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NEWS RELEASE

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FOR RELEASE _____ March 2, 2016 _____

Auditor of State Mary Mosiman today released a report on a special investigation of the Clinton High School Band Boosters (Boosters) for the period August 1, 2014 through May 31, 2015. The special investigation was requested by Boosters officials as a result of concerns regarding certain transactions initiated by the Boosters' former Treasurer, Amanda Johns.

Mosiman reported the special investigation identified \$38,353.88 of improper and unsupported disbursements and undeposited collections. The \$28,838.20 of improper disbursements identified includes \$18,601.03 of cash withdrawals, \$10,125.41 of checks written to Mrs. Johns or her husband, and \$111.76 of payments to vendors. The \$274.79 of unsupported disbursements include 2 checks Mrs. Johns issued to vendors in September 2014.

Mosiman also reported \$7,728.08 of collections was not properly deposited and \$1,512.81 of cash was withheld from deposits to the Boosters' checking account. Mosiman also reported it was not possible to determine if additional amounts were improperly disbursed or if additional collections were not properly deposited during the period reviewed because adequate records were not available.

This report includes recommendations to strengthen the Boosters' internal controls and overall operations, such as improving segregation of duties and requiring sufficient supporting documentation for all fundraising activities and disbursements.

Copies of the report have been filed with the Division of Criminal Investigation, the Clinton County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/1430-1278-BE00.pdf>.

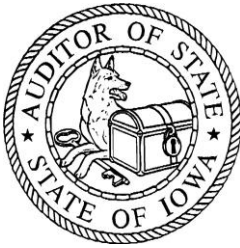
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**REPORT ON SPECIAL INVESTIGATION
OF THE
CLINTON HIGH SCHOOL BAND BOOSTERS

FOR THE PERIOD
AUGUST 1, 2014 THROUGH MAY 31, 2015**

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Auditor of State's Report

To the Clinton High School Band Boosters:

At the request of Clinton High School Band Boosters officials and as a result of concerns regarding certain financial transactions, we conducted a special investigation of the Clinton High School Band Boosters (Boosters). We have applied certain tests and procedures to financial transactions of the Boosters for the period August 1, 2014 through May 31, 2015. Based on a review of relevant information and discussions with Booster members and High School staff members, we performed the following procedures:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Interviewed Amanda Johns, the Boosters' former Treasurer, to:
 - obtain an understanding of how financial transactions were processed and how Treasurer's reports were prepared,
 - determine what accounting records were prepared and maintained, and
 - determine what, if any, reviews and approvals were performed.
- (3) Interviewed members of the Boosters and certain High School staff members to obtain an understanding of the Boosters fundraising activities and authorized disbursements.
- (4) Obtained and reviewed bank statements for a non-District checking account established by the Boosters to identify any unusual activity.
- (5) Examined images of redeemed checks and withdrawal documents for payments issued from the Boosters' checking account to determine reasonableness. We also examined certain disbursements to determine if they were appropriate, properly approved, and supported by adequate documentation.
- (6) Examined all payments from the Boosters' checking account to Mrs. Johns and her husband, Fred Johns, to determine if the payments were appropriate, properly approved, and supported by adequate documentation.
- (7) Compared information regarding collections from records obtained from members of the Boosters and the Band Director to deposits to the Boosters' checking account to determine if amounts collected were properly deposited. We also reviewed deposit slips to determine if deposits were made intact.
- (8) Obtained and reviewed Mrs. Johns' personal bank statements to identify the source of certain deposits and determine if any amounts from the account were deposited to the Boosters' checking account.


These procedures identified \$38,353.88 of improper and unsupported disbursements and undeposited collections. We were unable to determine if additional amounts were improperly disbursed or if additional collections were not properly deposited because adequate records were not available. Several internal control weaknesses were also identified. Our detailed findings and


recommendations are presented in the Investigative Summary and **Exhibits A** through **C** of this report.

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

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

We would like to acknowledge the assistance extended to us by personnel of the Clinton High School Band Boosters during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 22, 2016

Report on Special Investigation of the
Clinton High School Band Boosters

Investigative Summary

Background Information

The Clinton High School Band Boosters (Boosters) is a parent organization which raises funds for Departmental musical endeavors and to support the School's professional music educators and staff. The mission of the Boosters is to "ensure that every member of the CHS [Clinton High School] Band program receives every possible opportunity to experience the enrichment that music and the arts bring to our community." The Boosters currently consists of approximately 15 members.

The Boosters selected Amanda Johns as Treasurer in August 2014 and voted to remove her from the position in May 2015. As the Treasurer, Mrs. Johns was responsible for:

- 1) Receipts – collecting, posting to accounting records, and preparing and making deposits to the Boosters' checking account,
- 2) Disbursements – making certain purchases, maintaining supporting documentation, preparing, signing and distributing checks, and posting payments to the accounting records,
- 3) Checking account – receiving and reconciling monthly bank statements to accounting records,
- 4) Reporting – preparing monthly Treasurer reports for presentation at Boosters meetings, and
- 5) Monitoring – monitoring the financial activity of the Boosters' checking account.

The Boosters' primary revenue sources include fundraisers and uniform fees. During the 2014/15 academic year, the Boosters also collected payments from students, guardians, and family members for a trip to Denver, Colorado. Receipts were not consistently prepared for collections and collections were not consistently recorded in an initial receipts listing.

According to Mrs. Johns and the Boosters' President, all disbursements are to be made by check. All disbursements are to be supported by receipts, invoices, or other documentation obtained by or submitted to the Treasurer. The Treasurer is to prepare and sign checks. Dual signatures are not required on the checks. Only the Boosters' President and Treasurer are authorized to sign checks from the Boosters' checking account.

Mrs. Johns obtained the monthly bank statements for the Boosters' checking account electronically. However, she did not reconcile them to accounting records. In addition, the bank statements and redeemed check images were not periodically reviewed by any other Boosters member.

