



County Technical Assistance Service
INSTITUTE FOR PUBLIC SERVICE

INTERNAL CONTROLS

CIRCUIT COURT CLERK

2016

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INTERNAL CONTROLS

January 2016

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INTRODUCTION

As governmental entities across the county have seen an increase with waste, fraud and abuse the Tennessee General Assembly took proactive steps this legislative session by passing Public Chapter 112 which amended T.C.A. 9-18-102(a). The amendment provides the following:

Whether obligations and costs of the operation are in compliance with applicable law; (II) Whether county funds, property and other assets that are designated/assigned to the circuit court clerk's office are safeguarded against waste, loss, unauthorized use or misappropriation and (III) Whether revenues and expenditures in the circuit court clerk's office fee account and county general fund (as it relates to the circuit court clerk's office) are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

To assist TN counties with compliance CTAS has worked diligently to prepare an Internal Controls toolbox. The toolbox consists of the following tools: (1) internal controls questionnaire, (2) internal controls assessment, (3) segregation of duties checklist, and 4) sample internal controls risk assessment. In addition to the tool box CTAS has prepared a 4-hour internal control class. Beginning January 7, 2016, CTAS will begin the internal controls training on a statewide basis and concluding in March.

We at CTAS hope each elected official and their staff take advantage of our training and our tool box to prepare their internal controls that will allow them to comply with PC 112 and to provide a better system of financial management.

CIRCUIT COURT CLERK
SAMPLE INTERNAL CONTROLS QUESTIONNAIRE
January 2016

Sample Internal Control Assessment Questions

Circuit/General/Juvenile/Criminal Court Clerk

Summary: *The following assessment questions are divided into three parts to address the changes in T.C.A. 9-18-102(a): (I) Whether obligations and costs of the operation are in compliance with applicable law; (II) Whether county funds, property and other assets that are designated/assigned to the clerk's office are safeguarded against waste, loss, unauthorized use or misappropriation; and (III) Whether revenues and expenditures in the clerk's office fee account and county general fund (as it relates to the clerk's office) are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the*

I. Whether obligations and costs of the operation are in compliance with applicable laws

General:

- a) Does the office have a written organizational chart?
- b) Do the office employees have written job descriptions?
- c) Does the office have a written, updated personnel policy, and is this provided to the office employees?
- d) Does the office have a copy of the adopted county ethics policy available for the official and the office employees?

Physical security of the office:

- a) Who has a key to the court clerk's office?
- b) Who has a key to the main door of the courthouse?
- c) How often are the locks changed?
- d) Is the office secured with cameras?
- e) Is there a vault in the office?
- f) When is it locked?
- g) Who has access to the vault?

Purchase orders:

- a) What is the adopted county purchasing policy/purchasing law?
- b) Who is authorized to originate a purchase order requisition?
- c) How does the office verify sufficient funding is available in the line item for the purchase?
- d) Where are purchase orders submitted? (County finance/mayor)?
- e) How does the office verify the vendor is on the approved vendor list?
- f) Who issues the purchase order authorizing the purchase to be made?
- g) Who is authorized to actually place the order with the vendor for the clerk's office?
- h) Who verifies the goods received are what are itemized on the invoice or bill of lading?
- i) To whom are the reviewed purchase orders submitted for payment?
- j) What procedure is taken when all of the items listed on the invoice are not delivered? (e.g., out of stock)

- k) Is the office authorized to utilize charge accounts (blanket purchase orders) at local stores?
- l) If authorized to utilize charge accounts, what vendors are approved?
- m) To whom are the reviewed, blanket purchase orders submitted for payment?
- n) How is the office invoiced for blanket purchase orders (e.g., upon purchase, weekly, monthly, etc.)?

Store cards:

- a) Does the court clerk's office have an assigned store (e.g. Walmart/Lowes) card?
- b) If so, where is it maintained?
- c) If not, does the office have access to another store card (e.g., county finance)?
- d) Is the store card used for blanket purchases, or is a purchase order required prior to the purchase?
- e) Who is authorized to use the store card?
- f) What happens to any unspent amount on the purchase order (do you liquidate it with county finance/mayor's office)?

Contracts:

- a) Who is authorized to sign all county contracts dealing with purchasing for the clerk's office?
- b) Do any contracts require county legislative body approval (longer than a year in length)?
- c) Is there a requirement for the county attorney to review proposed contracts (including lease agreements) before signing?
- d) If there are capital leases for equipment (e.g., copiers), do the county commission and office of local finance approve these prior to signing?
- e) Who serves as the contract monitor for the clerk's office?
- f) How is the contract monitored for vendor compliance?

Emergency purchases:

- a) Who coordinates with the county finance department/mayor's office in the case of emergency purchases?
- b) Does the county have an adopted policy that addresses emergency purchases?
- c) How are emergency purchases documented to ensure compliance with purchasing policies?

Payroll:

- a) If a salary suit is not filed, who prepares the letter of agreement to authorize payroll?
- b) Who is responsible for verifying that the original budget/budget amendments authorized by the county commission are posted to the clerk's monthly budget to actual reports accurately?
- c) Who is responsible for identifying anticipated budget overages before they occur?
- d) Who in the clerk's office is responsible for notifying the finance/mayor's office about these overages in a timely manner?

- e) Who is responsible for verifying the office is in compliance with maintaining only three months' worth of salaries in the fee account (if excess fee office)?
- f) What is the procedure after the anticipated payroll overages are reported?
- g) How are payroll payments made to employees? Direct deposit, check?
- h) Do any employees receive compensatory time? Is the amount of accrued compensatory time within wage, hour and personnel policy limits?

II. Whether county funds, property and other assets that are designated/assigned to the court clerk's office are safeguarded against waste, loss, unauthorized use or misappropriation

Cash with fee account:

- a) What type of system (computerized/manual) is used for receipting and accounting?
- b) Are all the checks used in the office pre-numbered and official checks?
- c) Who is authorized to sign checks?
- d) Does the office have a disaster recovery plan?
- e) How often is it backed-up?
- f) Where is it stored (off-site)?
- g) Who is authorized to enter receipted payments?
- h) Are all individuals that are authorized to receipt and/or have access to county funds covered by the county blanket liability bond/insurance? This would include interns, temporary and seasonal employees, part time workers from a human resource agency.
- i) Do deputies who receipt funds maintain separate cash boxes? How are the boxes secured?
- j) How often are the boxes counted and balanced?
- k) Is there a county commission resolution to authorize the current amount of cash on hand (if the clerk did not place personal funds in the cash boxes when they were elected)?
- l) How is the correct cash on hand/daily receipt amounts in the boxes verified?
- m) Does the office have an adopted overage policy? What is it?
- n) Are all employees aware of these procedures?
- o) How are trivial shortages in the cash boxes handled?
- p) Who investigates large shortages?
- q) How are the cash boxes secured during lunch and bathroom breaks?
- r) Who counts and balances the cash boxes at the end of each day?
- s) How does the office ensure the balances are accurate?
- t) Where are the cash boxes stored at the end of the workday?
- u) How often are deposits made?
- v) How are deposits verified to be accurate and intact?
- w) Who is authorized to prepare bank deposits?
- x) Who approves/signs disbursements and reports?
- y) Who verifies the pre-check register?
- z) Who is authorized to write checks?
- aa) How many signatures are required on a check?

