cities for DOT projects.
- The purchase of unnecessary and unreasonable items, such as decorative items for the office, wine and alcohol, and excessive spending for pop and food for meetings and staff.
- The Executive Director received unauthorized pay increases.
- Excessive rent was charged to the Council for rental of the building owned by the former Executive Director or her family members.
- The Council did not charge dues to its members. Dues from members are the main source of unrestricted revenues for the Council.

As previously stated, the Council is now charging its members annual dues and billing the members for their share of match for DOT projects. In addition, the Council has realized savings by decreasing costs for rent and salaries. As a result, the Council has been able to repay a portion of the line of credit.

During the period of our review, the Council's line of credit reached an outstanding balance of approximately \$200,000.00 on January 25, 2008. Payments were made to reduce the balance to \$29,355.82 as of April 2, 2009 before the balance increased to approximately \$200,000.00 on June 7, 2010. As of August 11, 2011, the Council owed \$175,460.45 on the line of credit.

Oversight – The Board is responsible for all Council operations, including financial operations. Certain reports are required to be submitted to the Board for the members' review. We identified the following related to the Board's oversight of the Council's operations:

- The Board did not provide adequate oversight of the Council's operations, including approving bills and reviewing financial status reports, such as budget to actual reports.
- The Board did not provide proper oversight over the leasing of office space. The Board relied on the Executive Director to determine the location and amount of space needed for its operations. The office space, located by the Executive Director, was in a building originally owned by her mother-in-law. The Executive Director and her husband later purchased the building. In addition, the original space rented was 2 apartments rather than actual office space. The Council later took over the entire building, over 4,000

square feet, which was more space than necessary for 3-5 employees. In addition, the rent was above market value for similar properties in the area.

- Some minutes for the period of our review could not be located.
- The Board did not review Ms. Daugherty's timesheets.
- The Board did not have a current budget for operation of the Council. We found no evidence the Council had ever approved a budget for its operations.
- The Board did not require Ms. Daugherty to provide written financial reports, bill listings or other information related to the financial condition of the Council. According to Board members, they requested information but never received the information requested.
- Ms. Daugherty prepared and signed all checks. She also had custody of the Board president's signature stamp.
- Ms. Daugherty performed all functions related to the cash receipt and disbursement process.

Recommended Control Procedures

An important aspect of internal control is to establish procedures to 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. Based on our findings and observations detailed below, the following recommendations are made to strengthen the Council's internal controls.

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 former Executive Director had control over each of the following areas for the Council:

- (1) Receipts – collecting, preparing deposits, reconciling, opening mail and recording transactions.
- (2) Disbursements – purchasing, approval, check writing, signing, control over the credit card and custody of the check stock.
- (3) Payroll – entering time sheets into the accounting system, approving time sheets, including vacation, compensatory time and leave, receiving and distributing payroll checks.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, the duties within each function listed above should be segregated between the Executive Director, the Program Support Specialist and Board members, as needed. In addition, Board members should review financial records and examine supporting documentation for accounting records on a periodic basis.

B. Bank Reconciliations - Monthly reconciliations of the Council's balances to the bank accounts were not prepared. A list of outstanding checks was not prepared for each month.

Recommendation - To improve financial accountability and control, a monthly reconciliation of the Council's cash balances and bank balances should be prepared and retained. Any variances should be investigated and resolved in a timely manner. A listing of outstanding checks should be prepared each month and retained. Reconciliations should be reviewed by a Board member and the review should be documented by dating and signing or initialing the reconciliation.

C. Disbursements – During our review of the Council's disbursements, we determined sufficient supporting documentation was not maintained for many of the disbursements. Invoices or other supporting documentation did identify the business purpose of the expenditure or why it was allowable for the federal program(s) being charged.

Recommendation – All disbursements should be supported by invoices or other supporting documentation and be reviewed and approved by the Board. For those disbursements paid prior to Board approval, a listing should be provided to the Board at the next meeting for its review and approval. Invoices should also provide information on the business purpose of the disbursement when the purpose and the program to be charged is not evident.

D. Credit Card – The Council has a credit card issued in both the Council's name and the former Executive Director's name which was held by the former Executive Director. We reviewed the purchases made with the credit card and identified the following:

- Supporting documentation was not always maintained.

- The Council has not adopted formal policies and procedures for the use of the credit card and accounting for credit card charges.
- Certain credit card charges were not necessary and reasonable for operation of the Council.
- Penalties and interest charges were incurred because the former Executive Director did not pay the bill in a timely manner.

Recommendation – The Council should develop a written credit card policy for any credit card in the Council’s name and held by employees of the Council. The policy should set the maximum card limit, what the card may be used for and require original receipts be submitted for all charges. The support should also include a description of the purpose (allowability) of the charge when the purpose is not evident and the program to be charged. Board members should periodically review the credit card statements to ensure charges appear appropriate and payments are made in a timely manner.

E. Payroll – We reviewed the payroll for the former Executive Director and identified the following:

- All leave was charged to the general category line and to the particular leave line on the timesheet. There was no support for how these hours were allocated to the programs administered by the Council.
- The time sheet for the pay period ending March 15, 2010 could not be located.
- The former Executive Director accrued and used compensatory time even though she was an exempt employee and was not eligible for compensatory time.
- Beginning balances for annual vacation leave, compensatory time and sick leave for the former Executive Director could not be supported.
- The former Executive Director gave herself raises which were not approved by the Board.
- Ms. Daugherty’s leave usage did not agree between her timesheets and the accounting system.

Recommendation – The Board should implement procedures to ensure appropriate payroll and leave records are maintained, including approved timesheets, vacation, sick leave and compensatory time. The Board should also require independent verification of employee’s leave balances instead of employees tracking their own balances. The Executive Director’s time sheets should be approved and signed or initialed by a Board member. In addition, the Board should review each employee’s leave balances on a periodic basis.

F. Policy and Procedures Manual – The Council does not maintain an accounting policy and procedures manual and does not have a current personnel policy and procedures manual.

Recommendation – An accounting policies and procedures manual should be developed to provide the following benefits:

- Aid in training additional or replacement staff.
- Help achieve uniformity in accounting and in the application of policies and procedures.
- Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.
- Ensure program accounts are appropriately utilized.

The Board should develop procedures to ensure the personnel policies and procedures manual is maintained on a current basis with all approved amendments.

- G. Cost Allocation Plan – The Council administers various federal and state programs. Programs are allowed to be charged for both direct and indirect costs. Indirect costs should be allocated using an approved cost allocation plan. The Council did not have a current approved cost allocation plan.

Recommendation – The Council should develop a cost allocation plan and submit it for approval by its cognizant oversight agency.

- H. Travel Policy – Travel expenses were not supported by adequate documentation and did not consistently indicate the purpose of the travel and to which program(s) the travel should be charged.

Recommendation – The Council should develop a travel policy which includes requirements for documenting the purpose of the travel, which program(s) the travel should be charged to, establishing per diem and mileage rates and required supporting documentation for hotel, food, registration and other travel related expenses.

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

Based on our observations and procedures performed, we identified the Board failed to exercise proper fiduciary oversight. The lack of appropriate oversight and failure to ensure implementation of adequate internal controls permitted an employee to exercise too much power over the operation of the Council. The Board frequently relied on information from the Executive Director without adequate supporting documentation or information.

Recommendation – Oversight by the Board is essential and should be an ongoing effort by all members. In the future, the Board should exercise due care and require and review pertinent information and documentation prior to making decisions affecting the Council.

In addition, appropriate policies and procedures should be adopted, implemented and monitored to ensure compliance with established policies and procedures.

Exhibits

**A Review of the
Chariton Valley Planning & Development
Council of Governments**

A Review of the
Chariton Valley Planning & Development
Council of Governments

Summary of Findings
For the period July 1, 2007 through August 31, 2010

Description	Exhibit/Table/ Page Number	Improper	Reasonable but Unallowable*	Total
Improper and Unallowable Disbursements:				
Payroll:				
Paid leave	Table 2	\$ 13,489.71	-	13,489.71
Termination payout	Table 3	410.64	3,625.00	4,035.64
Additional IPERS contribution	Page 13	28.33	252.15	280.48
Unauthorized pay increases	Table 5	17,976.53	-	17,976.53
Additional FICA and IPERS contributions	Page 13	1,913.82	-	1,913.82
Excessive rental cost	Table 7	11,950.00	-	11,950.00
Reimbursements to Tracy Daugherty	Table 8	1,035.97	823.30	1,859.27
Credit card purchases	Table 9	5,560.73	17,851.90	23,412.63
Staples	Page 19	42.09	1,075.20	1,117.29
Payments to vendors	Exhibit F	1,568.24	24,185.77	25,754.01
Total		53,976.06	47,813.32	101,789.38
Less: Reimbursement from Tracy Daugherty	Pages 18 and 19	(614.44)	-	(614.44)
Net amount		\$ 53,361.62	47,813.32	101,174.94

* - These disbursements are reasonable for the operations of the Council, but are unallowable for federal purposes.