According to Boosters members we spoke with, the Band Director and the Boosters' President were contacted by a bank representative on Monday, May 4, 2015 regarding an overdraft on the Boosters' checking account which occurred on Friday, May 1, 2015. The bank representative also reported a check was deposited to the account on Saturday, May 2, 2015 which covered the overdraft and left approximately \$200.00 in the account.

According to the Band Director and the Boosters' President, when they asked Mrs. Johns for an explanation of the overdraft, she told them the Boosters had overspent during the school year. The Boosters' President subsequently obtained copies of bank statements and images of checks redeemed from the Boosters' checking account from the bank for August 2014 through April 2015. The Boosters' President stated she identified a large number of cash withdrawals and checks written to Mr. and Mrs. Johns during her review of the bank statements and redeemed check images.

A Boosters member contacted the Office of Auditor of State on May 6, 2015 to inquire if assistance could be provided to the Boosters. As a result of the concerns identified, the Office of Auditor of State performed the procedures detailed in the Auditor of State's report for the period August 1, 2014 through May 31, 2015.

Detailed Findings

These procedures identified \$38,353.88 of improper and unsupported disbursements and undeposited collections. The \$29,112.99 of improper disbursements includes cash withdrawals and checks issued to Mr. and Mrs. Johns. The \$9,240.89 of undeposited collections identified includes expected collections from fundraisers which were not properly deposited and cash withheld from deposits to the Boosters' checking account. It was not possible to determine if additional amounts were improperly disbursed or if additional collections were not properly deposited during the period reviewed because adequate records were not available.

The improper and unsupported disbursements and undeposited collections identified are discussed in the following paragraphs and summarized in **Exhibit A**.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

We reviewed all disbursements from the Boosters' checking account for the period August 1, 2014 through May 31, 2015. We also reviewed available documentation for certain disbursements to determine if they were appropriate; however, supporting documentation was available for only a limited number of disbursements reviewed. As a result, we reviewed the payees on images of redeemed checks and discussed the disbursements with Boosters to determine if the payments were reasonable for Boosters operations. We also reviewed minutes of monthly Boosters meetings to determine if the disbursements were discussed or included in the Treasurer's reports.

Based on our review of the payee, amount, and frequency of the disbursements, available supporting documentation, and discussions with Boosters members, we classified the payments as improper, unsupported, or reasonable. Disbursements were classified as improper if they appeared personal in nature or were not reasonable for Boosters' operations. Payments were classified as unsupported if it was not possible to determine if the payment was related to Boosters operations or was personal in nature. Although supporting documentation was limited, disbursements were classified as reasonable if they were clearly for Boosters operations. The improper and unsupported disbursements identified are explained in detail in the following paragraphs.

Cash Withdrawals – We identified 34 cash withdrawals from the Boosters' checking account between August 1, 2014 and May 31, 2015. We reviewed the cash withdrawal documents from the bank for the transactions identified and determined 33 documents included Mrs. Johns' name on the signature line. The remaining document was for a \$150.00 cash withdrawal on August 4, 2014 and included the name of the Boosters' President on the signature line. Boosters officials stated the \$150.00 cash withdrawal was used as change when the students paid their uniform fees at the beginning of the school year and, as a result, was an allowable use of the Boosters' funds. The Boosters' President stated she expected cash to be withdrawn to be used as change during events sponsored by the Boosters, but the withdrawals for change should not exceed \$200.00.

Of the 33 cash withdrawals which were signed by Mrs. Johns, only 1 included a notation describing the transaction. The document for the \$619.27 cash withdrawal made on October 6, 2014 included a notation "Color Guard uniforms." Boosters officials identified this as an authorized disbursement. However, it is not clear why the payment was made in cash rather than with a check. As previously stated, the Boosters' President and Mrs. Johns stated purchases for the Boosters were not made with cash.

We discussed the remaining 32 cash withdrawals with Boosters officials and Mrs. Johns. The Boosters officials were unable to identify a reason for the 32 withdrawals. When we spoke with Mrs. Johns about the cash withdrawals, she stated the majority were to remove cash from the Boosters' checking account because she was concerned the High School was going to take the Boosters' money to use for the High School rather than the High School Band. She also stated she would then put the money back into the Boosters' checking account as the Boosters needed it for certain disbursements.

The 32 cash withdrawals total \$18,601.03 and are listed in **Exhibit B**. The cash withdrawal amounts ranged from \$97.00 to \$2,825.00. None of the withdrawals listed in the **Exhibit** are near the time of Boosters' events when a cash withdrawal would have been made for change to be used at the event. Mrs. Johns stated she established the cash boxes for certain Boosters' events with cash from her personal bank account. For Boosters events for which Mrs. Johns would have needed to prepare a cash box, we identified a cash withdrawal from her personal bank account near the time of the event. As a result, there would not be a cash withdrawal from the Boosters' checking account near the time of the event.

Mrs. Johns stated her concern the High School was going to take the Boosters' funds was based on a conversation she had with the Band Director. She specified the Band Director told her the High School had recently taken \$5,000.00 of the Boosters' funds. We spoke with the Band Director and the Boosters' President about the possibility of the High School taking money from the Boosters' checking account. Both the Band Director and the Boosters' President reported the High School had not previously taken any of the Boosters' funds. In addition, the Band Director stated he did not tell Mrs. Johns the High School had taken \$5,000.00 from the Boosters. The Band Director also stated High School officials would not have the ability to remove the funds because they were not authorized on the account. Also, he stated High School officials are aware the High School does not have a legal right to the funds.

We also asked the High School Principal if the High School would attempt to obtain the Boosters' funds. He stated the High School was aware the Boosters' funds were not High School funds and there was no intention of attempting to access any of the Boosters' funds.

We scanned the Boosters' bank statements for a disbursement to the High School similar to the \$5,000.00 described by Mrs. Johns. We did not identify any disbursements to the High School from the Boosters' checking account for an amount similar to what Mrs. Johns described.

