



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capital Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

NEWS RELEASE

Contact: Rob Sand
515/281-5835
or Annette Campbell
515/281-5834

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Auditor of State Rob Sand today released a report on a special investigation of the Webster City Chamber of Commerce for the period October 1, 2013 through June 30, 2018. The special investigation was requested by Chamber officials as a result of concerns regarding certain financial transactions processed by the former Financial and Administrative Assistant, Leah Mulholland.

Sand reported the special investigation identified \$239,586.23 of improper disbursements and \$23,602.83 of unsupported disbursements. Sand also reported the special investigation identified a \$1,128.00 refund issued to the Chamber for overpayment of their state income tax which was not deposited into the Chamber's bank accounts. The \$239,586.23 of improper disbursements identified includes:

- \$190,489.58 of payments to or for Leah Mulholland, including unauthorized checks, excess gross salary, and the Chamber's share of payroll costs,
- \$14,497.00 of transfers from the Chamber's primary checking account to the Chamber's "Chamber Bucks" bank account which were not approved,
- \$15,725.09 of vendor payments,
- \$10,086.57 of penalties and interest paid to the IRS and the Iowa Department of Revenue,
- \$3,950.00 of checks redeemed for cash and cash withdrawals, and
- \$4,837.99 of bank fees.

The \$23,602.83 of unsupported disbursements identified includes:

- \$19,422.51 of vendor payments,
- \$4,058.48 of reimbursements issued to 2 former Executive Directors, and
- \$121.84 of reimbursements issued to Ms. Mulholland.

Sand also reported it was not possible to determine if additional amounts were improperly disbursed or if additional collections were not properly deposited because adequate documentation was not available.

The report includes recommendations to strengthen the Chamber's internal controls, such as improvements to segregation of duties, ensuring sufficient supporting documentation is maintained for all disbursements, performing receipt reconciliations, and eliminating the use of a debit card for Chamber purchases.

EXHIBIT # 6-2
CASE 2018-017039

Copies of this report have been filed with the Division of Criminal Investigation, the Webster County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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