County Technical Assistance Service
INSTITUTE FOR PUBLIC SERVICE

INTERNAL CONTROLS

TRUSTEES

2016

CTAS.TENNESSEE.EDU

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 trustee are safeguarded against waste, loss, unauthorized use or misappropriation and (III) Whether revenues and expenditures in the trustee's fee account and county general fund (as it relates to the trustee) 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.

TRUSTEE

SAMPLE INTERNAL CONTROLS QUESTIONNAIRE

January 2016

Sample Internal Control Assessment Questions

County Trustee

Summary: The following assessment questions are divided into three parts to address the changes in T.C.A. 9-18-102(a): (I) Whether the obligations and costs of the operation are in compliance with applicable law; (II) Whether the county funds, property and other assets that are designated/assigned to the trustee are safeguarded against waste, loss, unauthorized use or misappropriation and (III) Whether revenues and expenditures in the trustee's fee account and county general fund (as it relates to the trustee) 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.

I. <u>Whether the obligations and costs of the operation are in compliance with applicable laws</u>

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 trustee'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 monitored with cameras?
e) Is there a vault in the office?
f) When is it locked?
g) Who has access to the vault?

Purchasing:

a) Who fills out purchase order requests?
b) Who signs purchase order requests?
c) Who coordinates with county finance to ensure funding is available, and the vendor is approved?
d) Who issues the purchase order?
e) Who places the order?
f) How is it placed? (online/at store)
g) How are the goods received verified?
h) Who does this?
i) Who signs the invoice?
j) Who is the invoice given to?

k) Are there any charge accounts at local stores?
l) In the event that the vendor doesn't carry the items needed, can they be purchased from a local store?
m) If they can be purchased from a local store, what is the policy?
n) Who is authorized to purchase the item(s).
o) How does the finance office confirm the purchase from the local store?
p) Does the trustee's office utilize open purchase orders?

Store cards

a) Does the trustee's office have an assigned store card (e.g. Walmart, Lowe's)?
b) If not, is there an alternative option for store cards?
c) Who is authorized to use it?

Contracts

a) Who is authorized to sign county contracts dealing with purchasing?
b) Are there certain contracts that require the approval of the county commission?
c) Is there a requirement for the county attorney to review the contracts?
d) Who is designated as the contract monitor?
e) How is the contract monitored for vendor compliance?
f) Is the trustee authorized to sign vendor contracts?

Emergency Purchases

a) Who coordinates with the county finance department/mayor's office in the case of emergency purchases?
b) Does the office have a policy which addresses emergency purchases?
c) How are purchases determined to be an emergency?

Payroll

a) Does the trustee prepare a letter of agreement or salary suit to authorize current employees and salaries?
b) Who at the trustee's office receives/reviews a copy of the adopted budget and a monthly year to date expenditure vs budget report each month from county finance/mayor's office?
c) Where are the trustee's fees turned over? How often?
d) Who in the county is responsible for state and federal payroll tax returns and issuing W2s?
e) Are the trustee's employees exempt or non-exempt?
f) Do they receive comp time? If so, what is the policy?
g) How are payroll payments made to employees?
h) What type of account/line items (payroll or vendor) is used to pay employees?
i) What is the policy for this?

II. <u>Whether the county funds, property and other assets that are designated/assigned to the trustee are safeguarded against waste, loss, unauthorized use or misappropriation.</u>

Cash with fee account

a) How are the checks receipted and accounted?
b) Are the checks utilized by the office manual? Are they pre-numbered?
c) Who is authorized to sign checks?
d) Does the office have a written disaster recovery plan? How often is it backed up? Where is it stored?
e) Who is authorized to enter receipting of payments?
f) 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.
g) Do deputies use separate cash boxes? Are they locked? Where are they kept? How often are they counted?
h) How are the cash box amounts reconciled?
i) How are shortages (trivial) in daily receipting handled?
j) Who investigates large shortages?
k) What bank is used for deposits?
l) Who prepares the bank deposit?
m) Who is authorized to take the deposit to the bank?
n) How often is it taken?
o) Who is authorized to take deposits during an absence?
p) Who reconciles the bank deposit slip with the day's intake?
q) Is there a policy for authorized cash on hand in the cash boxes?
r) Are the boxes locked up at the end of the day?