When we spoke with Mrs. Johns, she stated she kept all the cash from the cash withdrawals in her personal bank account or in the safe at her home. We reviewed activity in Mrs. Johns' personal bank account and determined a deposit was made to Mrs. Johns' personal bank account on the same day or the next day for 23 of the 32 cash withdrawals listed in **Exhibit B**. We also determined some of the deposits appear to have been made to Mrs. Johns' personal bank account to prevent the account from going into a deficit position. We have listed 9 of these transactions in **Table 1** as examples.

As illustrated by **Table 1**, the balance of Mrs. Johns' personal bank account at the end of the day of deposit was less than the total deposit amount, or within \$1.00 of the deposit amount. If the funds had not been deposited to Mrs. Johns' personal bank account, it would have been in a deficit position at the end of the day.

Table 1

Cash Withdrawn from Boosters' Checking Account		Deposits to Amanda Johns' Personal Bank Account		
Date	Amount	Date	Amount	Balance at End of Day
09/09/14	\$ 481.15	09/09/14	\$ 420.00	391.12
09/15/14	712.00	09/15/14	650.00	
		09/15/14	166.18	698.50
09/22/14	197.95	09/22/14	181.25	
		09/22/14	568.01	226.66
09/24/14	161.19	09/24/14	100.00	100.39
10/14/14	791.14	10/14/14	750.00	
		10/14/14	51.36	496.52
11/04/14	844.00	11/04/14	846.80	
		11/04/14	404.18	816.43
11/12/14	312.44	11/12/14	312.00	232.00
12/03/14	2,010.00	12/03/14	1,950.00	1,869.16
03/02/15	1,149.00	03/02/15	1,146.97	572.84

The **Table** also illustrates the amount deposited to Mrs. Johns' bank account was similar in amount to the cash withdrawn from the Boosters' checking account on the same day or the previous day. During our review of Mrs. Johns' personal bank statements, we identified a number of ATM deposits. We also determined the number and amount of ATM deposits decreased significantly after May 2015, when Mrs. Johns was no longer the Boosters' Treasurer.

Because the amounts deposited to Mrs. Johns personal bank account were made on the same day or the day after cash was withdrawn from the Boosters' checking account and the amounts of the withdrawals are similar to the amounts deposited to her personal account, it appears Mrs. Johns did not place the Boosters' cash in her personal bank account to secure it from the High School. Instead, the cash withdrawn from the Boosters' checking account was used to maintain sufficient funds in her personal bank account.

The \$18,601.03 of cash withdrawals listed in **Exhibit B** is included in **Exhibit A** as improper disbursements.

Checks to Fred Johns and Amanda Johns – As previously stated, we reviewed images of all checks redeemed from the Boosters' checking account from August 1, 2014 through May 31, 2015 to determine if the disbursements appeared reasonable for Boosters operations. We identified 23 checks Mrs. Johns issued to herself or her husband, Fred Johns. The 23 checks were signed by Mrs. Johns. Supporting documentation was not available for the 23 checks.

The 21 checks issued to Mr. Johns are listed in **Exhibit C**. As illustrated by the **Exhibit**, they total \$9,269.30. They were issued from September 16, 2014 to January 21, 2015 and range from \$166.18 to \$981.02. The 2 checks issued to Mrs. Johns are listed in **Table 2**.

Table 2

Check Date	Check Number	Memo	Amount
02/01/15	2486	Pd T Bill- Pay Back	\$ 509.11
02/14/15	2487	Bid Band Shoppe Invoice	347.00
Total			\$ 856.11

As illustrated by **Exhibit C** and **Table 2**, 21 of the 23 checks include notations on the memo lines. When we discussed the checks with Boosters officials, they stated the payments were not in the Boosters’ budget or discussed at any Boosters meetings. They also specified check number 2440 issued to Fred Johns on December 2, 2014, which was described as “Pot luck drawer/food”, was improper. They stated the Boosters did not have a potluck in December.

When we spoke with Mrs. Johns about the checks she issued to herself and to her husband, she stated she recorded inaccurate descriptions on the memo lines of some of the checks so no one at the bank or the Boosters would question the payment. According to Mrs. Johns, most of the 23 checks issued to her husband and herself were written to remove money from the Boosters’ checking account in order to protect the Boosters’ funds from the High School. As previously stated, the Boosters’ President, Band Director, and High School Principal stated when we met with them individually there was no indication High School officials planned to obtain the Boosters’ funds.

When we spoke with Mrs. Johns, she also stated some of the 23 checks were reimbursements to her husband or herself for Boosters’ expenses paid from their personal bank account. However, she was unable to remember which of the 23 checks were for reimbursement for Boosters’ expenses and she was not able to provide supporting documentation for the payments.

We traced 15 of the checks Mrs. Johns issued to herself or her husband to a deposit in their personal bank account. We also determined some of the deposits appear to have been made to prevent Mr. and Mrs. Johns’ personal bank account from going into a deficit position. **Table 3** includes 8 of these checks as examples. Deposits listed in **Table 3** for September 15, 2014 and November 4, 2014 are also included in **Table 1** because these deposits also appear to include cash withdrawn from the Boosters’ checking account.

Table 3

Checks Issued from the Boosters’ Checking Account				Deposits to Amanda Johns’ Personal Bank Account		
Check Date	Check Number	Payee	Amount	Date	Amount	Balance at End of Day
09/13/14	2419	Fred Johns	\$ 166.18	09/15/14	\$ 166.18	
				09/15/14	650.00	698.50
11/01/14	2421	Fred Johns	719.00	11/03/14	719.00	
10/31/14	2422	Fred Johns	502.53	11/03/14	502.53	
				11/03/14	270.00	
				11/03/14	64.20	341.20
11/04/14	2425	Fred Johns	404.18	11/04/14	404.18	
				11/04/14	846.80	816.43
12/04/14	2440	Fred Johns	362.07	12/08/14	362.07	
12/05/14	2442	Fred Johns	419.71	12/08/14	419.71	179.09
01/04/15	2482	Fred Johns	981.02	01/20/15	981.02	
				01/20/15	135.90	11.00
02/14/15	2487	Amanda Johns	347.00	02/17/15	347.00	
				02/17/15	88.16	85.52

As illustrated by the **Table**, the balance of Mrs. Johns' personal bank account at the end of the day of deposit was less than the total deposit amount. If the check(s) from the Boosters listed in the **Table** had not been deposited to Mr. and Mrs. Johns' personal bank account, it would have been in a deficit position at the end of the day. As a result, it appears Mrs. Johns did not deposit the proceeds of the checks she issued to herself and her husband in her personal bank account to secure them from the High School. Instead, the deposits were to maintain sufficient funds in her personal bank account.