A Review of the
Chariton Valley Planning & Development
Council of Governments

Revenue and Expenditures by Program
For the period July 1, 2007 through August 31, 2010

Funding Source/ Project	Fiscal Year 2008			Fiscal Year 2009		
	Revenues	Expenditures	Excess Revenues (Expenditures)	Revenues	Expenditures	Excess Revenues (Expenditures)
<u>Cities and Counties</u>						
Appanoose, Davis, Lucas, Monroe - Care	-	-	-	1,642.63	716.50	926.13
State Revolving Fund - Promise City	-	-	-	5,153.18	3,335.00	1,818.18
Hazard Mitigation Grant - Appanoose	-	-	-	29,649.52	19,766.36	9,883.16
Hazard Mitigation Grant - Lucas	-	-	-	12,909.80	7,931.74	4,978.06
Hazard Mitigation Grant - Monroe	-	-	-	10,845.18	5,515.94	5,329.24
Hazard Mitigation Grant - Wayne	-	-	-	-	-	-
Hazard Mitigation Plan - Monroe	-	-	-	-	54.54	(54.54)
	-	-	-	60,200.31	37,320.08	22,880.23
<u>Department of Economic Development (DED)</u>						
CDBG - Administration	2,080.00	11,821.97	(9,741.97)	-	-	-
CDBG - Appanoose	-	-	-	-	-	-
CDBG - Centerville	150.00	6,793.58	(6,643.58)	-	130.86	(130.86)
CDBG - Centerville Phase 2	-	-	-	-	-	-
CDBG - Lucas County	2,100.00	330.08	1,769.92	6,978.71	4,125.88	2,852.83
CDBG - Moulton	-	3.61	(3.61)	1,747.28	1,018.27	729.01
CDBG - Mystic	9,920.00	13.76	9,906.24	-	466.33	(466.33)
CDBG - Plano	2,200.00	3,929.46	(1,729.46)	-	-	-
CDBG - Promise City	-	-	-	-	1.78	(1.78)
CDBG - Seymour	4,800.00	5,266.12	(466.12)	7,637.35	(1,178.01)	8,815.36
Economic Development Set Aside - Lucas County	-	-	-	-	0.42	(0.42)
Jumpstart - Disaster Recovery	-	-	-	4,600.82	15,214.84	(10,614.02)
Jumpstart	-	-	-	61,882.03	64,705.71	(2,823.68)
Values - Regional Marketing - 08-RMG-10	-	7,196.64	(7,196.64)	20,000.00	36,742.22	(16,742.22)
Values Fund - DED Rail	-	-	-	-	-	-
	21,250.00	35,355.22	(14,105.22)	102,846.19	121,228.30	(18,382.11)
<u>Department of Transportation (DOT)</u>						
Federal Highway Administration	-	-	-	-	10,310.72	(10,310.72)
Federal Highway Administration - Rail	-	-	-	-	-	-
Historic Hills	442,332.08	480,815.98	(38,483.90)	25,613.67	17,750.95	7,862.72
Scenic Byway	2,545.75	21,157.90	(18,612.15)	7,491.66	8,648.88	(1,157.22)
Transit Grant	10,064.26	149.23	9,915.03	3,420.00	4.55	3,415.45

Fiscal Year 2010			Total		
Revenues	Expenditures	Excess Revenues (Expenditures)	Revenues	Expenditures	Excess Revenues (Expenditures)
-	-	-	1,642.63	716.50	926.13
1,520.02	591.11	928.91	6,673.20	3,926.11	2,747.09
10,114.70	4,487.39	5,627.31	39,764.22	24,253.75	15,510.47
5,563.68	4,302.82	1,260.86	18,473.48	12,234.56	6,238.92
4,185.87	2,015.26	2,170.61	15,031.05	7,531.20	7,499.85
-	5,109.30	(5,109.30)	-	5,109.30	(5,109.30)
-	-	-	-	54.54	(54.54)
<u>21,384.27</u>	<u>16,505.88</u>	<u>4,878.39</u>	<u>81,584.58</u>	<u>53,825.96</u>	<u>27,758.62</u>
-	-	-	2,080.00	11,821.97	(9,741.97)
-	88.02	(88.02)	-	88.02	(88.02)
-	349.47	(349.47)	150.00	7,273.91	(7,123.91)
440.42	18.03	422.39	440.42	18.03	422.39
-	746.31	(746.31)	9,078.71	5,202.27	3,876.44
4,063.79	3,095.41	968.38	5,811.07	4,117.29	1,693.78
-	-	-	9,920.00	480.09	9,439.91
-	-	-	2,200.00	3,929.46	(1,729.46)
-	254.75	(254.75)	-	256.53	(256.53)
991.93	636.47	355.46	13,429.28	4,724.58	8,704.70
-	-	-	-	0.42	(0.42)
-	958.42	(958.42)	4,600.82	16,173.26	(11,572.44)
20,378.00	21,913.04	(1,535.04)	82,260.03	86,618.75	(4,358.72)
-	18,204.98	(18,204.98)	20,000.00	62,143.84	(42,143.84)
<u>6,630.00</u>	<u>1,711.20</u>	<u>4,918.80</u>	<u>6,630.00</u>	<u>1,711.20</u>	<u>4,918.80</u>
<u>32,504.14</u>	<u>47,976.10</u>	<u>(15,471.96)</u>	<u>156,600.33</u>	<u>204,559.62</u>	<u>(47,959.29)</u>
-	-	-	-	10,310.72	(10,310.72)
9,790.00	1,273.40	8,516.60	9,790.00	1,273.40	8,516.60
-	2,850.00	(2,850.00)	467,945.75	501,416.93	(33,471.18)
3,120.00	10,315.01	(7,195.01)	13,157.41	40,121.79	(26,964.38)
-	2,646.70	(2,646.70)	13,484.26	2,800.48	10,683.78

A Review of the
Chariton Valley Planning & Development
Council of Governments

Revenue and Expenditures by Program
For the period July 1, 2007 through August 31, 2010

Project	Fiscal Year 2008			Fiscal Year 2009		
	Revenues	Expenditures	Excess Revenues (Expenditures)	Revenues	Expenditures	Excess Revenues (Expenditures)
Transport Special	16,477.00	36,237.60	(19,760.60)	21,540.95	17,032.55	4,508.40
Transportation Administration	-	12,437.66	(12,437.66)	12,379.00	3,590.11	8,788.89
Long Range Transportation Plan	9,412.00	19,403.99	(9,991.99)	17,699.00	19,402.00	(1,703.00)
Transportation - Public Involvement Plan	1,771.00	9,186.46	(7,415.46)	13,456.00	9,268.21	4,187.79
Transportation Plan	20,967.74	43.94	20,923.80	-	-	-
Transportation - Public Participation Plan	-	-	-	-	-	-
Transportation Passenger Transit Development Plan	-	-	-	8,681.56	7,429.95	1,251.61
Transportation Improvement Plan	9,049.00	12,727.47	(3,678.47)	16,159.00	7,265.31	8,893.69
Transportation Planning Work Program	579.00	11,860.55	(11,281.55)	13,431.00	3,249.70	10,181.30
Transportation Transit	-	20,051.20	(20,051.20)	5,076.00	2,831.07	2,244.93
	<u>513,197.83</u>	<u>624,071.98</u>	<u>(110,874.15)</u>	<u>144,947.84</u>	<u>106,784.00</u>	<u>38,163.84</u>
<u>Economic Development Administration (EDA)</u>						
Community Development Block Grant						
Seymour Housing	-	-	-	-	-	-
Centerville Sanitary Prep	-	-	-	-	-	-
Corydon Park Grants	-	-	-	-	-	-
Chariton Valley Housing Trust	-	-	-	-	-	-
Mystic Prep	-	-	-	-	-	-
Other	-	-	-	-	-	-
Rail Department of Economic Development Prep	-	-	-	-	-	-
Trees Forever Albia	-	-	-	-	-	-
City of Cincinnati	-	-	-	-	-	-
Golfview	-	-	-	-	70.75	(70.75)
Appanoose County	-	223.85	(223.85)	14,790.00	4,905.77	9,884.23
	-	<u>223.85</u>	<u>(223.85)</u>	<u>14,790.00</u>	<u>4,976.52</u>	<u>9,813.48</u>
<u>Federal Emergency Management Agency/Homeland Security</u>						
Buyout General	-	-	-	-	2,536.31	(2,536.31)
Mystic Acquisition	-	-	-	7,453.85	6,155.49	1,298.36
Mystic Demolition	-	-	-	1,619.45	1,896.87	(277.42)
	-	-	-	<u>9,073.30</u>	<u>10,588.67</u>	<u>(1,515.37)</u>
<u>Iowa Department of Public Health (IDPH) - Automatic Electronic Defibrillator</u>						
	-	-	-	<u>3,230.00</u>	<u>17,507.49</u>	<u>(14,277.49)</u>
<u>General</u>						
General - Allocated	158,039.00	110,022.31	48,016.69	116,175.08	206,494.86	(90,319.78)
Total	<u>\$ 692,486.83</u>	<u>769,673.36</u>	<u>(77,186.53)</u>	<u>451,262.72</u>	<u>504,899.92</u>	<u>(53,637.20)</u>