Daily bookkeeping procedures

a) Who posts the daily activity to the general ledger?
b) Is the daily deposit entered along with any checks written into the accounting ledger?
c) Who reviews the end of day trial balance?

Monthly bookkeeping procedures

a) Who performs monthly closing entries and prepares month to date reports?
b) Who reviews the monthly bank statements to ensure deposits are being made with the bank timely?
c) Who reviews the copies of all checks to verify that all disbursements were made to legitimate vendors/agencies?
d) Who reconciles the ledger to the bank statements?
e) Who reconciles the subsidiary ledgers and fee account?
f) Who reviews all bank reconciliations and reconciling items to ensure that the accounting records balance with the bank?
g) Who reviews and reconciles the tax aggregate with what was actually receipted during the month to ensure accuracy?

h) Does anyone double check to ensure the monthly miscellaneous receipt revenues agree with what was actually receipted during the month? If so, who?
i) Who reviews disbursements for each fund and compares the amounts to daily disbursements for the month?
j) Who reviews tax aggregate audit logs?
k) Who signs them?
l) Who reviews and signs off on journal entries?
m) Who performs the month end closing process steps for the office's software program?
n) Are copies of the month to date reports printed out for the county finance department?

Annual bookkeeping procedures

a) Who prepares the annual trustee's report?
b) How is it prepared? (software program?)
c) When is it prepared?
d) Who signs the trustee's report?
e) To whom is it given?
f) Where are all monthly and end of year reports kept for audit purposes?
g) Who does payroll processing for the trustee's office? Who prepares an end of year accrued vacation/comp/sick leave report for external financial reporting purposes?

Inventory of office equipment

a) Who keeps an updated inventory list of all computer equipment assigned to the office?
b) Is a copy of the inventory kept in the disaster recovery plan? If so, is it kept offsite?
c) Who coordinates with LGDPC to do a physical inventory annually of the computer equipment?
d) Is there a county policy for inventory?
e) If so, is the trustee required to inventory, tag and track all assigned assets over a certain amount? What is that amount?
f) Who is the inventory given to?
g) Does the office have any assets that meet capitalization thresholds ($10,000) for external financial reporting?

Internal controls over material expenditure line items

a) Payroll

    i. Do all employees on payroll have an updated personnel file?
    ii. Who maintains the file and does this person do a routine review of the actual payroll to ensure there are no ghost employees, unauthorized payroll deductions and unauthorized additional payments?
    iii. What type of timekeeping system is used for employees (manual/software)?
    iv. How often are they turned in?
    v. Who reviews each timesheet for accuracy?
    vi. Who processes payroll?

vii. Who reviews a monthly budget to actual account analysis to ensure the office is in budget for payroll?
viii. Do employees have the opportunity to authorize deductions from their paychecks?
ix. How are employees paid? (direct deposit?)

b. Postage

i. Who is authorized to purchase stamps?
ii. Is a purchase order required to purchase stamps?
iii. Are the stamps only used for mail related to office business?
iv. Where are the stamps stored?
v. Who is responsible for catching abnormal shortages?

Bank collateral for trustee bank accounts

a) Are any funds exceeding the FDIC covered amounts placed in a financial institution that doesn't participate in the State Collateral Pool?

Compliance with State Statute (T.C.A 5-8-201) to evaluate trustee bank accounts

a) Who evaluates and solicits quotes for the bank accounts? How often?