According to Boosters officials we spoke with, Mr. Johns stated at the May 2015 Boosters meeting no checks from the Boosters' checking account were ever written to him. We observed images of the front and back of each check listed in **Exhibit C** and verified each check contains Mr. Johns' name as the endorser.

Because supporting documentation is not available for any of the checks Mrs. Johns issued to herself or her husband, and because she stated the descriptions in the memo lines of most of the checks were inaccurate in order to prevent questions about the payments, the \$9,269.30 of checks issued to Fred Johns and the \$856.11 of checks Mrs. Johns issued to herself are included in **Exhibit A** as improper disbursements.

Tables 1 and **3** include ATM deposits to Mr. and Mrs. Johns' personal bank account. As previously stated, we identified a number of ATM deposits during our review of their personal bank statements. We also determined the number and amount of ATM deposits decreased significantly after May 2015, when Mrs. Johns was no longer the Boosters' Treasurer.

Payments to Vendors – We reviewed all disbursements to vendors from the Boosters' checking account for the period August 1, 2014 through May 31, 2015. For most of these disbursements, an image of the redeemed check issued to the vendor was included with the monthly bank statements. However, some checks issued to vendors were electronically redeemed. An image of these checks was not included in the monthly bank statements. However, information such as the check number, vendor, location of the vendor, and transaction amount were summarized on the monthly bank statements.

We compared the disbursements to the available supporting documentation, such as invoices and store receipts. We also compared the disbursements to information recorded in the monthly Treasurer's reports and minutes from Boosters meetings. In addition, we reviewed the disbursements to vendors from the Boosters' checking account to determine if the transactions appeared reasonable for Boosters operations and discussed unsupported transactions with Boosters officials.

We identified 3 disbursements to vendors for which supporting documentation was not available and which were not included in the minutes of Boosters meetings. Boosters officials stated the 3 disbursements were not included the Boosters' budget or discussed at any Boosters meetings. The 3 checks identified are listed **Table 4**.

Table 4

Check Date	Check Number	Payee	Memo	Amount
09/20/14	2453	Ace Hardware	Band improvement (Props)	\$ 241.46
09/24/14*	2455	Home Depot	<i>Not available*</i>	33.33
11/18/14*	2428	Home Depot	<i>Not available*</i>	111.76
Total				<u>\$ 386.55</u>

* - Checks were electronically redeemed by Home Depot. The date shown is the date the transaction was recorded in the bank statements.

When we compared the 3 disbursements to information recorded in the Treasurer's reports, we determined the 2 disbursements to Home Depot were not included. We also determined there

were no disbursements to Home Depot in the Treasurer's reports which were similar in date, check number, and amount. However, the September 2014 Treasurer's Report includes a check issued to Ace Hardware on September 20, 2014 for "Band improvement props," which agrees with the check listed in **Table 4**. While the date, vendor, and description agree, the check number recorded in the Treasurer's Report for the disbursement was 2452 and the amount of the check was \$212.00.

When we asked Mrs. Johns about the 3 checks listed in **Table 4**, she stated they were for band props. Although she provided an explanation for the checks, she could not provide supporting documentation for the disbursements. As illustrated by the **Table**, 2 of the 3 disbursements were in September 2014. It would not be unusual for the Boosters to purchase supplies from vendors such as Ace Hardware and Home Depot for props early during the academic year for the marching band's competition season. However, without supporting documentation to determine what was purchased, we are unable to determine if the purchases were personal in nature. In addition, it would be unusual to make purchases for the marching band's competition season during November. As a result, the 2 checks issued in September 2014 totaling \$274.79 are included in **Exhibit A** as unsupported disbursements. The \$111.76 for check number 2428 issued in November 2014 is included in **Exhibit A** as an improper disbursement.

UNDEPOSITED COLLECTIONS

Proceeds from Fundraisers and Other Events – As previously stated, the Boosters' primary revenue sources include fundraisers and uniform fees. During the 2014/15 academic year, the Boosters also collected payments from students, guardians, and family members for a trip to Denver, Colorado. According to Boosters officials we spoke with, all collections were to be deposited in the Boosters' checking account.

Receipts were not prepared and collections were not recorded on an initial receipts listing for fundraisers or uniform fees. However, receipts were prepared for collections for the Denver trip. In addition, using available documentation, we were able to determine the expected amount of collections for the fundraisers and uniform fees. The expected amount of collections identified using the available documentation is discussed in the following paragraphs.

Receipts for Denver trip - While individual receipts were not issued for fundraisers and uniform fee collections, receipts were prepared by the Band Director for collections for the Denver trip. Payments for the trip were collected by the Band Director in installments throughout the 2014/15 academic year. The Band Director provided collections he received to Mrs. Johns to be deposited in the Boosters' checking account. Payments related to the trip were then paid from the Boosters' checking account. Using the receipts prepared by the Band Director and additional supporting documentation he provided, we determined \$59,236.00 was collected from students, guardians, and family members for the Denver trip and should have been deposited to the Boosters' checking account.