- bb) Who is authorized to sign the checks?
- cc) Who is responsible for updating the check signing (authorization) card at the bank?
- dd) Who performs daily, monthly and yearly accounting functions for the general, child support, investments, court funds and tax funds?
- ee) Who maintains balance reports, works with the other court deputies to balance cash drawers daily, verifies all collected funds are receipted and works up the daily deposit?
- ff) Does anyone recount the collected funds? Who?
- gg) How is it verified that the collected funds match with the daily receipt total report?
- hh) Who takes the deposit to the bank?
- ii) Who takes the deposit in the absence of the designated person?
- jj) Who verifies the deposit was made intact with what was posted in the accounting records?
- kk) Who ensures that all official funds in the bank over FDIC amounts are properly collateralized if the bank does not participate in the LGIP?
- ll) Who reviews/analyzes accounts due to overpayments or other discrepancies, researches partial or duplicate payments, makes appropriate adjustments to accounts, and processes paperwork to issue refunds as appropriate?
- mm) Who is notified of any discrepancies or adjustments made along with the proper footnote or journal entry? Who notifies this person?
- nn) Who reviews any journal entries made during the month and the month end reports?
- oo) Who reviews TNCIS audit logs monthly to ensure any adjusted entries or voided receipts are legitimate?
- pp) Who prepares the various monthly and yearly financial reports including I.R.S., Tennessee Department of Revenue, etc.?
- qq) Who prepares all financial reporting forms or other documentation, compiles data for report preparation, submits reports/forms to appropriate individuals as well as reconciles monthly budget reports?
- rr) Who is responsible for collecting the required I.R.S. information from the vested party(s), individual(s) or attorney(s) receiving a taxable settlement and/or compensation?
- ss) Who reviews, calculates and prepares all appropriate I.R.S. forms?
- tt) Who reviews these reports and signs them before they are forwarded to applicable agency?

Investments:

- a) Where are all court funds placed?
- b) Where are funds held for litigants without a specific court order placed (if applicable to your judicial district's rules/procedures)?
- c) Where is the interest accrued from these funds placed?
- d) What type of investments are authorized?
- e) Who is contacted for questions pertaining to the legality of a potential investment?

Delinquent tax sales (if applicable):

- a) Where are sales records kept?

- b) Are supplemental payments made to court deputies for work performed?
- c) Who conducts and documents the tax sale?
- d) Who verifies authority for and the accuracy of documentation related to the sale?
- e) Who is authorized to issue receipts?
- f) Who posts receipts to accounting records?
- g) Who verifies the transaction was properly recorded?

Unclaimed funds:

- a) Who is responsible for performing an in-depth review of the docket trial balance and the outstanding checklist each year to identify any unclaimed funds greater than one year old?
- b) Who prepares due diligence letters for all old, unclaimed funds?
- c) Who reviews and signs these letters?
- d) What is done with unclaimed funds after due diligence letters have been mailed?

Litigation taxes and fees:

- a) Who reviews the litigation taxes and fees that the office charges annually and coordinates with the AOC to ensure what is being assessed on each case is in compliance with the law and up to date?
- b) Who maintains a folder with copies of certified county commission resolutions authorizing all county optional litigation taxes (e.g., courthouse renovation) and fees (archives, etc.) that the office collects?
- c) Does the clerk utilize the flat fee system?
- d) Who in the office keeps up with what the state files?
- e) Who submits a reimbursement request to the State Department of Human Services?
- f) Where are any unpaid taxes and fees turned over for collection (third party collection agency)?

Payroll:

- a) Do all employees have an updated personnel file?
- b) Who maintains the files?
- c) Are employees allowed to work off the clock? Who is responsible for ensuring that employees do not do this?
- d) How often (weekly, bi-weekly, monthly) are employees paid?
- e) Who is responsible for running timecard totals for each employee and preparing payroll?
- f) How are employees paid (direct deposit, manual check)?
- g) Who prepares and submits payroll tax reports each pay period and completes quarterly 941 forms and state unemployment returns (if clerk does own payroll)?
- h) Who reviews and signs these returns prior to them being mailed?
- i) What is the office policy for correspondence from the IRS?
- j) Who writes a check to the finance department for the employee insurance deductions at the end of the month after monthly deductions are reviewed (if excess fee and finance does administrative duties for payroll)?

- k) Do all employees review and authorize their payroll deductions each year? Is this authorization documented and maintained in the personnel files?
- l) How is the office protected against ghost employees and inaccurate payroll disbursements?

III Whether revenues and expenditures in the court clerk's office fee account and county general fund (as it relates to the court clerk's office) are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets

Expenditures and revenues:

- a) Who is responsible for coordinating with the county trustee's office to ensure all receipted funds are coded to the correct revenue line item each month?
- b) Who coordinates with county finance to ensure purchase orders for non-payroll items are coded to the correct object code and expenditure budget?
- c) Who reviews the accrued leave liability for the employees at the end of the fiscal year and gives a copy to the finance department?
- d) Who reviews the year-end trial balance, closing entries and bank reconciliations?
- e) Where is this information placed?
- f) Who is responsible for ensuring subsidiary ledgers (investments, docket trial balance, court funds, etc.) are detailed, reconciled to the general ledger trial balance, and do not contain "plug numbers" to balance?
- g) Who completes the annual financial report and files it with the county mayor and county clerk?
- h) Who coordinates with county finance to ensure capital asset records for external reporting purposes are up to date and in compliance with county capital asset policies for any capital assets in the circuit court clerk's office that require tracking?