Delinquent taxes

a) Who reviews the office audit logs to ensure no adjustments were made to the interest and penalties paid?
b) Are all delinquent prior year real and personal property taxes owed turned over to the delinquent tax attorney (clerk and master)?
c) Does the trustee accept payments for those amounts due after the taxes are turned over to the delinquent tax attorney (clerk and master)?

Accounts receivables for ACVs

a) Does the office maintain a file for each taxpayer on tax relief? What information is included in each file?
b) Who posts the current month end A/R balance?
c) Who maintains the back-up files and assists in maintaining the accounts receivables and filing for reimbursement from the state?

Property tax freeze program

a) Who coordinates with the county assessor of property to maintain files for every taxpayer on the tax freeze program?
b) Who reviews and signs to approve every individual on the program? How often?

III <u>Whether revenues and expenditures in the trustee's fee account and county general fund (as it relates to the trustee) are properly recorded and accounted for to permit the preparation of</u>

accurate and reliable financial and statistical reports and to maintain accountability over the assets.

Property tax levy:

a) Who enters the property tax levy into the accounting software?
b) Who reviews it?

Sales tax proration:

a) Who prorates the sales tax that comes from the state each month?
b) Who reviews the calculations?
c) Who posts the amounts?
d) Who writes checks to the owed towns?
e) Is the county finance office given a receipt of these amounts to show what funds the county received?
f) Who coordinates with county finance to ensure revenues and expenditures reported in the county funds are accurate with receipted funds and disbursements?

Investments:

a) Are only investments authorized by the state utilized?
b) Is the State Treasurer consulted for questions regarding the legality of a potential investment vehicle?

TRUSTEE

SAMPLE INTERNAL CONTROLS ASSESSMENT

January 2016

Internal Control Assessment of Sample County Trustee

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

I Whether the obligations and costs of the operation are in compliance with applicable law
II Whether the county funds, property and other assets that are designated/assigned to the trustee are safeguarded against waste, loss, unauthorized use, or misappropriation
III Whether revenues and expenditures in the trustee's fee account and county general fund (as it relates to the trustee) 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 Trustee's office consists of the trustee, a bookkeeper, and three deputies. An in-depth analysis of the internal control environment for the operations of the Sample County Trustee's office was performed by Nick Saban, the Sample County Trustee, his employees and a CTAS Field Consultant.

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

General:

The trustee has a written organizational chart for office employees to show clear lines of authority (who manages who) and written job descriptions for all employees and open positions. The trustee's office 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 trustee's office:

Nick Saban, county trustee, and all his deputies have a key to the trustee's office. However, only Nick and his chief deputy have a key to the courthouse main door. No one other than these individuals, 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 trustee's office door. The trustee's vault is locked at the end of the day, and only the trustee and his deputies are permitted in the vault. Occasionally the janitor cleans the vault with a deputy (or Nick) present.

Purchasing:

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

The trustee will fill out and sign all purchase order requisitions with the county finance department and then 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. Nick will then place the order with the vendor on the internet (office depot). When the goods arrive Nick will verify that the goods received are what is itemized on the invoice. The invoice is then signed as goods received and forwarded to county finance for payment by accounts payable. There are no charge accounts (blanket purchase orders) at local stores. On the rare occasion that Nick needs to buy an item that is not available from office depot and is at a local brick and mortar store, he will get a purchase order from finance and go to the local store himself, bringing back the invoice to the finance office for payment after he has received the goods. Any unused portion of the purchase order is then closed. The trustee's office does not utilize blanket purchase orders.

Store cards:

The trustee's office does not have an assigned store credit card, however, Nick is authorized to utilize the Walmart card that is assigned to the county finance office. Nick has never utilized the county store card but if he did in the future he would get a copy of the county finance department's store card policy and comply with it.

Contracts:

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

Emergency purchases:

Nick 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 trustee's office complies with these policies. This would be a very rare occurrence in the trustee's office as the county bid limit is now set at $10,000.