Fiscal Year 2010			Total		
Revenues	Expenditures	Excess Revenues (Expenditures)	Revenues	Expenditures	Excess Revenues (Expenditures)
12,332.00	13,904.24	(1,572.24)	50,349.95	67,174.39	(16,824.44)
1,685.00	3,719.47	(2,034.47)	14,064.00	19,747.24	(5,683.24)
13,222.00	21,093.77	(7,871.77)	40,333.00	59,899.76	(19,566.76)
3,184.00	3,994.70	(810.70)	18,411.00	22,449.37	(4,038.37)
-	-	-	20,967.74	43.94	20,923.80
-	291.47	(291.47)	-	291.47	(291.47)
-	2,144.17	(2,144.17)	8,681.56	9,574.12	(892.56)
2,341.00	8,357.45	(6,016.45)	27,549.00	28,350.23	(801.23)
-	7,441.21	(7,441.21)	14,010.00	22,551.46	(8,541.46)
3,527.00	1,185.15	2,341.85	8,603.00	24,067.42	(15,464.42)
49,201.00	79,216.74	(30,015.74)	707,346.67	810,072.72	(102,726.05)
1,700.00	735.59	964.41	1,700.00	735.59	964.41
2,720.00	570.41	2,149.59	2,720.00	570.41	2,149.59
1,125.00	577.01	547.99	1,125.00	577.01	547.99
-	1,732.52	(1,732.52)	-	1,732.52	(1,732.52)
2,295.00	654.53	1,640.47	2,295.00	654.53	1,640.47
66,468.58	11,984.98	54,483.60	66,468.58	11,984.98	54,483.60
3,000.00	1,378.92	1,621.08	3,000.00	1,378.92	1,621.08
255.79	140.69	115.10	255.79	140.69	115.10
1,700.00	1,359.59	340.41	1,700.00	1,359.59	340.41
2,372.75	918.01	1,454.74	2,372.75	988.76	1,383.99
-	153.49	(153.49)	14,790.00	5,283.11	9,506.89
81,637.12	20,205.74	61,431.38	96,427.12	25,406.11	71,021.01
-	-	-	-	2,536.31	(2,536.31)
41,201.22	20,927.91	20,273.31	48,655.07	27,083.40	21,571.67
23,693.50	12,937.33	10,756.17	25,312.95	14,834.20	10,478.75
64,894.72	33,865.24	31,029.48	73,968.02	44,453.91	29,514.11
-	-	-	3,230.00	17,507.49	(14,277.49)
41,453.30	121,331.54	(79,878.24)	315,667.38	437,848.71	(122,181.33)
291,074.55	319,101.24	(28,026.69)	1,434,824.10	1,593,674.52	(158,850.42)

**A Review of the
Chariton Valley Planning & Development
Council of Governments**

A Review of the
Chariton Valley Planning & Development
Council of Governments

Rent Payments
For the period July 1, 2007 through August 31, 2010

Date	Check Number	Vendor	Description per check cover sheet	Amount
08/03/07	5023	Linda Miller	August 2007 rent	\$ 300.00
08/28/07	5067	Mike Miller	office lease	450.00
09/25/07	5102	Mike Miller	October 2007 rent	450.00
10/28/07	5140	Mike Miller	November 2007 rent	450.00
11/27/07	5169	Mike Miller	rent	450.00
12/18/07	5209	Mike Miller	rent	450.00
01/15/08	5249	Mike Miller	rent	450.00
02/19/08	5283	Mike Miller	rent	450.00
03/18/08	5329	Mike Miller	rent	450.00
Subtotal				<u>3,900.00</u>
04/14/08	5350^	Mike Miller	April 2008 rent	700.00
04/28/08	5370^	Mike Miller	May 2008 rent	650.00
05/27/08	5410	Mike Miller	office lease	900.00
06/23/08	5446	Mike Miller	July 2008 rent	900.00
07/14/08	5481	Mike Miller	rent	900.00
07/14/08	5484	Mike Miller	August 2008 rent	900.00
09/23/08	5589	Mike Miller	October 2008 rent	900.00
10/03/08	5606	Mike Miller	November 2008 rent	900.00
11/21/08	5685	Mike Miller	December 2008 rent	900.00
12/19/08	5728	Mike Miller	January 2009 rent	900.00
01/19/09	5764	Mike Miller	Febuary 2009 rent	900.00
02/14/09	5818	Mike Miller	March 2009 rent	900.00
03/28/09	5879	Tracy Miller	April 2009 rent	900.00
04/10/09	5900	Tracy Miller	May 2009 rent	900.00
05/26/09	5962	Tracy Miller	June 2009 rent	900.00
07/01/09	6027	Tracy Miller	July 2009 rent	900.00
07/21/09	6071	Tracy Miller	August 2009 rent	900.00
08/18/09	6108	Tracy Miller	Sept 2009 rent	900.00
09/30/09	6164	Tracy Miller	October 2009 rent	900.00
11/02/09	6200	Tracy Daugherty	rent	900.00
11/23/09	6233	Tracy Daugherty	rent	900.00
12/22/09	6247	Tracy Daugherty	rent	900.00
02/02/10	6301	Tracy Daugherty	February 2010 rent	900.00
03/09/10	6341	Tracy Daugherty	March 2010 rent	900.00
03/30/10	6385 #	Tracy Daugherty	April rent	900.00
05/11/10	6417	Tracy Daugherty	May 2010 rent	700.00
06/07/10	6441	Tracy Daugherty	rent	700.00
07/06/10	6474	Tracy Daugherty	rent	700.00
08/16/10	6508	Tracy Daugherty	August 2010 rent	700.00
08/30/10	6527	Tracy Daugherty		700.00
10/18/10	6572	Tracy Daugherty		700.00
11/09/10	6588	Tracy Daugherty	Rent - Nov	700.00
12/07/10	6611	Tracy Daugherty	Rent - Dec	700.00
01/04/11	6646	Tracy Daugherty	Rent- Jan	700.00
02/01/11	6669	Tracy Daugherty	Rent- Feb	700.00
03/01/11	6697	Tracy Daugherty	Rent - March	700.00
03/28/11	6721	Tracy Daugherty	April Rent - Final on Lease	700.00
Subtotal				<u>30,450.00</u>
Total				<u>\$ 34,350.00</u>

^ - In April 2008, the Council entered into a new lease for the period April 1, 2008 through March 31, 2010 at \$900.00 per month. The Council made the April 2008 payment on March 18, 2008 for \$450.00. In order to bring the rent current, the Council made 2 payments in April to cover the shortfall and make the May payment.

- Check totaled \$970.00, including \$70.00 for office maintenance.

A Review of the
Chariton Valley Planning & Development
Council of Governments

Reimbursements to Tracy Daugherty
For the period July 1, 2007 through August 31, 2010

Date	Check Number	Payee	Description per Supporting Documentation
08/14/07	5046	Tracy Miller	2 trips Centerville - Des Moines (RT)
09/10/07	5084	Tracy M Daugherty	hy vee - meeting refreshments/Centerville - Moravia (RT)
09/12/07	5088	Tracy M Daugherty	Centerville - Des Moines (RT) 184 mi x .485
10/15/07	5106	Tracy Miller	travel per diem
10/16/07	5134	Tracy Miller	Centerville - Albia (RT) 50 mi x .485
10/28/07	5149	Tracy Miller	Centerville - Albia (RT) 50 mi x .485
11/09/07	5165	Tracy Miller	Centerville - Mystic (RT) 24 mi x .485
11/21/07	5183	Tracy Miller	ink for epson
12/08/07	5191	Tracy Miller	Centerville - Des Moines (RT) 186 mi x .485
12/08/07	5199	Tracy Miller	lunch (<i>meeting with members</i>)
12/18/07	5210	Tracy Miller	Centerville - Urbandale (RT) and Centerville - Moravia (RT)
01/10/08	5245	Tracy Miller	Centerville - Mystic (RT) and Centerville - Urbandale (RT)
01/15/08	5251	Tracy M Daugherty	Angel's Café (<i>Meeting with members</i>)
02/02/08	5258	Tracy Miller	Centerville - Urbandale(RT)/Centerville - Albia(RT)/Centerville - Moravia(RT)/Meeting expense
02/02/08	5261	Tracy Miller	mileage/rate adjustment
03/18/08	5330	Tracy Miller	Centerville - Des Moines (RT)
04/14/08	5351	Tracy Milelr	Centerville - Albia/Centerville - Ottumwa/Centerville - Des Moines/Centerville - Moravia/Centerville - Mystic/Meeting expenses
04/14/08	5357	Tracy Miller	Centerville - Albia (RT)/Centerville - DM (RT)
04/28/08	5383	Tracy Miller	2 trips Centerville - Albia/Centerville - Chariton/Centerville - DM
05/09/08	5391	Tracy Miller	verticel file drawers/Centerville - Des Moines/Centerville/Seymour
06/07/08	5423	Tracy Miller	Centerville - I.C. (RT) 280 mi x .505
06/20/08	5435	Tracy Miller	fedex overnight shipping
07/14/08	5485	Tracy Miller	Centerville - Urbandale (RT) 192 mi x .505
07/17/08	5477	Tracy Miller	fedex overnight shipping
08/04/08	5511	Tracy Miller	Centerville - Ankeny (RT) 207 mi x .505
08/06/08	5523	Tracy Miller	Centerville - Albia (RT) 46 mi x .585
08/19/08	5533	Tracy Miller	Centerville - Ankeny (RT) 196 mi x .585
09/15/08	5582	Tracy Miller	Centerville - DSM (RT) 192 mi x .585/101.79 not explained
09/15/08	5576	Tracy Miller	Centerville - Albia (RT)/Centerville Mystic
09/15/08	5568	Tracy Miller	travel to Denver CO
09/30/08	5594	Tracy Miller	<i>none</i>
03/02/09	5850	Tracy Miller	Centerville - Albia (RT) 43 mi x .55
03/19/09	5875	Tracy Miller	Centerville - Albia (RT) 43 mi x .55
03/26/09	5876	Tracy Miller	<i>none</i>
04/25/09	5917	Tracy Miller	fedex postage for overnight to EDA in Denver
Total			