CIRCUIT COURT CLERK
SAMPLE INTERNAL CONTROLS ASSESSMENT
January 2016

Sample Internal Control Assessment

Circuit/Sessions/Criminal Court Clerk

Purpose: To document an understanding and assess the internal controls of the Sample County Circuit Court Clerk as it pertains to the following:

- I. Whether obligations and costs of the operation are in compliance with applicable law
- II. Whether county funds, property and other assets that are designated/assigned to the circuit court clerk are safeguarded against waste, loss, unauthorized use, or misappropriation
- III. Whether revenues and expenditures in the circuit court clerk's fee account and county general fund (as it relates to the circuit court clerk) are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets

Overview: Sample County Circuit Court Clerk's office consists of the clerk, a bookkeeper, three deputy clerks and one part-time clerk. An in-depth analysis of the internal control environment for the operations of the circuit court clerk's office was performed by Circuit Court Clerk Daniel Boone, his employees and a CTAS County Government Consultant.

I. Whether obligations and costs of the operation are in compliance with applicable law

General:

The court clerk has a written organizational chart for office employees to show clear lines of authority (who manages whom) and written job descriptions for all employees and open positions. The clerk has an updated personnel policy that is reviewed annually to assist with compliance with federal and state labor laws. The office has a copy of the most recent county ethics policy on file in the office for office employees to reference.

Physical security of the court clerk's office:

Daniel and all his deputies have a key to the clerk's office. However, only Daniel and Sally Ride (bookkeeper) have a key to the courthouse main door. No one other than these individuals and the county maintenance and janitor supervisors have a key to the office. The locks are rekeyed on a routine basis. Security cameras are posted in the main hallways of the courthouse, including outside the court clerk's office door. The clerk's vault is locked at the end of the day, and only the clerk and his deputies are permitted in the vault. Occasionally the janitor cleans the vault with a deputy (or Daniel) present.

Purchasing:

The circuit court clerk's office complies with the adopted county purchasing policy that is in effect for Sample County Government, adopted under the Financial Management System of 1981.

Purchase orders:

Sally will fill out all purchase order requisitions with the county finance department. Daniel will sign the requisitions and coordinate with the county finance department to ensure there is funding available in the line item for the purchase, and that the vendor is on the approved vendor list. The county finance department issues the purchase order which authorizes the purchase to be made. Daniel and Sally will then place the order with the vendor. When goods arrive, the same people verify that the goods received are what are itemized on the invoice. The invoice is then initialed as goods received and forwarded to county finance for payment by accounts payable. There are no charge accounts (blanket purchase orders) at local stores.

Store cards:

The circuit court clerk's office does not have an assigned store card, however, Sally is authorized to utilize the Walmart card that is assigned to the county finance office. When the office needs to purchase an item from Walmart, Sally will prepare a purchase order requisition, Daniel will sign it, and Sally will then get a purchase order from county finance along with the Walmart card. Sally will purchase the goods and bring the receipt and card back to county finance. Any unspent amount of the purchase order is closed after Sally initials the purchase order to verify that goods were received. Penny and Angela will go to these stores for needed purchases that are then applied to blanket purchase orders.

Contracts:

Per Sample County purchasing policy, the county finance director signs all county contracts dealing with purchasing. All contracts that are over one year in length are approved by the county commission after the county attorney reviews them. The circuit court clerk coordinates with the county finance department to ensure contract compliance per county purchasing policy. As outlined in the county purchasing policy and 1981 Financial Management System purchasing laws, the circuit court clerk does not sign any contracts.

Emergency purchases:

Daniel will coordinate with the county finance department in the case of emergency purchases that arise from unforeseen events that will require normal bidding procedures to be circumvented because of the nature of the emergency at hand. The county purchasing policy addresses emergency purchases, and the circuit court clerk's office complies with these policies. This would be a very rare occurrence in the office.

Payroll:

Payroll is authorized each fiscal year through a letter of agreement prepared by county finance and signed by the mayor and Daniel after the adoption of the county budget. Daniel receives a copy of the adopted budget after the county commission approves it. He then receives a monthly year-to-date expenditure vs. budget report from county finance each month. Sally is responsible for bringing any anticipated budget overages to Daniel's attention so he can inform county finance that a budget amendment is needed. All payments to employees are paid thorough payroll accounts (not vendor accounts) in order to comply with IRS tax code for payroll taxes, state unemployment compensation, workers' comp laws and TCRS requirements.

- II. Whether county funds, property and other assets that are designated/assigned to the circuit court clerk are safeguarded against waste, loss, unauthorized use, or misappropriation

See Excel Internal Control Checklist for more detail (the below information is in summary format).

Overview: The audited financial report detailed expenditure statements were reviewed to identify expenditures of material amounts. In the circuit court clerk's office, material expenditure amounts were payroll, data processing services, and in-service/staff development. Internal controls over these material costs were scrutinized in-depth.

Fee account and office cash operations-receipt/disburse/deposit/reconcile/segregation of duties over cash:

The circuit court clerk's office utilizes a computerized accounting system (TNCIS) for receipting and accounting. The software will print checks from pre-numbered check stock that the circuit court clerk

and one of the court deputies will sign (two signatures required on each check). The office has a written disaster recovery plan, and the system is backed-up daily. The backup disk is stored off-site in a safe deposit box.

Daily receipting of payments into the circuit court clerk's office are entered by any deputy court clerk except bookkeeper. Cash boxes with locks (each individual deputy has a key for the cash box assigned to them) are maintained by each deputy court clerk. The cash boxes are counted and balanced each day by the bookkeeper (the bookkeeper and two deputies must initial in a journal that shows the balances match). The cash boxes with the authorized cash on hand (\$100 per box, \$400 total authorized for cash on hand by county commission resolution) are locked in the vault when the work day is done, and the daily work has been counted and balanced. Deposits are made no less than twice a week. Daily balances are cross-checked with deposits. Bank deposits will be prepared by any deputy other than the bookkeeper. All disbursements and reports must be approved and signed by the circuit court clerk. Checks are written at various times during the month by the bookkeeper after the pre-check register has been verified. Checks require two signatures and may be signed by the circuit court clerk and any deputy clerks designated by the circuit court clerk (the bookkeeper is prohibited from signing checks). Court deputies Tina Tightwad, Amy Ant, Kelly Bean, and Circuit Court Clerk Daniel Boone are the only bank authorized signers.

Sally performs daily, monthly, and yearly accounting functions for the general, child support, investments, court funds and tax funds. She also maintains balance reports, works with the other court deputies to balance cash drawers daily, verifies that all collected funds are receipted and works up the daily deposit. Amy then recounts the collected funds and verifies that the collected funds match with the daily receipt total report. Daniel then takes the deposit to the bank. If Daniel is out on vacation or sick, then Tina takes the deposit after Amy reviews the collections. When Daniel returns from the bank, Sally will initial deposit slips after she checks that the deposit was made intact with what is posted as the deposit in the accounting records.