Payroll:

Payroll is authorized each fiscal year through a letter of agreement that is prepared by the trustee and signed by the mayor and Nick after the adoption of the county budget. Nick receives a copy of the trustee's office adopted budget after the county commission approves it and then receives a monthly year to date expenditure vs budget report from county finance each month. The trustee turns over all his fees monthly to the county general fund. The county finance office processes the trustee's office payroll each pay period and takes care of all state and federal payroll tax returns and issuing W2s. The trustee's employees are all regarded as non-exempt employees and are given comp time if they work more than 40 hours a week. All payments to employees are paid through payroll line items (not vendor line items) in order to comply with IRS tax code for payroll taxes, state unemployment compensation, worker comp laws and TCRS requirements.

II. <u>Whether the county funds, property and other assets that are designated/assigned to the trustee are safeguarded against waste, loss, unauthorized use, or misappropriation</u>.

Overview: The audited financial report detailed expenditure statements are reviewed to identify expenditures of material amounts. In the trustee's office, material expenditure amounts were: payroll and postage charges (for mailing tax notices). Internal controls over these material assets/costs were scrutinized in-depth.

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

See Excel spreadsheet for detail listing of segregation of duties over receipting, disbursing, investments, journal entries, and ACVs.

The trustee's office utilizes a computerized accounting system (LGDPC) for receipting and accounting. The trustee utilizes manual checks from pre-numbered check stock that the trustee will sign (the bookkeeper is not authorized to sign checks). The office has a written disaster recovery plan and the system is backed up daily and the backed up data is stored in a secure location off site.

Daily receipting of payments into the trustee's office are entered by any county trustee deputy except the bookkeeper. Separate locked cash boxes are maintained by each deputy that receipts funds and are kept at the assigned deputy's workstation inside their desk drawers. The cash boxes are counted and balanced each day by the deputies against the LGDPC daily drawer checkout report. Any large cash payment over $10,000 requires the trustee to complete and file a Form 8300 with the IRS, which Nick will complete. Any shortages in daily receipting (trivial amounts such as less than a dollar) requires the deputy that is short to pay from their personal funds to make the deposit intact. A large shortage in daily receipts from a deputy's drawer would be investigated immediately by Nick. After all deputies have counted out and reconciled with the daily drawer checkout reports, the bookkeeper will prepare the bank deposit slip to reflect all funds collected and initials the bank deposit slip. The trustee then takes the deposit to the bank at the end of every work day. If the trustee is not available to make the deposit, then a deputy (not the bookkeeper) makes the deposit at the bank. When the trustee returns from the bank, he gives the bookkeeper the stamped deposit slip and bank transaction receipt and she compares the amount deposited with the bank with the total amount physically collected for the day to ensure that the deposit was made intact at the bank. At the end of the workday, all cash boxes with the authorized cash on hand ($100 per box, $500 authorized by county commission resolution) are locked back in the office vault. Checks are written at various times during the month by the trustee. All checks are official pre-numbered checks that are manually entered into the accounting system by the bookkeeper.

Daily bookkeeping procedures:

Sally Jane (trustee bookkeeper) will post the daily activity (property taxes and miscellaneous receipts) to the General Ledger through a menu option on the LGDPC software that allows all collections to be prorated to the various funds of the county. The daily deposit is then entered along with any checks written into the accounting ledger and an end of day trial balance is printed out and reviewed by Sally Jane and Nick Sabin.

