

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SPECIAL INVESTIGATION REPORT
OF

CITY OF CRAWFORDSVILLE
MUNICIPAL GOLF COURSE
MONTGOMERY COUNTY, INDIANA

January 1, 2014 to July 31, 2015



FILED
01/26/2017

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Todd D. Barton	01-01-12 to 12-31-19
Clerk-Treasurer	Terri J. Gadd	01-01-12 to 12-31-19
President Pro Tempore of the Common Council	Andrew P. Biddle Dan Guard Andrew P. Biddle	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE CITY OF CRAWFORDSVILLE, MONTGOMERY COUNTY

We have conducted a special investigation of the records of the City of Crawfordsville Municipal Golf Course for the period of January 1, 2014 to July 31, 2015. Our investigation was limited to the following records: golf course receipts, golf course reports, City receipts, and payroll records. The purpose of our investigation was to determine if the accountability for cash and other assets are satisfactory and that the transactions related thereto are in compliance with the laws and regulations of the State of Indiana. The results of our investigation are fully described in the Special Investigation Results and Comments and Summary of Charges as listed in the Table of Contents.

This report was forwarded to the County Prosecuting Attorney.

Any Official Response to the Special Investigation Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

November 1, 2016

CITY OF CRAWFORDSVILLE
MUNICIPAL GOLF COURSE
SPECIAL INVESTIGATION RESULTS AND COMMENTS

VOIDED GOLF COURSE CASH TRANSACTIONS

Kevin Kendricks (Kendricks), former City of Crawfordsville Municipal Golf Course employee, was responsible for managing the clubhouse from January 1, 2014 to July 15, 2015. His duties included overseeing the collection of green fees and Pro Shop sales. He also was responsible for assigning computer passwords and cash register logins to employees.

In July 2015, the Golf Course Manager questioned some voided cash transactions. There was no documentation to support the voided transactions and it was determined that they were not legitimate. A Special Investigation of the records from January 1, 2014 to July 15, 2015, revealed Kendricks voided 140 cash transactions totaling \$11,076.63. Kendricks would access the system, void transactions, and rerun the cash register report sometimes up to two days after the original report was closed out.

Kendricks was interviewed by the City of Crawfordsville Police Department and admitted to taking \$9,000 from the golf course. Kendricks was arrested on June 6, 2016, on a felony warrant for theft.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Kendricks repaid \$11,000 to the City of Crawfordsville on June 29, 2016. We requested Kendricks reimburse the City of Crawfordsville \$76.63 for voided golf course cash transactions. On January 6, 2017, we received check no. 773 which included payment for the remaining voided golf course cash transactions. (See Summary of Charges, page 7)

INTERNAL CONTROLS

The City of Crawfordsville Municipal Golf Course did not have internal controls in place over their information technology. The same person responsible for assigning computer passwords also was responsible for overseeing collection of fees. Without the controls in place, that person had computer access to all transactions. The failure to establish internal controls did not prevent, or detect and correct, misstatements in a timely manner.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

CITY OF CRAWFORDSVILLE
MUNICIPAL GOLF COURSE
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ADDITIONAL SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional special investigation costs in the amount of \$3,128.63 due to the Special Investigation of voided golf course cash transactions.

Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We requested Kendricks reimburse the State of Indiana \$3,128.63 for additional special investigation costs. On January 6, 2017, we received check no. 773 which included payment for these additional special investigation costs. (See Summary of Charges, page 7)

CRIME INSURANCE POLICIES

Kendricks was covered by the following City crime insurance policies:

<u>Policy Period</u>	<u>Coverage</u>
07-01-13 to 07-01-14	\$ 250,000
07-01-14 to 07-01-15	250,000

CITY OF CRAWFORDSVILLE
MUNICIPAL GOLF COURSE
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2016, with Todd D. Barton, Mayor; Terri J. Gadd, Clerk-Treasurer; Fawn Johnson, Director of Parks and Recreation; and J. Kent Minnette, City Attorney.

CITY OF CRAWFORDSVILLE
MUNICIPAL GOLF COURSE
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Kevin Kendricks, former Municipal Golf Course employee: Voided Golf Course Cash Transactions, page 4	<u>\$ 11,076.63</u>	<u>\$ 11,076.63</u>	<u>\$ -</u>
Total before additional special investigation costs	11,076.63	11,076.63	-
Additional Special Investigation Costs, page 5	<u>3,128.63</u>	<u>3,128.63</u>	<u>-</u>
Totals	<u><u>\$ 14,205.26</u></u>	<u><u>\$ 14,205.26</u></u>	<u><u>\$ -</u></u>

This report was forwarded to the County Prosecuting Attorney.