Documentation of Products Sold – Fundraisers sponsored by the Boosters during the 2014/15 academic year included Brittle sales in October 2014 and a fruit and candy sale in November 2014. Using information from the vendors regarding the number and sales price of the products sold, we determined \$4,255.75, \$10,796.00, and \$8,824.00 should have been deposited to the Boosters' checking account for the Brittle, fruit, and candy sales, respectively.

When we spoke with the Boosters member who chaired the Brittle sales, she stated she deposited all collections from Brittle sales directly to the Boosters' checking account rather than providing the collections to Mrs. Johns for deposit. We identified a deposit in the Boosters' checking account for the \$4,255.75 collected from Brittle sales. According to Boosters members we spoke with, the collections from fruit and candy sales were provided to Mrs. Johns for deposit to the Boosters' checking account.

Check Stubs – One night each month from September 2014 through March 2015, individual sections of the band helped at a local Wendy's® restaurant. In return, the Boosters received 10% of the sales during the period the students helped at the restaurant. In addition, the Boosters were allowed to keep any tips the students received.

For each month except January 2015, we observed a copy of a check stub issued to the Boosters by Wendy's®. We also determined the amount of each check stub was included in Boosters meeting minutes, with the exception of the check stub amount for November 2014. It appears reporting the amount received from Wendy's® for November 2014 was overlooked during the monthly Boosters meeting.

A copy of a check stub for January 2015 was not available. However, the minutes from the Boosters meeting for this month included a notation of the amount received from Wendy's®.

Using the copies of the check stubs and Boosters meeting minutes, we determined \$835.26 was received from Wendy's® and should have been deposited to the Boosters' checking account. However, we were unable to determine if any tips were collected.

Calculated Participant Fees – The Boosters hosted a Trivia night on March 27, 2015. The entry fee was \$8.00 per person. Based on the scoring sheet maintained by the Boosters, there were 16 tables and, according to a Boosters representative, there were 6 participants at each table. As a result, we determined \$768.00 of entry fees should have been deposited to the Boosters' checking account.

In addition to the entry fees, the Boosters sold options to each table which helped boost the table's score. According to Boosters officials, an additional \$320.00 was collected for these options. The \$320.00 collected also should have been deposited to the Boosters' checking account.

Boosters officials also stated concessions were sold during the event. However, no records were available to determine how much was collected from concession sales.

Minutes from Boosters Meetings – While documentation was not prepared and/or maintained for certain types of collections, the amounts collected were reported in the minutes of Boosters meetings. Based on the minutes we reviewed, we determined \$3,925.00 was collected for sponsorships and selling baked goods and food products at the Celebration of Music on October 19, 2014 and "Paul's Food Booth" on April 25, 2015.

Listing Maintained by Assistant Band Director – The Assistant Band Director maintained a spreadsheet which summarized the amount received for each band member for uniform fees and a band t-shirt. The spreadsheet documented \$5,513.00 was collected for uniform fees and t-shirts during the fall of 2014.

Budget – The Boosters operate a concession stand for baseball and softball games each summer. Sufficient records were not maintained which documented the amount collected during the summer of 2014 which should have been deposited during August 2014. In addition, the amount collected was not recorded in the minutes of Boosters meetings. However, the amount budgeted to be collected during the summer of 2014 was \$5,150.00, which was less than the amount collected for the summer of 2013. Because the budgeted amount appears to be a conservative amount, it was used to determine the total amount of expected collections which should have been deposited to the Boosters' checking account.

No Records Available – During the fall of 2014, the band's colorguard held a fundraiser with Little Caesars®. However, records documenting the amount collected were not available. As a result, an expected amount of collections was not determinable.

The amounts which should have been deposited to the Boosters' checking account for these fundraisers and events are summarized in **Table 5**.

Fundraiser/Event	Amount
Denver trip collections	\$ 59,236.00
Brittle sales	4,255.75
Fruit sales	10,796.00
Candy sales	8,824.00
Wendy's	835.26
Trivia Night: Entry fees	1,088.00
Concessions	##
Sponsorships	2,800.00
Celebration of Music*	400.00
Paul's Food Booth	725.00
Uniform fees & t-shirts	5,513.00
Concession stand	5,150.00
Little Caesars	##
Total	\$ 99,623.01

- Undeterminable.

* - This is an approximate amount based on minutes of Boosters meetings.

As illustrated by the **Table**, we used the documentation available to determine at least \$99,623.01 should have been deposited to the Boosters' checking account during the 2014/15 academic year. This amount does not include any tips received at Wendy's®, collections for concessions sold at Trivia Night, or proceeds from the fundraiser held with Little Caesars®.

Because Mrs. Johns did not make separate deposits to the Boosters' checking account for each event and sufficient records which document the proceeds included in each bank deposit were not maintained, we are not able to match expected collections for individual events to individual bank deposits. As a result, we compared the \$99,623.01 of total expected collections to total deposits to the Boosters' checking account after eliminating interest and deposits from Mrs. Johns' personal bank account. The deposits from Mrs. Johns' personal bank account are discussed in detail in a subsequent section of this report.

Table 6 compares the amount deposited to the Boosters' checking account to the total expected collections. The **Table** includes \$60.00 Mrs. Johns submitted to High School officials along with other Boosters' records after she was no longer the Treasurer. The \$60.00 is composed of 2 checks in a safe at the High School and available to the Boosters for deposit to its checking account. The \$7,728.08 of undeposited collections identified is included in **Exhibit A**.

Description	Amount
Total deposits to checking account and checks in school safe	\$ 112,639.92
Less: Interest	(36.09)
Repayments by Amanda Johns with personal funds	(20,708.90)
Net amount	91,894.93
Total expected collections	(99,623.01)
Undeposited collections	\$ (7,728.08)

Cash Withheld from Deposits – During our review of the deposits to the Boosters’ checking account, we identified 5 instances in which cash was withheld from the deposits. As previously stated, the Boosters’ President and Mrs. Johns stated the Boosters do not make cash purchases. The 5 instances identified are summarized in **Table 7**.