Monthly bookkeeping procedures:

Sally Jane performs monthly closing entries (trustee commission, school commission, transfers, etc.) and prepares month to date reports. The trustee opens up the monthly bank statements and reviews the statement to ensure that deposits are being made with the bank timely and then reviews the copies of all checks to verify that all disbursements were made to legitimate vendors/agencies and then gives the bank statements to the bookkeeper, who then reconciles the ledger to the bank statement. The bookkeeper then reconciles the subsidiary ledgers (sweep accounts, investments, accounts receivable (tax relief), and fee account. Nick reviews all bank reconciliations and reconciling items to ensure that the accounting records balance with the bank. Sally then reviews and reconciles the tax aggregate with what was actually receipted (daily receipt totals) during the month to ensure accuracy. Sally and Nick then double check to ensure the monthly miscellaneous receipts revenues agree with what was actually receipted during the month to ensure that revenue line items are accurate. Sally and Nick then review disbursements for each fund (on the month to date report) and compare these amounts to total daily disbursements for the month. Tax aggregate audit logs for the month are printed out and Nick reviews and signs off on these reports. Nick then prints off all journal entries and reviews and signs off on these as well. Once all reports are reviewed and reconciled by the trustee and his bookkeeper, Sally performs the month end closing process steps (actual computer close) for the office's LGDPC software program. Copies of the month to date reports are printed out for the county finance department.

Annual bookkeeping procedures:

Sally Jane prepares the annual trustee report (prepared from LGDPC software) after she closes for the month of June and Nick reviews and signs it and provides this to the county mayor and the county trustee and county commission. All monthly and end of year reports are placed in the trustee's office to be readily available for audit purposes. County finance does payroll processing for the trustee's office and they prepare an end of year accrued vacation/comp/sick leave report for external financial reporting purposes.

Inventory of Office Equipment:

Nick keeps an updated inventory list of all computer equipment assigned to his office and a copy of this is included in his disaster recovery plan that is kept offsite. LGDPC coordinates with Nick to do a physical inventory annually of the computer equipment. Additionally, the county capital asset policy requires the trustee to inventory, tag and track all assigned assets over $100 of cost and turn in a copy of this inventory to the county mayor after the trustee does the annual physical inventory. The trustee's office does not have any assets assigned to the office that meet capitalization thresholds ($10,000) for external financial reporting.

Internal controls over material expenditure line items:

Payroll - to protect against fraud (ghost employees, unauthorized bonus payments, etc.) all county trustee employees have a personnel file maintained by the county finance department. The trustee utilizes a manual timekeeping system that requires each employee to track their time in and out on a manual timesheet that they sign at the end of each two week pay period. At the end of each pay period, the trustee reviews each employee's timesheet for accuracy and signs to approve payment. The signed and approved timesheets are then turned over to the county finance office for payroll processing. The trustee and his bookkeeper review a monthly budget to actual account analysis to ensure they are in budget for payroll. The finance office has an open enrollment period annually where each county employee reviews all payroll deductions and authorizes any deductions from their paychecks. All employees are on direct deposit for payroll and receive a payroll stub each payday.

Postage - the trustee will purchase stamps, after he gets a purchase order, for mailing tax cards, receipts (when requested), delinquent notices, and a small amount of miscellaneous office mail. Stamps are stored in the office safe and secured after hours. Nick orders 10 rolls at a time and knows from experience as the trustee the normal usage of stamps and would spot shrinkage if it occurred.

Bank collateral for trustee bank accounts:

Nick Sabin refuses to place any public funds that exceeds FDIC covered amounts into a financial institution that does not participate in the state collateral pool.

Compliance with State Statute (T.C.A 5-8-201) to evaluate trustee bank accounts

In compliance with state statute and to ensure revenue is not lost, the trustee solicits competitive quotes for potential interest earnings on the office's operating bank accounts at least once every four years and not less than once every term of office.

Delinquent taxes:

If a taxpayer comes in to pay their delinquent property taxes after taxes become delinquent on March 1st of each year, the trustee's office software will automatically calculate penalties and interest due. Nick will review the office audit logs monthly to ensure there were no adjustments made to the interest and penalties paid. Every year on either March 31 or April 1st, the trustee turns over all delinquent prior year real and personal property taxes owed to the delinquent tax attorney. Once the taxes due are turned over to the delinquent tax attorney, the trustee will no longer accept payments for those amounts due (i.e. the trustee deputies will send the taxpayer to the clerk and master's office).

