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NEWS RELEASE

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Auditor of State David A. Vaudt today released a report on a special investigation of the University of Northern Iowa (University) Events Complex Concessions (ECC) for the period October 1, 2006 through March 31, 2012. The ECC is responsible for all concessions operations at the UNI Dome, the McLeod Center and West Gym. The special investigation was requested by University officials because certain proceeds from concession sales were diverted.

The concession stands are operated by volunteers from non-profit organizations who run the concession stands in exchange for a portion of the proceeds from concession sales. ECC staff ensures the concession stands are stocked prior to the event, ending inventory is counted, change funds are provided and all proceeds are collected from the concession stands during and after the event. Concession stand proceeds are composed only of cash. After each event, proceeds are counted and the cash is bundled and paper clipped by denomination. The bundles are placed in a safe in the concession office until deposited.

Vaudt reported a recording from a video surveillance camera in the concession office showed James Kehl, the former Assistant Concessions Director, removed cash from the safe after a women's basketball game on February 24, 2012 and placed the cash in his wallet. By recounting the cash in the safe the next morning, the Concessions Director determined \$300.00 had been removed from the safe. Mr. Kehl was arrested on February 29, 2012. At the time of his arrest, 3 bundles of \$20.00 bills were found in Mr. Kehl's wallet. The bundles totaled \$300.00 and were paper clipped in the same way as the cash held in the safe. While the amount of cash included in his wallet agreed with the amount of cash viewed on the surveillance video, there is no assurance the \$300.00 found in his wallet was the same currency removed from the safe. Mr. Kehl was terminated from employment on March 1, 2012.

Vaudt also reported not all records used to track sales in the concession stands were retained and some of the records included changes to the amounts sold, ending inventory and amount spoiled. As a result, it was not possible to determine if additional collections were diverted.

Vaudt reported Mr. Kehl deposited \$17,430.97 of cash to his personal bank accounts between April 18, 2007 and February 13, 2012. Most of the cash deposits were made in even dollar amounts within 5 days of an event held at the UNI Dome, the McLeod Center or West Gym. However, because of the nature of cash sales and cash deposits, we are unable to definitively determine what portion of the cash deposited to Mr. Kehl's bank accounts was composed of collections from concession sales. No cash deposits were made to Mr. Kehl's personal bank accounts between February 13, 2012 and July 1, 2012, 4 months following his termination from employment at ECC.

Mr. Kehl pled guilty to a 4th degree theft charge on June 14, 2012. He was given a deferred judgment and ordered to pay \$200.00 restitution, fines and other court costs totaling \$540.00.

The report includes recommendations to strengthen internal controls and overall operations, such as using a point of sale system, ensuring inventory counts are verified by both volunteers and concession staff and cash is collected and locked in bank bags when cash is collected from the concession stands.

Copies of the report have been filed with the University's Department of Public Safety, the Division of Criminal Investigation, the Black Hawk 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/1261-8030-BE00.pdf>.

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