Table 7

Date of Deposit	Total Deposit	Less Cash Withheld	Net Deposit
09/08/14	\$ 634.00	193.81	440.19
09/16/14	1,275.00	314.00	961.00
09/29/14	4,185.00	410.00	3,775.00
10/01/14	400.00	95.00	305.00
01/26/15	3,318.38	500.00	2,818.38
Total	\$ 9,812.38	1,512.81	8,299.57

The image of the deposit slip for each of the transactions listed in **Table 7** included Mrs. Johns’ name on the signature line.

When we asked Mrs. Johns about the cash withheld from the deposits, she stated she did not maintain supporting documentation detailing how the cash received from the deposits was used. She also stated the cash was withheld to protect it from the High School. As previously stated, when we spoke individually with the Boosters’ President, Band Director, and High School Principal, they each reported there was no intention for the High School to access the Boosters’ funds.

The \$1,512.81 of cash withheld from deposits is included in **Exhibit A** as undeposited collections.

REPAYMENTS

During our meeting with Mrs. Johns, she identified 4 deposits to the Boosters’ checking account which she stated were composed of or included repayment of Boosters’ funds she had withheld in an effort to protect the funds from the High School.

Mrs. Johns stated she kept the money she had withdrawn in her safe and she did not use any of the money she had withdrawn from the Boosters’ checking account for personal expenses. She also stated this is why she had the funds available to repay the Boosters all the money she had withdrawn. However, during our review of the deposits Mrs. Johns’ identified as including repayments, we determined the source of the deposits were not as described by Ms. Johns.

The 4 deposits, the amount of repayments within the deposits specified by Mrs. Johns, and Mrs. Johns’ description of whether each deposit was made with cash or a cashier’s check are listed in **Table 8**. The **Table** also includes the repayments we determined were made with Mrs. Johns’ personal funds rather than Boosters’ funds as she described. Additional information about the source of each deposit is included in the paragraphs following **Table 8**.

Table 8

Date of Deposit	Total Deposit	Description of Repayment by Mrs. Johns		Deposit of Personal Funds
		Composed of	Amount	
03/30/15	\$ 5,709.00	Cash	\$ 3,500.00	-
04/07/15	13,500.00	Cashier's check	13,500.00	13,500.00
04/27/15	3,025.00	Cash	3,025.00	-
05/04/15	7,208.90	Cash	7,208.90	7,208.90
Total	\$ 29,442.90		\$ 27,233.90	20,708.90

We determined the following about each of the deposits:

- The deposit made on March 30, 2015 did not include \$3,500.00 of cash as Mrs. Johns described; instead, it included \$1,739.00 of cash. When we spoke with Mrs. Johns about this discrepancy, she stated she must have been mistaken and only put \$1,739.00 back in the Boosters' checking account.
- The \$13,500.00 deposit on April 7, 2015 was a cashier's check which corresponds with a \$13,500.00 withdrawal from Ms. Johns' personal bank account on April 7, 2015. On April 6, 2015, a \$13,000.00 deposit was made to Mrs. Johns' personal bank account, but it was not composed of the cash she stated she had kept at home to keep it safe from the High School. Instead, the \$13,000.00 deposit was composed of a check issued to Fred Johns by an individual. The check was dated April 4, 2015 and the memo line on the check stated "Loan".
- The \$3,025.00 deposit on April 27, 2015 was composed of cash. As a result, we are unable to determine if the cash was:
 - Ms. Johns' personal funds,
 - cash collections from Boosters' events,
 - cash she withdrew from the Boosters' checking account to keep secured at her home, or
 - a combination of 2 or more of these sources.
- The \$7,208.90 deposit on May 4, 2015 was not composed of cash as described by Mrs. Johns. Instead, it was a check she issued from her personal bank account. There were not sufficient funds in Mrs. Johns' personal bank account when the check was redeemed on May 4, 2015. However, a \$1,000.00 deposit was made to the account on May 4, 2015 for which additional information is not available. In addition, a \$5,000.00 check payable to Mrs. Johns was deposited on May 6, 2015. The check was drawn on an account at a credit union in eastern Iowa and appears to be from an individual.

Because we determined the 2 deposits totaling \$20,708.90 were made with Mrs. Johns' personal funds, they are included in **Exhibit A** as repayments. Because we were unable to determine the remaining 2 deposits were made with Mrs. Johns' personal funds and it is possible the amounts deposited were proceeds from events sponsored by the Boosters, they are not included in **Exhibit A**.

PERSONAL FUNDS

During our meeting with Mrs. Johns, she stated she paid for certain Boosters' expenses using her personal funds and was not reimbursed for those costs. The receipts Mrs. Johns provided for these costs total \$839.35. We discussed these receipts with Boosters officials.

The Boosters officials identified \$150.47 of the \$839.35 as refreshments for the Boosters' Senior Night event held on May 6, 2015 and some stamps. They also stated these costs were reasonable for Boosters' operations. By reviewing the receipts, we determined the refreshments were purchased the same day as the event.

Of the receipts provided by Mrs. Johns, \$107.93 was for chewing gum, cash boxes, and various decorations. According to Boosters officials, the chewing gum was not used at a Boosters' event, the cashboxes were not provided to the Boosters, and the decorations were purchased for the Trivia Night fundraiser event. However, the Boosters' President and Vice President and the Band Director stated the Boosters had told Mrs. Johns she was not authorized to purchase decorations for the event. The Boosters officials felt the decorations were an unnecessary expense because they had decorations from the previous year. As a result, the purchases are not authorized Boosters' expenses.

The receipts provided by Mrs. Johns included \$5.95 postage for a package sent to Beloit, WI. When we spoke with Mrs. Johns, she stated she paid for the postage using her personal funds but was not reimbursed. Boosters officials we spoke with stated they were unable to identify why a package would be sent to Beloit, WI for Boosters operations.

The remaining documents provided by Mrs. Johns were related to 2 cash withdrawals from her personal bank account. According to Mrs. Johns, the cash withdrawn was to establish change in cashboxes for Boosters events.