Accounts receivables for ACVs:

See Excel spreadsheet for segregation of duties over ACVs. The trustee's office maintains a file for each taxpayer on tax relief that includes name, address of property, income and other qualifying information. The bookkeeper posts the current month end A/R balance and a second trustee deputy maintains the back-up files and assists the bookkeeper with maintaining the accounts receivables and filing for reimbursement from the state.

Property tax freeze program:

A trustee deputy is assigned to coordinate with the county property assessor to maintain files for every taxpayer on the tax freeze program. Nick reviews and signs to approve every individual on the program annually with the deputy and the property assessor to ensure only qualified taxpayers are placed (and maintained) on the program.

III <u>Whether the revenues and expenditures in the trustee's accounting ledger and county general fund (as it relates to the trustee) 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</u>

Property tax levy:

Each year the county finance office sends the trustee the property tax levy that was approved by the county commission, Sally Jane will enter the property tax levy into the LGDPC accounting software to ensure a correct proration of the property tax for the various county funds. Nick then reviews the entered levy to ensure accuracy.

Sales tax proration:

Nick will manually prorate the sales tax that comes from the state via ACH each month to the various towns in the county and to the county funds (school funds) that are earmarked sales tax funds. Once Nick manually prorates sales tax, Sally will post these amounts, after she reviews Nick's calculations, into the LGDPC software and then manual checks are written to the towns for their portion that they are owed per statute. A receipt is generated when Sally posts these amount and these receipts are provided to the county finance office to show what the county funds received.

Nick and Sally coordinate with the county finance office to ensure that revenues and expenditures that are reported in the county funds are accurate with receipted funds and disbursements. Particular attention is paid to grant revenue and expenditures to ensure that grant funds are properly coded.

Investments:

See Excel spreadsheet for investment internal control. All investments are properly collateralized and only investments that are authorized by state statute are utilized. If Nick had a question about the legality of a potential investment vehicle, he would consult the state treasurer for guidance.

TRUSTEE

SAMPLE SEGREGATION OF DUTIES CHECKLIST

January 2016

Trustee
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 Miscellaneous and/or Manual Receipts if Utilized	Post Receipts to Accounting Records	Verify that Mail-in, Miscellaneous, and Manual Receipts were Recorded	Check Out to Certain Amount of Cash	Deposit Intact Count Cash 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	Examine the Tax Aggregate Reconciliation and Correct Errors	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:

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Trustee			X	X	X	X			X		X				
Employee #1		X	X	X	X	X			X						
Employee #2			X	X	X				X						
Employee #3			X	X	X				X						
Bookkeeper	X						X	X		X		X	X	X	X

Column Instructions:

** 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", Trustee's Account Number should be on the Stamp. Record the date, Make a List of All Checks by Name and Amount. 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. (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 Trustee'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.

(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 should generate the check-out sheet in a computerized system. Each person should sign or initial the 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) Examine the Tax Aggregate Reconciliation (or for a manual system, prepare the Tax Aggregate Reconciliation). (It is preferable to perform this procedure daily or weekly, but the procedure should be performed at least each month.)

(15) Make sure the debits and credits on the trial balance agree. This should be performed each day.

Trustee
Internal Control Checklist
Checks

See Column Instructions Below

	Issuing Checks				Monthly Bank Reconciliation		
		Signature Authority					
	Write Checks	Sign and Mail Checks	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
	(1)	**(2)**	**(3)**		**(4)**	**(5)**	**(6)**

Five-Person Office:

	(1)	(2)	(3)		(4)	(5)	(6)
Official	X	X			X		X
Employee #1						X	
Employee #2							
Employee #3							
Bookkeeper			X		X		X

Column Instructions:

Issuing Checks -

(1) Physically prepare the checks for signature.
(2) Determine the reason and if necessary 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.)
(3) Record the checks in the accounting system.