* - These disbursements are reasonable for the operations of the Council, but are unallowable for federal purposes.

	Total	Proper	Improper	Reasonable but Unallowable*
\$	174.60	89.24	-	85.36
	69.25	13.58	-	55.67
	89.24	89.24	-	-
	269.50	-	-	269.50
	24.25	24.25	-	-
	24.25	24.25	-	-
	11.64	11.64	-	-
	63.43	63.43	-	-
	90.21	90.21	-	-
	63.00	-	-	63.00
	121.49	121.49	-	-
	114.82	109.03	-	5.79
	38.98	-	-	38.98
	154.23	144.23	-	10.00
	150.60	150.60	-	-
	87.30	87.30	-	-
	214.97	180.99	-	33.98
	141.14	141.17	-	-
	244.72	197.81	-	46.91
	668.27	668.27	-	-
	141.40	141.40	-	-
	30.09	30.09	-	-
	96.96	96.96	-	-
	20.16	20.16	-	-
	104.54	104.54	-	-
	26.91	26.91	-	-
	114.66	114.66	-	-
	214.11	-	-	214.11
	44.46	44.46	-	-
	171.50	171.50	-	-
	112.32	-	112.32	-
	23.65	23.65	-	-
	23.65	23.65	-	-
	923.65	-	923.65	-
	42.05	42.05	-	-
\$	4,906.00	3,046.76	1,035.97	823.30

Exhibit E

A Review of the
Chariton Valley Planning & Development
Council of Governments

Credit Card Charges
For the period July 1, 2007 through August 31, 2010

Transaction		Purchases, Advances and			Reasonable but
Date	Description of Transaction per Statement	Debits	Proper	Improper	Unallowable*
06/27/07	DILLARDS	\$ 72.03	-	72.03	-
07/14/07	HOLIDAY INN AMES CONF CTR AMES	179.10	-	-	179.10
07/19/07	A BETTER IDEA-CORP	303.25	-	-	303.25
07/30/07	OFFICE DEPOT #1090	25.58	-	-	25.58
08/08/07	LIGHTBULBDIRECT.COM INC	65.45	-	65.45	-
08/13/07	JCPENNEY CATLG	25.14	-	-	25.14
08/14/07	IA SECRETARY OF STATE	5.00	5.00	-	-
08/14/07	UPC*VISTPRINT.COM	14.44	14.44	-	-
08/16/07	THE ATTIC AND ROBIN'S NES CENTERVILLE IA	66.06	66.06	-	-
08/20/07	FEMA MAP SERVICE CENTER ELKRIDGE MD	3.37	3.37	-	-
08/21/07	CONTINENTAL HOLDINGS CENTERVILLE IA	32.29	-	-	32.29
08/21/07	USGS-CRCIO DENVER CO	5.22	5.22	-	-
08/21/07	USGS-CRCIO DENVER CO	23.00	23.00	-	-
08/22/07	OFFICE DEPOT #1090	62.99	-	-	62.99
08/22/07	IMTEK ENVIRONMENTAL CORP	54.26	54.26	-	-
08/23/07	JCPENNEY CATLG	115.20	-	115.20	-
08/23/07	YANKEE CANDLE RETAIL	60.21	-	60.21	-
08/23/07	WAL-MART #1621	45.28	-	-	45.28
08/23/07	MRS MEYERS CLEAN DAY	57.83	-	57.83	-
08/28/07	TLF*FLOWER-TIQUE	60.50	-	60.50	-
08/28/07	YANKEE CANDLE RETAIL	12.67	-	12.67	-
08/28/07	ORISON MARKETING LLC	59.34	-	-	59.34
08/28/07	TRUE VALUE HARDWARE INC	91.86	91.86	-	-
08/29/07	HEARTLAND INNS OF AMERICA COUNCIL BLUFF IA	156.78	-	-	156.78
08/30/07	CAMPUS TECH	2,308.35	2,308.35	-	-
08/31/07	JCPENNEY CATLG	23.09	-	23.09	-
09/04/07	MANHATTAN STEAKHOUSE CENTERVILLE IA	31.05	-	-	31.05
09/06/07	RANCHO CENTINELA BLOOMFIELD IA	43.29	-	-	43.29
09/13/07	BUYDIG	49.99	49.99	-	-
09/13/07	CONTINENTAL HOLDINGS CENTERVILLE IA	25.00	-	-	25.00
09/14/07	WE PRINT TODAY	118.33	118.33	-	-
09/15/07	AP9*PASSPORTOFUN+	14.95	-	14.95	-
09/26/07	ISTOCK*INTERNATIONAL	13.00	-	13.00	-
09/26/07	PIZZA HUT CENTERVILLE IA	19.25	-	-	19.25
09/27/07	ISTOCK*INTERNATIONAL	65.00	-	65.00	-
10/03/07	AP9*PASSPORTOFUN+	(14.95)	-	(14.95)	-
10/07/07	54TH STREET GRILL & BAR LIBERTY MO	47.22	-	-	47.22
10/08/07	ZARLINGO'S DIAMOND GRAND JUCNTION CO	6.07	-	-	6.07
10/08/07	STOP N SAVE GRAND JUNCTION CO	33.27	-	-	33.27
10/08/07	HMS HOST - SLC - AIRQ63 SALT LAKE CITY UT	10.60	-	-	10.60
10/08/07	HMS HOST - MCI AIRQ63 KANSAS CITY MO	18.61	-	-	18.61
10/08/07	HMS HOST - MCI AIRQ63 KANSAS CITY MO	4.64	-	-	4.64
10/08/07	APPLEBEE'S GRAND JUNCTION CO	18.76	-	-	18.76
10/09/07	HILTON KANSAS CITY KS	208.90	-	-	208.90
10/09/07	HILTON KANSAS CITY KS	208.90	-	-	208.90
10/09/07	HILTON KANSAS CITY KS	208.90	-	-	208.90