Sally reviews/analyzes accounts due to overpayments or other discrepancies, researches partial or duplicate payments, makes appropriate adjustments to accounts and processes paperwork to issue refunds as appropriate. Sally must notify Daniel of any discrepancies or adjustments made along with the proper footnote or journal entry. Daniel reviews any journal entries made during the month when he

reviews the month-end reports. Daniel also reviews TNCIS audit logs monthly to ensure that any adjusted entries or voided receipts are legitimate and identified by him.

Sally prepares various monthly and yearly financial reports including I.R.S., TN. Department of Revenue, State Department of Labor, etc. She prepares all financial reporting forms or other documentation, compiles data for report preparation, submits reports/forms to appropriate individuals as well as reconciles monthly budget reports. When applicable, Sally is responsible for collecting the required I.R.S. information from the vested party(s), individual(s), or attorney(s) who are receiving a taxable settlement and/or compensation. In addition, the court accountant, Sally reviews the documents, and Sally calculates and prepares all appropriate I.R.S. forms. Daniel will review these reports and sign them before they are forwarded on to the applicable agencies.

Investments:

All court funds (with a court order to place in interest bearing funds for the benefit of the litigant) are placed in interest bearing investment accounts. Investments are limited to state authorized investment accounts (CDs, Money Market Accounts, CDARS program, etc.). If Daniel had a question about the legality of a potential investment, he would contact the state treasurer's office.

Unclaimed funds:

Sally does an in-depth review of the docket trial balance and the outstanding checklist each year to identify any unclaimed funds that are greater than one year old. Sally prepares due diligence letters for all old, unclaimed funds. Daniel will review and sign these letters. Any funds still not claimed after due diligence letters have been mailed are filed with the State Unclaimed Property Division.

Litigation taxes and fees:

Daniel reviews the litigation taxes and fees that his office charges annually and coordinates with the AOC to ensure what is being assessed on each case is in compliance with the law and up to date. Daniel maintains a folder with copies of certified county commission resolutions authorizing all county optional litigation taxes (courthouse renovation, etc.) and fees (archives, etc.) that his office collects. Daniel utilizes the flat fee system. The majority of cases filed in the circuit court clerk's office require all taxes and fees to be paid up front (except indigent cases with a court order). Therefore, there are very little taxes or fees

(e.g., continuances, show causes) that are not paid on the front end of filing the original motion. The small amount of unpaid taxes and fees are turned over to a third party collection company to attempt collection as authorized under T.C.A. 20-12-144.

Payroll:

The circuit court clerk's office deputies are paid every two weeks through the county finance department and receive their pay via direct deposit. Each court clerk deputy prepares a manual timesheet that includes hours worked and any annual/sick leave taken. At the end of the pay period, Daniel will review and approve each employee's timesheet and updates an office leave accrual Excel spreadsheet for annual/sick time earned and used. Daniel then forwards the signed timesheets to the county finance office for payroll processing. Daniel does not utilize overtime but provides his deputies comp time in the rare occurrences they work greater than 40 hours a week. County finance maintains a personnel file for each employee with a copy of the authorization for the current pay level for each employee along with signed copies of the forms authorizing any payroll deduction. To guard against ghost employees and to ensure accuracy of payroll disbursements, Daniel reviews the itemized check listing each pay period.

III Whether revenues and expenditures in the circuit court clerk's office are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets

Sally is responsible for coordinating with the county trustee's office to ensure all receipted funds are coded to the correct revenue line item each month. Daniel coordinates with the county finance department to ensure purchase orders for non-payroll items are coded to the correct object code and expenditure budget. Daniel reviews the accrued leave liability for his deputies at the end of the fiscal year and gives a copy of this to the finance department. Daniel reviews the year-end trial balance, closing entries and bank reconciliations with Sally, and this information is placed with the month end and year-end reports for the independent auditors. Daniel pays particular attention to ensure that subsidiary ledgers (investments, docket trial balance, court funds, etc.) are detailed, reconciled to the general ledger trial balance, and do not contain "plug numbers" to balance. Sally completes the annual financial report and files this with the county mayor and county clerk. Sally coordinates with the county finance office to ensure capital asset records for external reporting purposes are up to date and in

compliance with county capital asset policies for any capital assets that are assigned to the circuit court clerk's office and require tracking.

CIRCUIT COURT CLERK
SAMPLE SEGREGATION OF DUTIES CHECKLIST
January 2016

Circuit Court Clerk
Internal Control Checklist
Receipts

See Column Instructions Below														
Checks Received in the Mail		Daily Receipting and Depositing												
Open Mail, Stamp Checks for Deposit Only, and Make a List of Checks	Issue Receipts for Mail-in Checks	Maintain Separate Cash Drawers	** *** Issue Receipts	Stamp All Checks for Deposit Only when Received	Issue Manual Receipts if Utilized	Post Receipts to Accounting Records	Verify that Mail-in, and Manual Receipts were Recorded	Count Cash Check Out to Certain Amount of Cash	Deposit Intact Verify Cash Check Out and Make Up Daily Deposit	Carry Deposit to Bank	Verify Deposit Slip with Check-out Sheets and Amt. Recorded	Examine Audit Log and Explain Each Entry	Prepare the Property Tax Aggregate Reconciliation Supv. Error Correction	Determine that the Trial Balance is in Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)

Five-Person Office:

Official		X		X	X	X	X	X		X		XX		XX		XX
Employee #1		XX		X	XX	XX	XX	X		XX		X				
Employee #2	XX			X	XX	XX	XX	X		XX	XX					
Employee #3		X		X	XX	XX	XX	X		XX						
Employee #4 - Bookkeeper	X							XX	X		X		XX	X	X	X

Column Instructions:

XX	The Person indicated by the XX is the preferred person to perform the procedure.
**	For computerized systems. Always follow guidance from Division of County Audit Information Systems Auditors with regard to Passwords, Computer Access, Backups, etc.
***	Note: A Sign should be conspicuously posted in the office that states, "You must receive an official receipt or your transaction is not complete".

Checks Received in the Mail -

(1)	Open mail, Stamp Checks for "Deposit Only", Official's Account Number should be on the Stamp. Record the date, Make a List of All Checks by Name and Amount. (Checks can be scanned as an alternative to making a list)
(2)	Present Checks to person responsible for issuing the receipt. Keep the List secure until all receipts are verified as posted (Column 6).
(2)	Issue receipts for the mail-in checks.