Monthly Bank Reconciliation -

(4) The 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. Initial and date the statement indicating that you opened and reviewed the statement. (Very important - In a two-person office, examine the payee and, if possible, the endorsement for all checks issued by employee #1.)
(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 inquires 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.

Trustee
Internal Control Checklist
Investments

See Column Instructions Below	Investment Purchases							Maturing Investments						
	Investment Decision	Check Issued for Investment	Investment Purchased	Inspect Investment and Record in Investment Ledger	Post the Investment to the Acct. Records	Determine that the Transaction has been Properly Recorded	Place Investment Document in a Secure Location	Retrieve Investment Document	Verify Investment Maturity and Record in Investment Ledger	Investment Decision Redeem or Renew Investment	Inspect Redemption/ Renewal Documents and Record in Investment Ledger	Post the Investment Maturity to the Acct. Records	Determine that the Transaction has been Properly Recorded	Place Investment Renewal Document in a Secure Location
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**

Five-Person Office:

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Official	X		X			X	X	X		X			X	X
Employee #1		X		X					X		X			
Employee #2														
Employee #3														
Bookkeeper					X		X	X				X		X

Column Instructions:

Investment Purchases -

(1)	The Trustee should make investment decisions.
(2)	The Trustee should authorize the employee to issue a check for the amount of the investment drawn on the appropriate bank.
(3)	The Trustee should purchase the investment.
(4)	The particulars (i.e. Date, Maturity, Amount, Bank, Interest Rate, etc.) should be recorded in an Investment Ledger. 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 Employee #1for verification of the maturity with 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.

Trustee
Internal Control Checklist
Payroll Checks

See Column Instructions Below

Five-Person Office:

	Issuing Payroll Checks								
								Signature Authority	
	Collect Time-sheets. Calculate Hours and Leave	Approve Time-sheets	Write Checks	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	Sign and Mail or Deliver Checks	Post Checks to Accounting Records
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**
Official		X			X		X	X	
Employee #1									
Employee #2									
Employee #3									
Bookkeeper	X					X			
County Finance (Payroll)			X	X	X	X	X	X	X

Column Instructions:

Issuing Payroll Checks -

(1)	Collect the time sheets and calculate hours and leave.
(2)	Sign the time sheets indicating approval of the hours presented and leave calculations.
(3)	Obtain the approved time sheets, calculate salaries and deductions, and physically issue checks for signature. This is done by county finance
(4)	Record the Gross Pay, Payroll Deductions, and Net Pay in the 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.
(7)	Electronically make the payroll tax deposit.
(8)	County Trustee utilizes direct deposit for all employees, except for brief periods when the official is absent.)
(9)	Record checks in the accounting system.

Trustee
Internal Control Checklist
Journal Entries and Transfers

See Column Instructions Below

Five-Person Office:

	Entering Journal Entries and Transfers			
	Prepare and Document the Journal Entry	Approve Journal Entries and Transfers	Post Journal Entries and Transfers to Acct. Records	Review Acct. Records for Proper Posting
	(1)	**(2)**	**(3)**	**(4)**
Official		X		X
Employee #1				
Employee #2				
Employee #3				
Bookkeeper	X		X	

Column Instructions:

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 or transfer, 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.

Trustee
Internal Control Checklist
ACVs

See Column Instructions Below

Five-Person Office:

	ACV Transactions		
	Maintain ACV Files	Post ACV Receipts	Reconcile ACV requests with amounts Received and Outstanding
	(1)	**(2)**	**(3)**
Official			
Employee #1			
Employee #2	X		X
Employee #3			
Bookkeeper		X	

Column Instructions:

ACV Transactions -

(1)	Maintain file with applications, correspondence, and remittance advices, etc. Employee #1 may accept applications but should not have routine access to these files.
(2)	Post the ACV receipts to the accounting system.
(3)	Reconcile ACV applications and receipts with amount of ACVs outstanding (i.e. receivables). The reconciliatin should be prepared at least every month.

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