

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

SPECIAL INVESTIGATION REPORT

OF

COUNTY AUDITOR

CRAWFORD COUNTY, INDIANA

January 1, 2012 to October 31, 2016



FILED
08/24/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Ricki Hawkins Christian Howell	01-01-11 to 12-31-14 01-01-15 to 12-31-18
President of the Board of County Commissioners	James E. Schultz Randy Gilmore Daniel Crecelius	01-01-12 to 12-31-12 01-01-13 to 12-31-14 01-01-15 to 12-31-17
President of the County Council	Jerry Brewer Steve R. Bartels	01-01-12 to 12-31-14 01-01-15 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CRAWFORD COUNTY, INDIANA

We have conducted a special investigation of the records of the County Auditor for the period from January 1, 2012 to October 31, 2016. Our investigation was limited to all records applicable to payroll disbursements. 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 Office of the Indiana Attorney General and the local prosecuting attorney.

Any Official Response included herein this report has not been examined or verified for its accuracy.

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

April 4, 2017

COUNTY AUDITOR
CRAWFORD COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS

BACKGROUND

Tonia D. Jones-Elliott (Jones-Elliott) served as the County Auditor's Payroll Clerk during the investigation period. Payroll Clerk duties consisted of the following: Processing payroll for all County officials and employees, including her own payroll, through a software system, printing payroll checks, making adjustments to the software system, and to remit withholdings and the employer's share of benefits to the appropriate agency or business.

The software system is designed to automatically calculate payroll from information input by the Payroll Clerk and the Payroll Clerk also has the ability to add or remove information for withholdings for various County offered benefits. The following comments document the findings related to this special investigation.

EMPLOYEE WITHHOLDINGS PAID BY COUNTY

A review of payroll records during the period of December 7, 2012 to July 15, 2016, revealed 13 separate occasions that the employee's portion of health, vision, life, and accident insurance withholdings were not deducted from Jones-Elliott's payroll check totaling \$1,118.82. County funds were used to cover those withholdings.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

We have requested that Jones-Elliott reimburse Crawford County \$1,118.82 for employee withholdings paid by County and not withheld from her payroll checks. (See Summary of Charges, page 7)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs, in the amount of \$959.45, due to the special investigation of payroll withholdings.

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

We requested Jones-Elliott to reimburse the State of Indiana \$959.45 for additional special investigation costs. (See Summary of Charges, page 7)

COUNTY AUDITOR
CRAWFORD COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

BOND/INSURANCE POLICY COVERAGE

The County obtained blanket bond and/or crime policy coverage as scheduled below:

<u>Insurance Company</u>	<u>Bond/Policy Period</u>	<u>Amount of Coverage</u>
Employers Mutual Casualty Co.	09-03-12 to 09-03-13	\$ 10,000
Employers Mutual Casualty Co.	09-03-13 to 09-03-14	10,000
Employers Mutual Casualty Co.	09-03-14 to 09-03-15	10,000
Employers Mutual Casualty Co.	09-03-15 to 09-03-16	10,000
Employers Mutual Casualty Co.	09-03-16 to 09-03-17	10,000
Western Surety Company	01-01-16 to 12-31-16	5,000

INTERNAL CONTROL DEFICIENCIES

Internal controls over the receipting, disbursing, recording, and accounting for payroll and payroll withholdings were insufficient. Controls were not implemented segregating these duties to allow for proper oversight by County Officials. Additionally, no process was implemented to insure the proper approval of changes to the payroll system.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner, whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

COUNTY AUDITOR
CRAWFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 4, 2017, with Daniel Crecelius, President of the Board of County Commissioners; Morten Dale, County Commissioner; Steven R. Bartels, President of the County Council; and Christian Howell, County Auditor.

COUNTY AUDITOR
 CRAWFORD COUNTY
 SUMMARY OF CHARGES
 (Due to Malfeasance, Misfeasance, or Nonfeasance)

	Charges	Credits	Balance Due
Tonia D. Jones-Elliott, County Auditor's Payroll Clerk:			
Employee Withholdings paid by County, page 4	\$ 1,118.82	\$ -	\$ 1,118.82
Special Investigation Audit Costs, page 4	959.45	-	959.45
Total Due from Tonia D. Jones-Elliott	\$ 2,078.27	\$ -	\$ 2,078.27



This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

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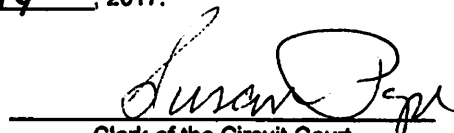
AFFIDAVIT

STATE OF INDIANA)
CLARK COUNTY)

We, Karen S. Kelleher and Jonathan Bennington, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records as described in our letter to the officials of the Crawford County, Indiana, for the period from January 1, 2012 to October 31, 2016, is true and correct to the best of our knowledge and belief.



Field Examiners

Subscribed and sworn to before me this 3rd day of MAY, 2017.


Clerk of the Circuit Court