Daily Receipting and Depositing -

(3)	Each employee should have a separate cash drawer. (Employees should not share passwords) (It is preferable for each cash drawer to have a lock.)
(4)	Issue Receipts for Collections. (Notice that in the Two Person Office both employees are allowed to receipt)
(5)	Stamp All Checks for "Deposit Only" immediately upon receipt. Do not wait until the end of the day.
(6)	When a manual receipt book is utilized, (The use of a manual receipt book is discouraged when a computerized system is utilized.) If a manual receipt book is utilized, it must be bound, include the Official's Title, and be prenumbered. (Receipt books that can be purchased at local stores such as Walmart should not be utilized.) The receipt should have a place to indicate whether the payment was by cash, check, money order, or credit card and a place to indicate the name of the person who issued the receipt.
(7)	Update the accounting system for the day's receipts or manually post receipts to accounting records. (It is preferable for the bookkeeper to perform this procedure at the end of the day, but in many computerized systems receipts are posted automatically. This is why all employees who write receipts are included in this column.)
(8)	Examine accounting records. Determine that all mail-in (use list prepared in Column 1) and manual receipts were recorded.
(9)	Each employee should check out to a certain amount of cash (e.g. \$100). This procedure should be performed daily if practicable. In a manual system, use of a standard check-out sheet is advised. The computer may generate the check-out sheet in a computerized system. Each employee should sign or initial his/her check-out sheet.
(10)	Combine the money from all drawers and complete a deposit slip. The deposit slip should be itemized. The total deposit amounts should agree with the check-out sheets in Step 9. The Deposit should be made "intact". This means that the deposit should equal all receipts for a given day. (As an alternative, a deposit could be made up for each cash drawer rather than making a combined deposit)
(11)	Carry the deposit to the bank and obtain a deposit slip.
(12)	Verify that the amount on the slip agrees with the check-out sheets and the amount recorded on the accounting records. Initial and date the deposit slip to indicate the review.
(13)	Examine the audit log from the computerized system. Determine why transactions were deleted or changed. (It is preferable to perform this procedure daily, but the procedure should be performed at least each month. It is also preferable to print the report and write a brief explanation.) Initial and date the report after review or otherwise document that you examined the audit log if it was not printed.
(14)	Prepare a reconciliation of the Delinquent Tax Aggregate. (or Examine the Delinquent Tax Aggregate Reconciliation if prepared by the computer) (It is preferable to perform this procedure daily or weekly but the procedure should be performed at least each month.) The Employees who made the errors should also correct the errors, but under the supervision of the bookkeeper, this would not apply to the two person office.
(15)	Make sure the debits and credits on the trial balance agree. This should be performed each day.

Circuit Court Clerk
Internal Control Checklist
Delinquent Tax Sales

See Column Instructions Below				
Conduct and Document the Tax Sale	Verify Authority for and the Accuracy of Documentation related to the Sale	** Issue Receipts	Post Receipts to Accounting Records	Verify that the Transaction was properly Recorded
(1)	(2)	(3)	(4)	(5)

Five-Person Office:

Official	XX			XX
Employee #1		X		X
Employee #2		XX		
Employee #3		XX		
Employee #4 - Bookkeeper		X	XX	

Column Instructions:

XX	The Person indicated by the XX is the preferred person to perform the procedure.
**	For computerized systems. Always follow guidance from Division of County Audit Information Systems Auditors with regard to Passwords, Computer Access, Backups, etc.

(1)	Conduct the sale as authorized by a Judge and State Statutes. It is preferable to have a witness to the sale. This could be an employee or a disinterested third party. The witness should initial bid documentation, receipts, and other documents.
(2)	Verify Sale Amount to Court Order and Other Sale Documents such as bids.
(3)	Issue receipts for the sale deposit/downpayment or proceeds. Since the sale is planned in advance, there should be no need for the Official to have the option to write the receipt.
(4)	Post receipts to the accounting records. <i>(It is preferable for the bookkeeper to perform this procedure at the end of the day, but in many computerized systems receipts are posted automatically. This is why all employees who write receipts are included in this column.)</i>
(5)	Verify that the Transaction was properly recorded to the General Ledger and Tax Records.

Circuit Court Clerk

Internal Control Checklist

Issuing Non-Payroll Checks and Reconciling Bank Statements

See Column Instructions Below					
Issuing Checks			Monthly Bank Reconciliation		
Non-Payroll Checks	Signature Authority	Post Checks to Accounting Records	Receive, Open, and Review Bank Statements and Cancelled Checks	Perform Bank Reconciliation	Review Bank Reconciliation and Trace Reconciling Items and Balance to Acct. Records
Write Checks	Verify Amt. Sign and Mail Checks		(4)		(5)
(1)	(2)	(3)			
	XX		XX		XX
	X				
X		X		X	

Five-Person Office:

Official
Employee #1
Employee #2
Employee #3
Employee #4 - Bookkeeper

Column Instructions:

XX The Person indicated by the XX is the preferred person to perform the procedure.

Issuing Checks -

- (1) Physically prepare the checks for signature.
- (2) Determine the reason and examine documentation for the issuance of the check. Sign the checks and maintain possession of the checks. Mail the Checks. (Blank Checks should never be signed.) (The Official should sign and mail checks except for brief periods when the Official is absent. The Official should examine all checks issued during his/her absence.)
- (3) Record the checks in the accounting system.

Monthly Bank Reconciliation -

- (4) A person who is **not** responsible for reconciling the bank should open the bank statement and review it for unusual transactions, bank transfers, bad checks, and if possible, cancelled checks. Trace deposits-in-transit, bad checks, outstanding debits or credits, outstanding checks, etc. from the **previous bank reconciliation** to the current bank statement. Ensure that interest earned was posted to accounting records if applicable. Initial and date the statement indicating that you opened and reviewed the statement.
- (5) Obtain the Bank Statement after it has been initialed and reviewed as directed in Step 4. Perform the bank reconciliation. This should be done monthly.
- (6) The person who is **not** responsible for reconciling the bank should review the bank reconciliation. Trace the balance on the bank reconciliation to the general ledger. Make sufficient inquiries to understand reconciling items (i.e. Deposits-in-transit, bad checks, outstanding debits or credits, interest earned, large or unusual outstanding checks, etc.). Trace reconciling items to underlying accounting records if explanations are not adequate. Initial and date the reconciliation to indicate the review.