- She stated she provided \$450.00 cash to set up the cashboxes for Trivia Night and was not reimbursed for the amount. According to discussions with Boosters officials, \$450.00 would be an excessive amount to use as change for the event. The Boosters' President and Vice President stated they do not believe this much cash was provided in the cashboxes.
- Mrs. Johns also stated she provided \$125.00 cash to set up the cashbox for the Paul's Food Booth Boosters Fundraiser on April 25, 2015 and was not reimbursed for the amount. Boosters officials we spoke with and the Band Director stated \$125.00 is a reasonable amount to use as change for the event.

As stated previously, Mrs. Johns did not make separate deposits to the Boosters' checking account for each event and sufficient records were not maintained which document the specific proceeds included in each bank deposit. As a result, we are not able to determine if the deposits after Trivia Night and the Paul's Food Booth Fundraiser included proceeds from the events, including the cash used as change for the events. It is possible Mrs. Johns recovered the cash she withdrew to use as change after each event was completed and did not deposit the cash to the Boosters' checking account.

Because Mrs. Johns held the checkbook for the Boosters' checking account, it is not clear why it would have been necessary for her to use personal funds rather than making purchases for the Boosters with the Boosters' checking account.

Because the \$150.47 Mrs. Johns paid for refreshments for Senior Night and stamps were reasonable expenditures for the Boosters, this amount is included **Exhibit A** as repayments. However, because we were unable to determine if the remaining \$688.88 of receipts provided by Mrs. Johns were related to Boosters operations, the repayments are not included in **Exhibit A**.

OTHER ADMINISTRATIVE ISSUES

When we spoke with Mrs. Johns, we asked about her responsibilities as the Boosters' Treasurer and how she carried out those responsibilities. Prior to speaking with Mrs. Johns, we reviewed available documents and bank statements for the Boosters' checking account. Mrs. Johns' husband was also present when we spoke with her. He stated they would "repay any money if the books were wrong." Information provided by Mrs. Johns about the Treasurer's Reports she prepared, the lack of bank reconciliations, and the financial oversight she provided is summarized in the following paragraphs.

Treasurer's Reports - Mrs. Johns was responsible for preparing the monthly Treasurer's Report to be presented at Boosters meetings. However, she did not prepare a report for every month. In addition, the Treasurer's Reports available frequently included inaccurate information. During our review of the reports, we identified a number of disbursements and deposits which were not included. We also identified a number of disbursements with an incorrect check number and/or incorrect amount. According to Boosters officials we spoke with, no one performed an independent review of the Treasurer's Reports.

When we spoke with Mrs. Johns regarding the inaccuracies we identified in the reports, she stated they did not agree with the bank statements because she was inexperienced and she prepared the reports quickly before Boosters meetings. She also stated she knew the information was not accurate.

Bank Reconciliations - Bank reconciliations were not prepared. When we spoke with Mrs. Johns about the records she prepared and maintained as the Boosters' Treasurer, she stated she did not receive any formal training for the Treasurer's position. She stated she met once with the former Boosters' Treasurer and he gave her an Excel® spreadsheet. She also stated he told her it was self-explanatory, to just record what was coming in and out. She stated she did not realize what was required of the position and she felt she was not qualified. She also stated she had "never even balanced a checkbook."

Boosters officials we spoke with stated they did not review bank statements for the Boosters' checking account.

Financial Oversight - When we spoke with Mrs. Johns, she stated she didn't have any idea what the trip to Denver was going to cost, how much the Boosters had raised for the trip, or how much had been collected from students and their families. She also stated she never tracked anything very closely.

She stated she expressed concern when the Band Director told her the remaining amount to be paid to the travel company because "funds were low" in the Boosters' checking account. According to Mrs. Johns, the Band Director told her she shouldn't have let the Boosters spend so much money on plumes, new ladders, and other materials for the band during the year if the funds were going to be low. Mrs. Johns stated she never questioned anyone's expenses and just paid whatever she was told and didn't realize it was frivolous since they always had sufficient funds.

As the Boosters' Treasurer, Mrs. Johns has a fiduciary responsibility to the organization to safeguard its funds.

Unauthorized Check Signer - During our review of disbursements from the Boosters' checking account, we determined check number 2401 was issued to the Band Director on August 14, 2014 for \$166.74. The payment was supported by appropriate documentation. However, the check was signed by Fred Johns, Mrs. Johns' husband, who was not authorized to sign checks from the Boosters' checking account.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Clinton High School Band Boosters to perform bank reconciliations and process receipts and disbursements. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from errors and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be identified 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 Boosters' internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties to prevent an individual from handling duties which are incompatible. The former Treasurer had control over each of the following areas.
- (1) Receipts – collecting, posting to accounting records, and preparing and making deposits to the Boosters' checking account,
 - (2) Disbursements – making certain purchases, maintaining supporting documentation, preparing, signing and distributing checks, and posting payments to the accounting records,
 - (3) Checking account – receiving and reconciling monthly bank statements and monitoring financial activity, and
 - (4) Reporting – preparing Treasurer's Reports.

Recommendation – We realize segregation of duties is difficult with a limited number of individuals involved. However, the duties within each function listed above should be segregated between the Boosters' Treasurer and other Boosters members. In addition, Boosters officials should review financial records, perform reconciliations, and examine supporting documentation for financial transactions on a periodic basis.

- B. Disbursements – During our review of the Boosters' disbursements, the following were identified:
- (1) Disbursements were not always supported by invoices or other documentation.
 - (2) Disbursements were not approved by Boosters officials and/or members.
 - (3) Unauthorized cash withdrawals were made from the Boosters' checking account.
 - (4) A check was signed by an unauthorized check signer.

Recommendation – All Boosters disbursements should be made by checks signed by an authorized signer and should be approved by members of the Boosters prior to disbursement. In addition, detailed supporting invoices and/or receipts should be maintained for all disbursements.