A Review of the
Chariton Valley Planning & Development
Council of Governments

Credit Card Charges
For the period July 1, 2007 through August 31, 2010

Transaction Date	Description of Transaction per Statement	Purchases, Advances and Debits	Proper	Improper	Reasonable but Unallowable*
10/09/07	TARGET GRAND JUNCTION CO	16.13	-	-	16.13
10/09/07	WHITE RIVER MEEKER CO	23.91	-	-	23.91
10/09/07	IL BISTRO ITALIANO GRAND JUNCTION CO	90.65	-	-	90.65
10/09/07	VILLAGE INN GRAND JUNCTION CO	31.11	-	-	31.11
10/10/07	SHELL OIL GRAND JUNCTION CO	22.07	-	-	22.07
10/10/07	BURGER KING GRAND JUNCTION CO	7.50	-	-	7.50
10/10/07	DOS HOMBRES GRAND JUNCTION CO	43.50	-	-	43.50
10/11/07	RED LOBSTER GRAND JUNCTION CO	57.46	-	-	57.46
10/11/07	DENNYS GRAND JUNCTION CO	33.33	-	-	33.33
10/12/07	ZARLINGO'S DIAMOND GRAND JUNCTION CO	26.79	-	-	26.79
10/12/07	HMSHOST - SLC AIRPT SALT LAKE CITY UT	40.99	-	-	40.99
10/12/07	MAIN STREET CAFÉ GRAND JUNCTION CO	27.40	-	-	27.40
10/12/07	IHOP GRAND JUNCTION CO	36.83	-	-	36.83
10/12/07	COURTYARD BY MARRIOTT GRAND JUNCTION CO	557.43	-	-	557.43
10/12/07	COURTYARD BY MARRIOTT GRAND JUNCTION CO	548.82	-	-	548.82
10/12/07	COURTYARD BY MARRIOTT GRAND JUNCTION CO	548.82	-	-	548.82
10/12/07	COURTYARD BY MARRIOTT GRAND JUNCTION CO	263.34	-	-	263.34
10/12/07	ALAMO RENTAL GRAND JUNCTION CO	493.33	-	-	493.33
10/16/07	THE SHOPPES AT BRADLEY HA CENTERVILLE IA	41.13	-	41.13	-
10/23/07	YANKEE CANDLE RETAIL	103.48	-	103.48	-
10/30/07	OUR IOWA MAGAZINE	14.98	-	-	14.98
11/05/07	GRAND HARBOR RESORT DUBUQUE	299.04	-	-	299.04
11/15/07	CONTINENTAL HOLDINGS	37.58	-	-	37.58
11/16/07	COSBYS AUDIO VIDEO AND AP CENTERVILLE IA	26.70	-	-	26.70
11/20/07	TLF*FLOWER-TIQUE	61.25	-	61.25	-
11/20/07	BARNES & NOBLE W DES MOINES IA	81.98	-	81.98	-
12/05/07	DISCOUNT MUGS	397.84	-	-	397.84
12/05/07	CONTINENTAL HOLDINGS CENTERVILLE IA	17.40	-	-	17.40
12/07/07	DELUXECARD PURCHASE	255.95	-	255.95	-
12/07/07	DELUXECARD PURCHASE	255.95	-	255.95	-
12/18/07	CONTINENTAL HOLDINGS CENTERVILLE IA	34.11	-	-	34.11
12/20/07	COSBYS AUDIO VIDEO AND AP CENTERVILLE IA	42.69	-	42.69	-
12/21/07	HY VEE FOOD & DRUG CENTERVILLE IA	50.00	-	50.00	-
01/08/08	SKILLPATH SEMINARS	299.00	-	-	299.00
01/10/08	YANKEE CANDLE RETAIL	130.57	-	130.57	-
01/12/08	SYM*SYMANTECORTNRENWL NORTON COM	49.99	49.99	-	-
01/19/08	COUNTRY INN & SUITES AMES IA	199.36	199.36	-	-
01/31/08	CONTINENTAL HOLDINGS CENTERVILLE IA	24.24	-	-	24.24
02/06/08	ESRI INC	1,619.18	1,619.18	-	-
02/07/08	BLUEHOST.COM	166.80	-	-	166.80
02/08/08	CROWN AWARDS INC	87.95	-	-	87.95
02/08/08	CROWN AWARDS INC	112.80	-	-	112.80
02/14/08	SKILLPATH SEMINARS	399.00	-	-	399.00
02/22/08	HP PRODUCT SVC&RPR	17.10	17.10	-	-

Exhibit E

A Review of the
Chariton Valley Planning & Development
Council of Governments

Credit Card Charges
For the period July 1, 2007 through August 31, 2010

Transaction Date	Description of Transaction	Purchases, Advances and Debits	Proper	Improper	Reasonable but Unallowable*
02/22/08	HP PRODUCT SVC&RPR	33.45	33.45	-	-
02/22/08	WWW.COSTCO.COM	262.49	-	-	262.49
03/03/08	EVENT CONNECTION	340.00	340.00	-	-
03/05/08	SHERATON WEST DES MOINES IA	122.08	-	-	122.08
03/08/08	HOLIDAY INN DES MOINES IA	100.75	-	-	100.75
03/09/08	EACCESS SOLUTIONS INC	88.00	-	-	88.00
03/13/08	CHARITON NEWSPAPER INC CHARITON IA	39.00	-	-	39.00
03/20/08	DELL SERVICE & SUPPRT	3,236.99	3,236.99	-	-
03/21/08	DELL SERVICE & SUPPRT	247.63	247.63	-	-
03/21/08	APPLEEBEE'S OTTUMWA IA	24.97	-	-	24.97
03/24/08	EACCESS SOLUTIONS INC	91.01	-	-	91.01
03/25/08	WWW.COSTCO.COM	59.05	59.05	-	-
03/26/08	YANKEE CANDLE RETAIL	100.43	-	100.43	-
03/27/08	SUBWAY CENTERVILLE IA	67.12	-	-	67.12
04/01/08	USGS-CRGIO DENVER CO	11.00	11.00	-	-
04/03/08	DMP*DELL SM BUS	257.97	257.97	-	-
04/03/08	DMP*DELL SM BUS	229.47	229.47	-	-
04/04/08	ALBIA NEWSPAPERS ALBIA IA	40.00	-	-	40.00
04/04/08	EACCESS SOLUTIONS INC	(39.99)	-	-	(39.99)
04/09/08	HILTON HOTELS ST LOUIS MO	708.62	622.89	-	85.73
04/11/08	DRP*TREND MICRO ORDERINF.COM	57.94	57.94	-	-
04/14/08	PIZZA HUT CENTERVILLE IA	26.44	-	-	26.44
04/15/08	DRP*TREND MICRO ORDERINF.COM	69.95	69.95	-	-
04/15/08	DRP*TREND MICRO ORDERINF.COM	69.95	69.95	-	-
04/15/08	DRP*TREND MICRO ORDERINF.COM	77.94	77.94	-	-
04/16/08	PIZZA HUT CHARITON IA	18.37	-	-	18.37
04/30/08	TLF*FLOWER-TIQUE	50.65	-	50.65	-
04/30/08	TLF*FLOWER-TIQUE	50.65	-	50.65	-
04/30/08	CONTINENTAL HOLDINGS CENTERVILLE IA	23.63	-	-	23.63
05/01/08	MANHATTAN STEAKHOUSE CENTERVILLE IA	27.91	-	-	27.91
05/02/08	ORIENTAL TRADING CO	110.46	-	110.46	-
05/05/08	WAL MART #1621	22.40	-	22.40	-
05/05/08	DIGITALGIFTSTORE.COM	1,346.88	1,346.88	-	-
05/05/08	HY VEE 1058	29.84	-	-	29.84
05/05/08	SAMS INTERNET	35.00	-	-	35.00
05/08/08	CSN STORES	778.50	778.50	-	-
05/09/08	COSTCO CHECKS & FORMS DECATUR GA	45.46	45.46	-	-
05/09/08	CSN STORES	2,210.00	2,210.00	-	-
05/09/08	RENAISSANCE HOTELS SAVERY DES MONES IA	153.50	153.50	-	-
05/12/08	LOWES #02503	275.60	-	-	275.60
05/12/08	APPLEBEE'S ALTOONA IA	26.61	-	-	26.61
05/12/08	GORDMANS INC DES MOINES IA	306.23	-	-	306.23
05/12/08	HOMEAKERS FURNITURE DES MOINES IA	121.90	121.90	-	-
05/12/08	HOMEAKERS FURNITURE DES MOINES IA	1,583.61	1,583.61	-	-
05/12/08	HOBBY-LOBBY #258 DES MOINES IA	171.68	-	171.68	-