Circuit Court Clerk
Internal Control Checklist
Investment Transactions

See Column Instructions Below													
Investment Purchases							Maturing Investments						
Investment Decision (1)	Write Check for Investment (2)	Sign Check/Purchase Investment (3)	Inspect Investment and Record in Investment Ledger (4)	Post Investment to the Accounting Records (5)	Determine that the Transaction has been Properly Recorded (6)	Place Investment Document in a Secure Location (7)	Retrieve Investment Document (8)	Verify Investment Maturity If Applicable Record in Investment Ledger (9)	Investment Decision Redeem or Renew Investment (10)	Inspect Redemption/Renewal Documents and Record in Investment Ledger (11)	Post Investment Maturity to the Accounting Records (12)	Determine that the Transaction has been Properly Recorded (13)	Place Investment Renewal Document in a Secure Location (14)
<i>Five-Person Office:</i>													
Official	X		X			X	X	X		X		X	X
Employee #1													
Employee #2													
Employee #3													
Employee #4 - Bookkeeper		X		X	X			X		X	X		

Column Instructions:

☐ XX The Person indicated by the XX is the preferred person to perform the procedure.

Investment Purchases -

- ☐ (1) The Official should make Investment decisions.
- ☐ (2) The Official should authorize the employee to issue a check for the amount of the Investment drawn on the appropriate bank.
- ☐ (3) The Official should purchase the Investment.
- ☐ (4) The particulars (i.e. Date, Maturity, Amount, Bank, Interest Rate, etc.) should be recorded in an Investment Ledger (if applicable). The balance for Investments on the Investment Ledger should agree with the Investment balance on the General Ledger after procedure 5 has been performed.
- ☐ (5) Record the Investment in the accounting records.
- ☐ (6) Determine that the Investment transaction has been correctly recorded in the Investment ledger and the general ledger. Determine that the Investment ledger and general ledger agree.
- ☐ (7) Place the Investment document in a secure location.

Maturing Investments -

- ☐ (8) Retrieve the Investment document from the secure location.
- ☐ (9) Present the maturing Investment to the appropriate Employee for verification of the maturity with the Investment ledger. Remove maturing Investment from the Investment ledger.
- ☐ (10) Redeem or renew the Investment at the bank.
- ☐ (11) Remove the matured Investment from the Investment ledger balance. Record any new Investment. The particulars (i.e. Date, Maturity, Amount, Bank, Interest Rate, etc.) should be recorded in the Investment ledger. The balance for Investments on the Investment Ledger should agree with the Investment balance on the General Ledger after procedure 12 has been performed.
- ☐ (12) Record the maturity and any renewal on the Accounting Records.
- ☐ (13) Determine that the Investment transaction has been correctly recorded in the Investment ledger and the general ledger. Determine that the Investment ledger and general ledger agree.
- ☐ (14) Place the Investment document in a secure location.

Circuit Court Clerk
Internal Control Checklist
Payroll Checks

See Column Instructions Below								
Issuing Payroll Checks								
Collect Time-sheets. Calculate Hours and Leave	Approve Leave Balances and Time-sheets		Manual System Record the Checks in the Payroll Ledger	Determine that Payroll Deductions Clear out for each Payroll	Determine Amount of Payroll Tax Deposit	Approve and Make Payroll Tax Deposit	Signature Authority Verify Amt. Sign and Mail/Deliver Checks	Post Checks to Accounting Records
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Five-Person Office:

Official	X							
Employee #1								
Employee #2								
Employee #3								
Employee #4 - Bookkeeper	X							
		Finance	Finance	Finance	Finance	Finance	Finance	Finance

Column Instructions:

***Note that sample county is an 1981 Act County

XX The Person indicated by the XX is the preferred person to perform the procedure.

Issuing Payroll Checks -

- (1) Collect the time sheets and calculate hours and leave balances if applicable.
- (2) Sign the time sheets indicating approval of the hours presented and leave calculations if applicable.
- (3) County Finance Office prepares and disburses payroll checks
- (4) County Finance Office records checks to county payroll ledger
- (5) Determine that all payroll deductions are paid to proper payee and that payroll deductions clear out for each payroll period.
- (6) Determine the amount of the Payroll Tax Deposit using the payroll ledger or other method.
- (7) Electronically make the payroll tax deposit.
- (8) Verify the amount and sign the payroll checks, mail payroll deduction checks, and mail or deliver payroll checks to employees. (Blank checks should never be signed.)
(The Official should sign and mail/deliver checks except for brief periods when the official is absent. The Official should examine all checks issued during his/her absence.)
- (9) Record checks in the accounting system.

Circuit Court Clerk
Internal Control Checklist
Journal Entries

See Column Instructions Below

Entering Journal Entries and Transfers			
Prepare and Document the Journal Entry	Approve Journal Entries	Post Journal Entries to Accounting Records	Review Accounting Records for Proper Posting
(1)	(2)	(3)	(4)

Five-Person Office:

Official		X		X
Employee #1				
Employee #2				
Employee #3				
Employee #4 - Bookkeeper	X		X	

Column Instructions:

XX The Person indicated by the XX is the preferred person to perform the procedure.

Entering Journal Entries and Transfers -

(1)	Use a journal entry form to record debits and credits and to explain the transaction. Attach documentation as necessary.
(2)	Sign the journal entry form to indicate approval of the journal entry, the explanation, and the documentation.
(3)	Record the journal entry in the accounting system.
(4)	Review the accounting records to determine that the journal entry was properly recorded.

APPENDIX



State of Tennessee

PUBLIC CHAPTER NO. 112

SENATE BILL NO. 413

By Haile

Substituted for: House Bill No. 187

By Hawk

AN ACT to amend Tennessee Code Annotated, Section 9-18-102, relative to internal controls for local governments.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-18-102(a), is amended by deleting the subsection in its entirety and by substituting instead the following language:

(a) Each agency of state government and institution of higher education along with each county, municipal, and metropolitan government shall establish and maintain internal controls, which shall provide reasonable assurance that:

- (1) Obligations and costs are in compliance with applicable law;
- (2) Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
- (3) Revenues and expenditures are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

SECTION 2. This act shall take effect June 30, 2016, the public welfare requiring it.