- C. Cash Receipts or Initial Listing of Collections – The former Boosters' Treasurer did not prepare receipts or an initial listing of all collections. Receipts and initial listings of collections provide a basis for an independent reviewer to compare the amount of checks and cash received to the amount deposited. In addition, sufficient documentation was not maintained of specific collections included in deposits made to the Boosters' checking account.

Recommendation – Receipts and initial listings of collections should be prepared listing all checks and cash received. Sufficient documentation should be maintained of specific collections included in deposits made to the Boosters' checking account. An individual independent of the receipt and deposit process should compare the receipts and listings to

the amounts subsequently deposited and the review should be documented by the reviewer's signature or initials and the date of the review.

D. Financial Accounting Records – Very limited financial records were maintained by the former Boosters' Treasurer during the period of our investigation. The following conditions were identified:

- Receipts and disbursements were not posted to a ledger or other accounting system.
- Disbursements were not approved or documented in the minutes of Boosters meetings.
- On certain occasions, checks were not issued in numerical sequence.
- Monthly bank account reconciliations were not completed and bank statements were delivered to and reviewed by the individual responsible for the disbursement of Boosters' funds.
- Treasurer's Reports were not accurate and were not properly prepared for each month.

Recommendation – Boosters officials should ensure sufficient financial records are maintained by the Boosters' Treasurer. An individual independent of the receipt and deposit process should periodically review the ledger or other accounting records, compare disbursements to those approved during Boosters meetings, review the numerical sequence of checks issued from the Boosters' checking account, and review monthly bank reconciliations and Treasurer's reports for accuracy and completeness.

E. Policies and Procedures – The Boosters have not developed a formal written policies and procedures manual for receipts or disbursements.

Recommendation – The Boosters should develop a formal written policies and procedures manual for receipts and disbursements.

Exhibits

Report on Special Investigation of the
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Summary of Findings
For the period August 1, 2014 through May 31, 2015

Description	Exhibit/Table/ Page Number	Improper	Unsupported	Total
Improper and unsupported disbursements:				
Cash withdrawals	Exhibit B	\$ 18,601.03	-	18,601.03
Checks to Fred Johns	Exhibit C	9,269.30	-	9,269.30
Checks to Amanda Johns	Table 2	856.11	-	856.11
Payments to vendors	Table 4/Page 10	111.76	274.79	386.55
Subtotal improper and unsupported disbursements		<u>28,838.20</u>	<u>274.79</u>	<u>29,112.99</u>
Undeposited collections:				
Estimated proceeds from fundraisers and other events	Table 6	7,728.08	-	7,728.08
Cash withheld from deposits	Table 7	1,512.81	-	1,512.81
Subtotal undeposited collections		<u>9,240.89</u>	<u>-</u>	<u>9,240.89</u>
Total improper and unsupported disbursements and undeposited collections		<u>\$ 38,079.09</u>	<u>274.79</u>	<u>38,353.88</u>
Repayments:				
Payments from Amanda Johns with personal funds	Pages 14 and 15			(20,708.90)
Boosters purchases by Amanda Johns	Pages 15 and 16			(150.47)
Net amount				<u>\$ 17,494.51</u>

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Cash Withdrawals
For the period August 1, 2014 through May 31, 2015

Date	Amount
08/18/14	\$ 100.00
09/02/14	600.00
09/09/14	481.15
09/12/14	575.54
09/15/14	712.00
09/16/14	259.00
09/22/14	197.95
09/24/14	161.19
09/25/14	300.00
09/29/14	119.14
09/30/14	97.00
09/30/14	469.00
10/10/14	171.92
10/14/14	791.14
10/24/14	890.00
10/28/14	199.00
10/31/14	701.00
11/03/14	431.88
11/04/14	844.00
11/07/14	328.00
11/12/14	312.44
11/26/14	500.23
12/03/14	2,010.00
12/15/14	192.00
12/15/14	553.19
12/19/14	379.00
01/05/15	586.00
01/08/15	1,281.04
01/23/15	277.22
02/26/15	2,825.00
03/02/15	1,149.00
04/29/15	107.00
Total	<u>\$ 18,601.03</u>

Report on Special Investigation of the
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Checks Issued to Fred Johns
For the period August 1, 2014 through May 31, 2015

Per Check Image

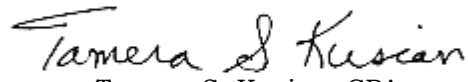
Check Date	Check Number	Memo	Amount
09/13/14	2419	Band Improvement Home D. Purchase	\$ 166.18
09/20/14	2454	Band Improvement Props	281.45
09/28/14	2456	Competition Expenses spent	198.00
09/30/14	2462	Kid Uniform upfront-fee shoes/Gloves	844.00
10/03/14	2464	Band Improvement/Gas/Paid Rec	483.57
10/04/14	2465	Band Assortment of Paid Invoices	312.00
10/25/14	2473	Band Play Props	391.94
10/31/14	2422	Party Supplies/Payment 2014	502.53
11/01/14	2421	Paid Bill/Forgot Ck Book	719.00
11/04/14	2425	Prop/Food Ceremony	404.18
11/15/14	2429	Pd Bill/Cash/Reimbursement	611.54
11/24/14	2430	office supplies paid	202.00
11/26/14	2431	Bid A out of Pocket	461.08
11/30/14	2432	<i>None</i>	261.00
12/04/14	2440	Pot luck drawer/food	352.07
12/05/14	2439	<i>None</i>	604.21
12/05/14	2442	Gas/Registration Reimb.	419.71
12/20/14	2445	Pd Bill-Tegler	214.81
12/21/14	2446	Jason's payment	289.87
01/09/15	2448	A invoice (additional fundraiser candy)	569.14
01/04/15	2482	Tegler Bill-difference Payback	981.02
Total			<u>\$9,269.30</u>

Report on Special Investigation of the
Clinton High School Band Boosters

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
April D. Harbst, Senior Auditor


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Deputy Auditor of State