A Review of the
Chariton Valley Planning & Development
Council of Governments

Credit Card Charges
For the period July 1, 2007 through August 31, 2010

Transaction Date	Description of Transaction	Purchases, Advances and Debits	Proper	Improper	Reasonable but Unallowable*
05/14/08	HOMEMAKERS FURNITURE DES MOINES IA	(96.54)	(96.54)	-	-
05/16/08	IA SECRETARY OF STATE	5.00	5.00	-	-
05/21/08	TGT*TARGET.COM	91.81	-	91.81	-
05/21/08	MANHATTAN STEAKHOUSE CENTERVILLE IA	42.72	-	-	42.72
05/20/08	SAMS INTERNET	585.12	585.12	-	-
06/01/08	MENARDS 3046 DES MOINES IA	74.66	-	-	74.66
06/13/08	NIGHT MAGIC	852.70	852.70	-	-
06/14/08	LOWES #02503 ALTOONA IA	137.80	-	-	137.80
06/17/08	WAL-MART #1621 CENTERVILLE IA	86.87	-	-	86.87
06/20/08	BUBL.COM INC	64.10	-	-	64.10
06/21/08	SONICDRIVE IN #1853 CENTERVILLE IA	8.52	-	8.52	-
06/22/08	MENARDS 1621 CENTERVILLE IA	412.22	-	150.00	262.22
06/22/08	TARGET 8904 OTTUMWA IA	321.98	-	-	321.98
06/22/08	WAL-MART #1621 CENTERVILLE IA	82.45	-	82.45	-
06/24/08	COBYS AUDIO VIDEO AND AP CENTERVILLE IA	99.95	-	-	99.95
06/24/08	FINANCE CHARGE	113.66	-	113.66	-
07/07/08	SONICDRIVE IN #1853 CENTERVILLE IA	1.81	-	1.81	-
07/09/08	MAGMIC IN OTTAWA ON	1.99	-	1.99	-
07/11/08	HOBBY-LOBBY #0201 DES MOINES IA	42.37	-	-	42.37
07/21/08	WAL-MART #1621 CENTERVILLE IA	222.65	-	-	222.65
07/24/08	FINANCE CHARGE	128.33	-	128.33	-
08/20/08	LANDSENBUSINESS	95.00	-	-	95.00
08/20/08	UNITED AIR	493.00	493.00	-	-
08/20/08	UNITED AIR	493.00	493.00	-	-
08/21/08	EXPEDIA*SERVICE FEE	14.00	14.00	-	-
08/25/08	FINANCE CHARGES	109.96	-	109.96	-
08/26/08	WAL-MART #1621 CENTERVILLE IA	45.26	-	-	45.26
09/01/08	ICING BY CLAIRE #3584 WEST DES MOINES IA	17.49	-	17.49	-
09/01/08	A EAGLE OUTFTR 20305 WEST DES MOINES IA	63.05	-	63.05	-
09/02/08	WAL-MART #1621 CENTERVILLE IA	14.55	-	-	14.55
09/03/08	LANDSENBUSINESS	555.10	-	-	555.10
09/02/08	LASER WASH CENTERVILLE IA	5.00	-	5.00	-
09/02/08	MCDONALD'S F21539 CENTERVILLE IA	12.29	-	12.29	-
09/05/08	USPS CENTER VILLE IA	53.27	53.27	-	-
09/08/08	UNITED AIR	15.00	15.00	-	-
09/08/08	UNITED AIR	15.00	15.00	-	-
09/08/08	HRC-DENVER	54.25	-	54.25	-
09/09/08	DENVER ART MUSEUM ADMISSION	26.00	-	26.00	-
09/09/08	EARLS RESTAURANT DENVER CO	45.02	31.52	13.50	-
09/09/08	SUBWAY DENVER CO	9.88	6.90	2.98	-
09/10/08	MOLLY BROWN HOUSE MUSEUM DENVER CO	14.00	-	14.00	-
09/10/08	CO HISTORICAL SOC DENVER COLOR	14.00	-	14.00	-
09/10/08	CHILIS GRILL DENVER CO	31.26	31.26	-	-
09/10/08	BARNES & NOBLE DENVER CO	112.84	-	112.84	-
09/10/08	PIZZICATO PIZZA #21 DENVER CO	18.92	18.92	-	-

Exhibit E

A Review of the
Chariton Valley Planning & Development
Council of Governments

Credit Card Charges
For the period July 1, 2007 through August 31, 2010

Transaction Date	Description of Transaction	Purchases, Advances and Debits	Proper	Improper	Reasonable but Unallowable*
09/10/08	CORNER BAKERY CAFÉ DENVER CO	9.47	9.47	-	-
09/10/08	CORNER BAKERY CAFÉ DENVER CO	4.09	4.09	-	-
09/01/08	UNITED AIR	15.00	15.00	-	-
09/11/08	UNITED AIR	15.00	15.00	-	-
09/11/08	FRONT RANGE EXPRESS DENVER CO	24.00	24.00	-	-
09/11/08	SHERATON DENVER DENVER CO	41.76	41.76	-	-
09/11/08	AIRPORT PARKING	74.00	74.00	-	-
09/12/08	SHERATON DENVER DENVER CO	482.37	482.37	-	-
09/12/08	SHERATON DENVER DENVER CO	459.40	459.40	-	-
09/24/08	ISU CONFERENCE	75.00	75.00	-	-
09/25/08	ISU CONFERENCE	75.00	-	-	75.00
09/26/08	ISU CONFERENCE	75.00	-	-	75.00
09/26/08	ISU CONFERENCE	75.00	-	-	75.00
09/30/08	SKILLPATH SEMINARS	149.00	-	-	149.00
09/30/08	YANKEE CANDLE RETAIL	158.45	-	158.45	-
10/07/08	STAPLES DIRECT	106.98	-	-	106.98
10/07/08	STAPLES DIRECT	53.49	-	-	53.49
10/08/08	OFFICEFURNITURE.COM	834.00	834.00	-	-
10/08/08	STAPLES DIRECT	123.04	123.04	-	-
10/13/08	DMI*DELL SM BUS	2,838.00	2,838.00	-	-
10/16/08	RAMADA NORTHWEST DESMOINES IA	54.88	-	-	54.88
10/17/08	WAL-MART #1621 CENTERVILLE IA	112.52	-	-	112.52
10/22/08	CLARION HOTEL & CONFERENCE SIOUX CITY IA	265.44	265.44	-	-
10/23/08	WAL-MART #1621 CENTERVILLE IA	180.74	-	180.74	-
10/28/08	WAL-MART #1621 CENTERVILLE IA	17.09	-	-	17.09
10/28/08	SONIC DRIVE IN #1853 CENTERVILLE IA	1.82	-	1.82	-
10/28/08	CONTINENTAL HOLDINGS CENTERVILLE IA	65.50	-	-	65.50
11/18/08	PAPER DIRECT	56.93	-	-	56.93
11/19/08	DMI*DELL SM BUS	38.98	38.98	-	-
11/20/08	NRI*SANFRD/DYMO/CDSCAN	48.92	48.92	-	-
11/21/08	ISU CONFERENCE	75.00	75.00	-	-
11/23/08	YANKEE CANDLE RETAIL	87.45	-	87.45	-
11/24/08	NOTARY ROTARY	20.70	20.70	-	-
12/03/08	CONTINENTAL HOLDINGS CENTERVILLE IA	17.62	-	-	17.62
12/08/08	ISU CONFERENCE	(75.00)	(75.00)	-	-
12/11/08	EACCES SOLUTIONS	29.93	-	-	29.93
12/13/08	DOLLAR-GENERAL #7053 CENTERVILLE IA	26.11	-	-	26.11
12/15/08	RADIOSHACK ROCHESTER MN	64.18	-	64.18	-
12/18/08	WM SUPERCENTER PELLA IA	160.41	-	160.41	-
12/18/08	BEST INN JOHNSTON IA	66.08	-	-	66.08
12/20/08	BEST INN JOHNSTON IA	198.24	-	-	198.24
12/22/08	WAL-MART #1621 CENTERVILLE IA	505.07	-	505.07	-
01/12/09	NORTON ANNUAL RENEWAL	49.99	49.99	-	-
01/13/09	BEL PROMO ITEMS	581.89	-	-	581.89
01/16/09	LANDSENBUSINESS	97.22	-	-	97.22

A Review of the
Chariton Valley Planning & Development
Council of Governments

Credit Card Charges
For the period July 1, 2007 through August 31, 2010

Transaction Date	Description of Transaction	Purchases, Advances and Debits	Proper	Improper	Reasonable but Unallowable*
01/27/09	AHIT	1,025.00	1,025.00	-	-
01/29/09	LANDSENBUSINESS	108.41	-	-	108.41
02/03/09	YANKEE CANDLE RETAILER	126.48	-	126.48	-
02/21/09	HONEY CREEK RESORT MORAVIA IA	1,038.99	-	-	1,038.99
02/24/09	HONEY CREEK RESORT MORAVIA IA	(597.13)	-	-	(597.13)
02/25/09	MAP SERVICE CENTER	5.00	-	-	5.00
03/17/09	LANDSENBUSINESS	58.19	-	-	58.19
03/19/09	LANDSENBUSINESS	(58.19)	-	-	(58.19)
03/25/09	DELL SALES & SERVICE	90.19	90.19	-	-
03/27/09	LANDSENBUSINESS	55.49	-	-	55.49
04/06/09	SKILLPATH SEMINARS	30.44	-	-	30.44
04/07/09	DRI*TREND MICRO	44.95	-	-	44.95
04/07/09	EMBASSY SUITES OMAHA	328.50	-	-	328.50
04/11/09	DRI*TREND MICRO	62.95	-	-	62.95
04/11/09	DRI*TREND MICRO	62.95	-	-	62.95
04/11/09	DRI*TREND MICRO	62.95	-	-	62.95
04/15/09	THE ATTIC AND ROBIN'S NEST	65.23	-	-	65.23
04/19/09	TARGET	59.65	-	-	59.65
04/22/09	AMZ* AMAZON PAYMENTS	282.99	-	-	282.99
04/30/09	LANDSEND BUSINESS	310.05	-	-	310.05
05/11/09	KUM & GO #652 CENTERVILLE IA	10.11	-	10.11	-
05/24/09	LATE FEE	35.00	-	35.00	-
05/24/09	FINANCE CHARGE	16.90	-	16.90	-
06/11/09	LANDSEND BUSINESS	46.11	-	-	46.11
06/17/09	COUNCIL BLUFFS SETTLE INN COUNCIL BLUFFS IA	369.45	-	-	369.45
06/24/09	RATHBUN LAKESHORE GRILLE MORAVIA IA	75.34	-	-	75.34
06/25/09	TRUE VALUE HARDWARE INC CENTERVILLE IA	575.66	-	-	575.66
06/25/09	FINANCE CHARGES	5.66	-	5.66	-
06/30/09	BYWAYS RESOURCE CENTER	350.00	350.00	-	-
07/06/09	BYWAYS RESOURCE CENTER	350.00	350.00	-	-
07/23/09	UNITED AIR	139.19	139.19	-	-
07/23/09	UNITED AIR	139.19	139.19	-	-
08/04/09	SKILLPATH SEMINARS MAIN	199.00	199.00	-	-
08/11/09	INKGRABBER COM	58.06	58.06	-	-
08/18/09	BULBS.COM	31.07	31.07	-	-
08/20/09	EBATTS COM	26.92	26.92	-	-
08/25/09	WALGREENS #5995 IL	20.31	-	20.31	-
08/27/09	MARRIOTT DENVER CO	271.18	271.18	-	-
08/27/09	MARRIOTT DENVER CO	256.68	256.68	-	-
09/08/09	COSBYS AUDIO VIDEO AND AP CENTERVILLE IA	314.80	-	-	314.80
09/08/09	SKILLPATH SEMINARS MAIN	(189.00)	(189.00)	-	-
09/14/09	TARGET OTTUMWA IA	150.59	-	150.59	-
09/14/09	NAILS TIME OTTUMWA IA	27.47	-	27.47	-
09/14/09	BATH & BODY WORKS OTTUMWA IA	99.51	-	99.51	-
09/14/09	GARNDER COLLIAR OTTUMWA IA	176.55	-	176.55	-