SENATE BILL NO. 413

PASSED: March 30, 2015



RON RAMSEY
SPEAKER OF THE SENATE



BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 10th day of April 2015



BILL HASLAM, GOVERNOR

Sample Risk Assessment for TN County Office and/or Department

Review, gain an understanding of, and document the internal control procedures that your office already has in place and is currently practicing. Internal control is defined as a process affected by an organization's structure, work and authority flows, people and management information systems, designed to help the organization accomplish specific goals or objectives. Internal controls should address specific risks associated with the day-to-day operations and transactions in the county offices that will be utilizing or accounting for public funds and assets. The objectives of your internal controls should be to provide reasonable assurance that your office can document and demonstrate the following:

- I The obligations and costs of the operation are in compliance with applicable law
- II To ascertain if county funds, property and other assets that are designated/assigned to the office/department are safeguarded against waste, loss, unauthorized use, or misappropriation
- III Revenues and expenditures are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets

Hold a formal meeting with key employees of the county office, if a larger office. Consider including the county finance and/or county trustee office in the sections that deal with financial reporting issues that have an impact on their offices as well.

- Obtain the county's most recent annual financial and compliance audit and review applicable audit findings that identified significant or material weaknesses in internal controls of the county office. Have these identified internal control weaknesses been corrected or has compensating internal controls been put into place to offset these identified weaknesses?
- Ask yourself (and the group if appropriate) their thoughts on how assets and funding assigned to the county office could possibly be misappropriated, wasted or abused. You, or the group, should brainstorm about the possibility of circumvention of the internal controls that are in place and discuss any needed changes to policies and procedures to eliminate/reduce significant internal control weaknesses that have been identified by the internal control assessment that was performed in-house.
- If delegating authority to make changes, determine who will be the senior level employee in your office designated for addressing internal control weaknesses identified by the external audit as well as issues that were identified by the internal control assessment that was performed in-house. Be sure to involve legal counsel to

review any updates to office written policies (personnel, purchasing, etc.) prior to any official policy change.

- Based on any corrective actions and updates to policies and procedures effecting internal controls of the office, update your written internal control assessment to reflect these changes made.
- Assign senior level staff (if not yourself) to continue to monitor the updated internal control procedures to help ensure compliance with adopted policies and procedures

The group should have at least one formal 'follow up" meeting in the near future to determine if all the material identified internal control risks that were identified in the first meeting have been mitigated. The group should also consider having at least an annual management meeting to ensure that any concerns that arise dealing with internal control issues are addressed, objectives of the office are being met, and proper accounting and reporting requirements are being achieved. If the office is currently receiving federal grant funding, it is recommended that the senior accounting official consult with the State or Federal department, which the grant funding is being received from, prior to each meeting to identify any new internal control or reporting issues that need to be addressed by county management at this time.

The \$54 million fraud

What CPAs can learn from the fleecing of Dixon, Ill.

July 31, 2013

by Kelly Richmond Pope, CPA, Ph.D.

In the wake of the largest municipal fraud in U.S. history, the questions still swirl. How could the treasurer of an Illinois town with an annual budget of \$6 million to \$8 million embezzle nearly \$54 million over two decades? How could such a scam go undetected in annual audits by two independent accounting firms and in annual audit reviews by state regulators?

What can the accounting profession learn to prevent or catch similar schemes in the future?

This article looks at how a quarter horse enthusiast named Rita Crundwell drained the coffers of Dixon, Ill. It examines the circumstances that laid the foundation for the fraud, the strategies she used to perpetrate it, and the red flags that should have signaled something was amiss.

The Crundwell chronicle

Crundwell was a longtime employee of the city of Dixon, her hometown, before she started stealing from its coffers. She began working for the town in 1970, while she was still in high school, and quickly moved into a finance role. In 1983, she was named treasurer and comptroller.

She launched the fraud scheme on Dec. 18, 1990, when she opened a secret bank account in the name of the City of Dixon. Crundwell was the only signatory on the account, which was called the RSCDA - Reserve Fund. The initials stood for Reserve Sewer Capital Development Account, and Crundwell was the only person who knew it existed.

She began transferring funds from city accounts into the RSCDA account in 1991. That year, Crundwell transferred more than \$181,000 into the RSCDA account.

The rate of theft escalated over the 21 years she pilfered money from the town.

Trust is not an internal control

The city of Dixon placed a great deal of trust in Crundwell—too much, as it turned out. The city, which does not have a city manager, gave Crundwell wide rein over its finances and set the stage for her massive fraud.

Occasionally, Dixon employees or leaders would question Crundwell about financial shortfalls. She would respond that the state of Illinois was late with payments to the city. The excuse was believable because the state sometimes was as much as a year late with payments. The problem was that no one independently verified Crundwell's story. City officials relied on annual audits by independent audit firms as well as annual reviews by the state of Illinois. The town's finances were given the OK in those reviews, and Crundwell continued to move city money into her accounts.

“Raising questions is a start, but making sure these questions are answered appropriately is key,” said Kelly Paxton, a licensed private investigator for Denver-based Financial CaseWorks LLC.

Crundwell built trust with the community by building a large quarter horse breeding operation that employed many residents and through her interactions with her neighbors and co-workers. People asked to describe Crundwell often said things such as:

- She was sweet as pie;
- You couldn't find a nicer person on the face of the planet to talk to;
- She was the nicest person in the world to work for;
- If you needed something, she'd give it to you; and
- If you thought something needed to be done, she did it.

The lesson painfully learned by Dixon was that trust without verification is a recipe for disaster. CPAs can learn from that mistake as well as a couple of fraud red flags that warranted, but failed to receive, closer scrutiny.

Red Flag No. 1: Failure to segregate duties

The segregation of duties is a critical aspect of any organization's internal control program. In Dixon, Crundwell controlled too much of the financial reporting process. She was able to receive, sign, and deposit checks with little oversight from any other city official. Under the Dixon commissioned government, the mayor and four part-time officers oversee their own divisions, which enabled Crundwell to oversee the majority of city financial functions. Crundwell balanced the checkbook, made deposits, and obtained all financial statements sent to the city of Dixon mailbox, over which she had full control. While the city of Dixon was suffering through yearly budget deficits and spending cuts (see “The Dixon Fraud Timeline”), Crundwell had the opportunity to embezzle amounts as large as \$5.8 million in 2008.

Dixon's failure to segregate duties allowed Crundwell to set up and operate a fairly simple fraud scheme. In December 1990, Crundwell opened the aforementioned RSCDA bank account in the name of the city of Dixon, with the city of Dixon as the primary account holder and “RSCDA c/o Rita Crundwell” stated as the second account holder. Between December 1990 and April 2012, Crundwell transferred funds from Dixon's money market account to various other city bank accounts and transferred city funds into her RSCDA account. The Illinois Fund, a money market mutual fund available to Illinois municipalities, contained revenues from taxes, fees, and federal grants that were deposited by each city. Crundwell would regularly wire money from the Illinois Fund into several city accounts and then transfer money from the accounts into the Capital Development account.

With the increase in Capital Development funds, Crundwell would write checks made out to “Treasurer” and deposit the funds into the RSCDA account. Crundwell created 159 fictitious invoices purported to be from the state of Illinois to show the city's auditors that the funds she was fraudulently depositing into the RSCDA account were being used for legitimate purposes. She repeatedly transferred city funds into the RSCDA account and used the money to pay for her personal and private business expenses, including horse farming operations, personal credit card payments, real estate, and vehicles.

Red Flag No. 2: Lavish lifestyle

Exactly what prompted Crundwell to start stealing from Dixon has not been revealed, but she spent much of her ill-gotten gains in building a quarter horse breeding operation that produced 52 world champions as recognized by the American Quarter Horse Association (AQHA). The AQHA named Crundwell its breeder of the year eight consecutive years before her arrest in 2012.

Crundwell poured millions of dollars in stolen funds into RC Quarter Horses LLC, building a large ranch in Dixon, traveling to competitions, and buying horse trailers with price tags in the six figures and motor homes with price tags north of \$1 million. She was willing on several occasions to spend well into the six figures to buy individual horses. The total she spent on her operation is not known, but when federal authorities seized Crundwell's assets after her arrest, she owned 400 horses.

After the asset seizure, the U.S. Marshals Service was in charge of maintaining the care of her quarter horses. Jason Wojdylo, chief inspector of the Asset Forfeiture Division of the U.S. Marshals Service, said that the government spent approximately \$200,000 per month caring for the horses before they were sold at auction.

Crundwell's spending was not limited to her quarter horse operation. She lived an extravagant lifestyle for someone who received an \$80,000 annual salary. In addition to the horse farm, she owned several family residences, including one in Florida, approximately 80 acres of land, and numerous impressive personal vehicles. In addition, she shelled out tens of thousands of dollars for jewelry purchases.

Some Dixon residents raised questions about Crundwell's lavish living, but they were answered by a number of rumors that explained her income, including one that Crundwell had an investor in her horse business and another that her family was in the satellite business and her family owned all of the cellphone towers in Illinois.

Crundwell pleaded guilty to the fraud and on Feb. 14 was sentenced to 19 ½ years in prison. The 60-year-old must serve at least 16 ½ years, or 85%, of her sentence, which was slightly less than the maximum 20 years sought by prosecutors. Crundwell, who also was ordered to repay the nearly \$54 million she stole, is appealing the sentence. The town is unlikely to see more than a fifth or so of that money returned, according to prosecutors on the case.

The Dixon fraud timeline

A timeline of major events in the Rita Crundwell fraud scheme.

- 1983: The city of Dixon, Ill., names Rita Crundwell comptroller and treasurer.
- 1990: Crundwell opens a secret bank account in the name of the city of Dixon.
- 1991: Crundwell steals \$181,000 from the city of Dixon. She spends \$18,728 in July to buy a 28-foot Suncruiser Pontoon boat with a deluxe buggy top, wet bar, propane grill, and playpen cover. She also spends more than \$3,000 on diamond stud earrings and other jewelry.
- 1992: Crundwell steals \$121,367.

- 1993: Crundwell steals \$225,287. The city of Dixon reports a deficit of nearly \$415,000 and makes budget cuts totaling \$195,000.
- 1994: Crundwell steals \$117,281. Dixon cuts more than \$150,000 from budget.
- 1995: Crundwell steals \$103,664. Dixon reports a deficit of \$322,214 and slashes the budget by more than \$185,000.
- 1996: Data not available.
- 1997: Crundwell steals \$328,622 and uses stolen funds to pay for a custom saddle, enclosed golf cart, and a horse named Two Thumbs Up. The city reports deficits as high as \$232,600 and makes more than \$100,000 in budget cuts.
- 1998: Crundwell steals \$767,487 and uses stolen funds to buy a motor home for \$100,000, a deck boat for \$50,000, and a 1998 Chevy pickup truck for \$28,000.
- 1999: Crundwell steals nearly \$1.1 million and buys a horse named Can't Fool Patty for \$125,000.
- 2000: Crundwell steals \$1.9 million and spends \$450,000 to remodel and expand her home in Dixon. The city reports a deficit of \$370,674 before making tens of thousands in budget cuts.
- 2001: Crundwell steals \$2.6 million and buys three horses for a combined \$525,000. The city reports a deficit of \$730,576 before another round of budget cuts.
- 2002: Crundwell steals a shade under \$3 million and uses stolen funds to buy a motor home for \$400,000, purchase a horse for \$200,000, and buy her boyfriend a 1967 Chevy Corvette for \$56,000. The city of Dixon institutes a hiring freeze due to budget deficits.
- 2003: Crundwell steals slightly more than \$3 million. The city reports a deficit of nearly \$1.3 million blamed in large part on state funding cuts.
- 2004: Crundwell steals almost \$3.5 million and buys a new motor home costing \$1.7 million. Dixon reports a deficit of \$1.6 million before additional budget cuts are made.
- 2005: Crundwell steals \$4.6 million and builds a horse ranch facility in Dixon, writing checks to construction companies totaling about \$650,000. She also trades in the motor home she bought 11 months earlier and pays a \$235,000 balance to buy a new motor home for \$1.82 million.
- 2006: Crundwell steals \$4.4 million. The city reports a deficit of \$1.7 million and announces a budget freeze plus \$700,000 in cuts from the capital equipment budget.
- 2007: Crundwell steals \$4.75 million. She trades in the motor home she bought in 2005 and pays a balance of \$545,000 to buy a new motor home costing \$1.96 million. The city reports a deficit of more than \$1.1 million.
- 2008: Crundwell steals \$5.8 million. She spends \$425,000 and trades in the motor home she bought the previous year to purchase a new motor home costing \$2.1 million.
- 2009: Crundwell steals \$5.6 million. She spends \$335,000 to buy a pair of horses and \$260,000 to buy a new horse trailer. She also wires \$105,097 for the purchase of a home in Englewood, Fla.
- 2011: A Dixon city clerk opens the mail while Crundwell is on vacation, discovers the RSCDA account and immediately alerts the mayor, who then contacts the FBI.
- 2012: Crundwell is arrested and pleads guilty to fraud charges.
- 2013: A judge sentences Crundwell to 19 years, 7 months in prison