Exhibit E

A Review of the
Chariton Valley Planning & Development
Council of Governments

Credit Card Charges
For the period July 1, 2007 through August 31, 2010

Transaction Date	Description of Transaction	Purchases, Advances and Debits	Proper	Improper	Reasonable but Unallowable*
09/18/09	COURTYARD BY MARRIOTT ANKENY IA	110.88	-	-	110.88
09/28/09	FINANCE CHARGE	14.52	-	14.52	-
10/08/09	HOLIDAY INN AMES IA	56.00	-	-	56.00
10/28/09	FINANCE CHARGE	8.21	-	8.21	-
12/01/09	THE GALLERY COLLECTION	292.48	-	-	292.48
12/11/09	MAP SERVICE CENTER	9.75	-	-	9.75
12/12/09	MAP SERVICE CENTER	9.75	-	-	9.75
12/13/09	MAP SERVICE CENTER	5.75	-	-	5.75
12/14/09	MAP SERVICE CENTER	9.75	-	-	9.75
12/15/09	MAP SERVICE CENTER	9.75	-	-	9.75
12/16/09	MAP SERVICE CENTER	5.75	-	-	5.75
12/11/09	MAP SERVICE CENTER	5.75	-	-	5.75
01/05/10	HY VEE 1058 CENTERVILLE IA	600.00	-	-	600.00
01/08/10	BELMUGS	591.40	-	-	591.40
01/12/10	NORTON *ANNUAL RENEWAL	54.99	-	-	54.99
01/22/10	HY VEE 1353 KNOXVILLE IA	390.76	-	-	390.76
01/23/10	BLUEHOST.COM	190.80	-	-	190.80
01/25/10	LATE FEE	39.00	-	39.00	-
01/28/10	FINANCE CHARGE	18.28	-	18.28	-
02/04/10	HY VEE WINESPIRIT CENTERVILLE IA	542.88	-	542.88	-
02/25/10	FINANCE CHARGES	10.25	-	10.25	-
03/31/10	NATIONAL ASSOCIATION O	35.00	-	-	35.00
03/31/10	NATIONAL ASSOCIATION O	35.00	-	-	35.00
04/11/10	DRI*TREND MICRO ORDERFIND.COM	69.95	69.95	-	-
04/11/10	DRI*TREND MICRO ORDERFIND.COM	69.95	69.95	-	-
04/11/10	DRI*TREND MICRO ORDERFIND.COM	69.95	69.95	-	-
05/28/10	FINANCE CHARGE	2.71	-	2.71	-
Total		<u>\$ 50,486.86</u>	<u>27,074.23</u>	<u>5,560.73</u>	<u>17,851.90</u>

* - These disbursements are reasonable for the operations of the Council, but are unallowable for federal purposes.

**A Review of the
Chariton Valley Planning & Development
Council of Governments**

Exhibit F

A Review of the
Chariton Valley Planning & Development
Council of Governments

Payments to Other Vendors
For the period July 1, 2007 through August 31, 2010

Date	Vendor	General Description From Supporting Documentation	Total	Improper	Reasonable but Unallowable*
07/09/07	Cosbys Audio Video & App	GE air conditioner	\$ 259.99	-	259.99
07/30/07	Hy Vee	Pop and deposit	12.50	12.50	-
08/06/07	Green Acres Garden	redbud tree	105.99	105.99	-
08/06/07	Wal Mart	moss/hemp/fabric/all I stapler	32.19	17.72	14.47
08/06/07	Walgreens	wlg water	1.19	1.19	-
08/15/07	Wal Mart	<i>Unreadable</i>	40.45	40.45	-
08/17/07	Wal Mart	Index	43.86	15.76	28.10
09/25/07	Tangleberries	electric refills	55.60	-	55.60
10/01/07	The Continental	lobby rental and food for 50 ppl	260.50	-	260.50
10/15/07	Wal Mart	coke	9.50	9.50	-
11/01/07	Hy Vee	fudge brownies/m&m/plates	24.06	24.06	-
11/01/07	Joe's Quick Shop	misc tbl	22.69	22.69	-
11/15/07	Hy Vee	asst rols & donuts/pop	25.19	25.19	-
11/26/07	Wal Mart	cmptcmrdrcs	12.84	-	12.84
11/30/07	Hy Vee	asst rolls & donuts/pop/flowers	42.58	42.58	-
12/10/07	Owl Pharmacy	boxed cd ia boxed	57.78	57.78	-
12/18/07	Hy Vee	Pop	13.55	13.55	-
01/04/08	Hy Vee	Klenix/pop	20.60	20.60	-
01/09/08	Lacey Johnson	lunch with Rossie Baker in Ottumwa	25.58	-	25.58
01/23/08	Fareway	2 diet coke 12 paks, 2 dt mr dew 12 pks, 1 20oz mt dew	19.46	19.46	-
01/31/08	Fareway	Pop 12 packs and single botles, peanuts, bananas	65.01	65.01	-
01/31/08	Wal Mart	card thanks/fabric/crackers/cereal	28.93	28.93	-
02/02/08	Fareway	groc nonfood	8.50	8.50	-
02/04/08	J+K Market	mdse	90.95	-	90.95
02/04/08	J+K Market	bottle deposit	60.00	60.00	-
02/22/08	Joes Quick Shop	<i>Unreadable</i>	14.97	14.97	-
03/04/08	Cosbys Audio Video & App	blackberry pearl (<i>Cell phone</i>)	299.85	-	299.85
03/04/08	Skean Block Resturant	meeting	360.00	-	360.00
03/05/08	Bailey's Office Equipment	<i>none (Copier lease is with Bailey Office Equipment)</i>	74.00	-	74.00
03/10/08	Joes Quick Shop	Misc tble/deposit	19.88	19.88	-
03/20/08	Hy Vee	grocery/plates/pop/napkins	41.56	41.56	-
03/20/08	Joes Quick Shop	<i>Unreadable</i>	14.16	-	14.16
03/20/08	Subway	Party sub , cookies	127.19	-	127.19
03/24/08	Hy Vee	parkay soft/potato salad/crackers/starkist tuna	24.43	24.43	-
04/14/08	Joes Quick Shop	<i>Unreadable</i>	9.20	-	9.20
04/24/08	Fareway	12 packs of pop	13.51	13.51	-
05/20/08	Fareway	Pop, hunt lemnn pudding, snack foods	47.14	47.14	-
06/07/08	RCI Express Delivery	RCI delivery express	159.00	-	159.00
06/23/08	Fareway	Post Honeycomb, fruit, 12 pak pop	36.76	36.76	-

A Review of the
Chariton Valley Planning & Development
Council of Governments

Payments to Other Vendors
For the period July 1, 2007 through August 31, 2010

Date	Vendor	General Description From Supporting Documentation	Total	Improper	Reasonable but Unallowable*
07/14/08	The Attic	(12) base electric fragrance and (4) electric refills	104.00	-	104.00
07/16/08	Wal Mart	<i>Unreadable</i>	19.83	19.83	-
08/20/08	Joes Quick Shop	misc. table and deposits	16.16	16.16	-
08/21/08	Centerville Softball parents	Office chair assembly, qnty 12 furniture moving 8/10/08	200.00	200.00	-
09/04/08	The Continental	(4) smoked turkey club, (1) bbq pork, (1) cobb salad and (2) lemonades	48.71	-	48.71
09/15/08	Hy Vee	diet mountain dew	9.32	9.32	-
10/02/08	The Continental	Qty 4 chef bread bowls	35.18	-	35.18
10/14/08	Hy Vee	1/8 dec sht wht cake/pop	23.00	23.00	-
10/17/08	Wal Mart	5 tab erase	4.65	-	4.65
10/19/08	Wal Mart	Surge protector, Misc.	28.60	-	28.60
10/20/08	Dannco	mural installation	3,200.00	-	3,200.00
10/20/08	Thinksafe	defibrulator supplies	16,255.00	-	16,255.00
10/28/08	The Continental	<i>none</i>	24.44	-	24.44
11/05/08	Cosbys Audio Video & App	blackberry	79.95	-	79.95
11/18/08	Joes Quick Shop	notx grc	9.16	9.16	-
12/30/08	Travel Federation of Iowa	2009 TFI Exhibition	150.00	-	150.00
01/27/09	Hy Vee	Vodka/Moscato/misc.	23.02	23.02	-
01/28/09	Wal Mart	<i>Unreadable</i>	24.54	24.54	-
01/30/09	Hy Vee	finest call grenadine/Paramount Gin/Seagrams Gin	9.92	9.92	-
02/02/09	Hy Vee	Wine/bar account deposit	310.56	310.56	-
02/03/09	Manhattan	transportation meeting april 16, 2009 room rent (\$50) and coffee (\$5)	55.00	5.00	50.00
02/13/09	Aldi	valentines bouquet, asst bougets, rose bougets	49.11	49.11	-
02/13/09	Hy Vee	asst rolls & donuts	15.98	15.98	-
03/02/09	Steve Illum	keynote speaker	1,863.81	-	1,863.81
05/15/09	Manhattan	transportation meeting january 29, 2009 room rent	50.00	-	50.00
06/11/09	Manhattan	transportation meeting june 4, 2009 room rent	50.00	-	50.00
02/04/10	Wal Mart	napkins/fabric/duct tape	33.22	33.22	-
02/18/10	Fareway	water 24, filter, misc items	21.03	21.03	-
02/19/10	Hy Vee	glazed donuts/Fruit	8.68	8.68	-
03/02/10	Underwood Law Office	Legal services	175.00	-	175.00
05/11/10	The Continental	3/11/10 Beck House rental (\$125) and lunch (\$150)	275.00	-	275.00
Total			\$ 25,754.01	1,568.24	24,185.77

* - These disbursements are reasonable for the operations of the Council, but are unallowable for federal purposes.

Staff

This review was performed by:

Annette K. Campbell, CPA, Director
James S. Cunningham, CPA, Manager
Lara K. Van Wyk, Staff Auditor

A handwritten signature in black ink that reads "Tamera S. Kusian". The signature is written in a cursive style with a prominent horizontal stroke at the beginning of the first name.

Tamera S. Kusian, CPA
Deputy Auditor of State

**A Review of the
Chariton Valley Planning & Development
Council of Governments**

Appendices

A Review of the
Chariton Valley Planning & Development
Council of Governments

Copies of Selected Timesheets for Tracy Daugherty

CHARITON VALLEY PLANNING AND DEVELOPMENT COUNCIL
Checking Account

PAY TO: Tracy Miller
ACCOUNT CLASS split \$ 2057.37
\$ _____
TOTAL AMOUNT \$ _____

FOR: Payroll
ISSUE DATE 10-27-07
CHECK NO. 5145
BOOKKEEPER'S INITIALS CB

PAID
10/29/07
tom

A Review of the
Chariton Valley Planning & Development
Council of Governments

Copies of Selected Timesheets for Tracy Daugherty

NAME Tracy Daugherty Miller Pay Period From 10/14/07 To 10/27/07

List daily hours worked by project or category.

PROJECT(S)	Sun	Mon	Tues	Wed	Thu	Fri	Sat	Total Wk 1	Sun	Mon	Tues	Wed	Thu	Fri	Sat	Total Wk 2	Total
Scenic Byway																	
Transportation-PTP																	
Transport-Special																	
Transportation-TPWP																	
Historic Hills		8	8	8	8			32		8	8	4	1	8		29	61
Transportation-LRTP																	
General						8		8					4	7		11	19
Compensatory Time						-8								-7			
Sick Leave																	
Annual Leave																	
Total Hours	8	8	8	8	8	8		40		8	8	8	8	8		40	80

**CLOCK HOURS
FOR TIME IN AND
TIME OUT**

Time In	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00
Time Out	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30

LEAVE TIME IN HOURS	Brought Forward	Accrued	Available	Used	Ending Balance
Annual	287	6	293	0	293
Sick	196	4	200	0	200
Compensatory Time	102.5	0	102.5	19	83.5

PAID
10/24/07
#5145

Date: 10/26/07 *Sharon Daugherty Miller*

A Review of the
Chariton Valley Planning & Development
Council of Governments

Copies of Selected Timesheets for Tracy Daugherty

CHARITON VALLEY PLANNING AND DEVELOPMENT COUNCIL
Checking Account

PAY TO: Tracy Miller
ACCOUNT CLASS Split \$ 1977.81
\$ _____
TOTAL AMOUNT \$ 1977.81

FOR: Payroll
ISSUE DATE 5-12-08
CHECK NO. 5393
BOOKKEEPER'S INITIALS Ch

PAID
5/12/08
TOM

A Review of the
Chariton Valley Planning & Development
Council of Governments

Copies of Selected Timesheets for Tracy Daugherty

NAME Tracy Daugherty Miller Pay Period From 4/27/2008 To 5/10/2008

List daily hours worked by project or category.

PROJECT(S)	Sun	Mon	Tues	Wed	Thu	Fri	Sat	Total Wk 1	Sun	Mon	Tues	Wed	Thu	Fri	Sat	Total Wk 2	Total
CDBG-Lucas County								1									1
CDBG-Mystic		1														1	1
CDBG-Centerville										1						1	1
Scenic Byway										3	2	1				6	6
Transportation-PIP																	
Transportation- Admin		1						1									1
Transportation- Special			6					6									6
Transportation-TPWP					4	2		6					4	4		4	10
Transportation- TIP				8	4	6		18		4	4	7	8	4		23	41
General		6	2					8			2			4		6	14
Compensatory Time		-6	-2							+3	+1	+3	+2	-4			
Sick Leave																	
Annual Leave																	
Total Hours	8	8	8	8	8	8		40		8	8	8	8	8		40	80

Time In	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00	8:00
Time Out	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30	4:30
Time In																
Time Out																

LEAVE TIME IN HOURS	Brought Forward	Accrued	Available	Used	Ending Balance
Annual	350.5	6	356.5	0	356.5
Sick	236	4	240	0	240
Compensatory Time	51	9	60	14	46

PAID
5/12/08
5393

Date: 5/19/08 Tracy Daugherty Miller

A Review of the
Chariton Valley Planning & Development
Council of Governments

Copies of Claim Form and Email Authorizing Raises

CHARITON VALLEY PLANNING AND DEVELOPMENT
CLAIM

Checking Account

PAY TO: Tracy Miller
ACCOUNT CLASS split \$ 12,641.09

\$ 926.47

* Effective 7/1/2008,
Annual Salary is adjusted
to ~~68,250.34~~
\$72,345.28. TOTAL AMOUNT ^{34.78} \$ 21,905.6
68,250.34

FOR: Payroll

ISSUE DATE 7-8-08

CHECK NO. 5472 / 5473

BOOKKEEPER'S INITIALS CK

PAID
7/1/08
wee

A Review of the
Chariton Valley Planning & Development
Council of Governments

Copies of Claim Form and E-mail Authorizing Raises

Tracy Daugherty Miller

From: Tracy Daugherty Miller [tmiller@charitonvalleyplanning.com]
Sent: Wednesday, October 17, 2007 3:30 PM
To: 'Dean'
Subject: salary adjustment

Dean- Effective October 1, 2007 my annual salary adjustment goes to \$68,250. The adjustment for the last pay period, including IPERS, can be made with the next payroll.

Tracy Daugherty Miller
Executive Director
Chariton Valley Planning & Development
205 1/2 N. 13th Street
Suite A
Centerville, IA 52544
Ph. 641-437-4359
tmiller@charitonvalleyplanning.com

This electronic message transmission contains information from the firm of Chariton Valley Planning and Development, an Iowa Council of Governments, which may be confidential or privileged. The information is intended for the use of the individual or entity named above. This E-mail (including attachments) is covered by the Electronic Communications Privacy Act, 18 USC Sections 2510 - 2521, is confidential and may be legally privileged. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this information is prohibited. If you have received this electronic transmission in error, please notify us immediately by telephone at (641) 437-4359 by electronic mail (tmiller@charitonvalleyplanning.com)

The e-mail was addressed to Dean Butler, CPA and not Dean Kaster, the Board President.