

**REPORT OF THE AUDIT OF THE  
CRITTENDEN COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2015**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
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**EXECUTIVE SUMMARY**  
**AUDIT OF THE**  
**CRITTENDEN COUNTY SHERIFF**

**For The Year Ended**  
**December 31, 2015**

The Auditor of Public Accounts has completed the Crittenden County Sheriff's audit for the year ended December 31, 2015. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the receipts, disbursements, and excess fees in conformity with the regulatory basis of accounting.

**Financial Condition:**

Excess fees decreased by \$12,305 from the prior year, resulting in excess fees of \$5,403 as of December 31, 2015. Receipts decreased by \$21,606 from the prior year and disbursements decreased by \$9,301.

**Report Comments:**

- 2015-001 The Crittenden County Sheriff's Office Lacks Segregation Of Duties Over Accounting Functions
- 2015-002 The Crittenden County Sheriff's Office Had Weak Internal Controls Over Daily Checkout Procedures And Receipts
- 2015-003 The Crittenden County Sheriff's Office Did Not Implement Internal Controls Over Disbursements
- 2015-004 The Sheriff's Tax Commissions Were Not Accounted For Properly
- 2015-005 The Crittenden County Sheriff Overspent The Approved Budget for Calendar Year 2015
- 2015-006 The Crittenden County Sheriff's Payroll Exceeded The Maximum Salary Order Approved By Fiscal Court
- 2015-007 The Sheriff Failed To Timely Submit The 2015 Fourth Quarter Financial Report

**Deposits:**

The sheriff's deposits as of November 4, 2015 were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$654,098

The sheriff's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the sheriff's deposits in accordance with the security agreement.



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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Perry Newcom, Crittenden County Judge/Executive  
The Honorable Wayne Agent, Crittenden County Sheriff  
Members of the Crittenden County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statement**

We have audited the accompanying Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Sheriff of Crittenden County, Kentucky, for the year ended December 31, 2015, and the related notes to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Audit Guide for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The Honorable Perry Newcom, Crittenden County Judge/Executive  
The Honorable Wayne Agent, Crittenden County Sheriff  
Members of the Crittenden County Fiscal Court

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by the Crittenden County Sheriff on the basis of the accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Crittenden County Sheriff, as of December 31, 2015, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Crittenden County Sheriff for the year ended December 31, 2015, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017 on our consideration of the Crittenden County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.



The Honorable Perry Newcom, Crittenden County Judge/Executive  
The Honorable Wayne Agent, Crittenden County Sheriff  
Members of the Crittenden County Fiscal Court

**Other Reporting Required by *Government Auditing Standards* (Continued)**

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2015-001 The Crittenden County Sheriff's Office Lacks Segregation Of Duties Over Accounting Functions
- 2015-002 The Crittenden County Sheriff's Office Had Weak Internal Controls Over Daily Checkout Procedures And Receipts
- 2015-003 The Crittenden County Sheriff's Office Did Not Implement Internal Controls Over Disbursements
- 2015-004 The Sheriff's Tax Commissions Were Not Accounted For Properly
- 2015-005 The Crittenden County Sheriff Overspent The Approved Budget for Calendar Year 2015
- 2015-006 The Crittenden County Sheriff's Payroll Exceeded The Maximum Salary Order Approved By Fiscal Court
- 2015-007 The Sheriff Failed To Timely Submit The 2015 Fourth Quarter Financial Report

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts

February 28, 2017

CRITTENDEN COUNTY  
WAYNE AGENT, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2015

Receipts

State Fees For Services:

Waiting on Court	\$ 3,423	
Sheriff Security Service	4,164	\$ 7,587

Circuit Court Clerk:

Fines and Fees Collected		7,807
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Fiscal Court		23,420
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County Clerk - Delinquent Taxes		4,211
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Commission On Taxes Collected		118,064
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Fees Collected For Services:

Auto Inspections	2,560	
Accident and Police Reports	839	
Serving Papers	12,120	
Carrying Concealed Deadly Weapon Permits	3,680	19,199

Other:

Add-On Fees	13,242	
Miscellaneous	632	
Transport Prisoners	1,324	15,198

Interest Earned		54
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Borrowed Money:

State Advancement		70,000
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Total Receipts		265,540
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The accompanying notes are an integral part of this financial statement.

CRITTENDEN COUNTY  
WAYNE AGENT, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
For The Year Ended December 31, 2015  
(Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-		
Deputies' Salaries	\$ 65,338	
Part-Time Salaries	464	
Other Salaries	31,169	
Contracted Services-		
Computers	3,239	
Materials and Supplies-		
Office Materials and Supplies	1,910	
Other Charges-		
Juror Meals	423	
Dues	417	
Postage	696	
Bond	437	
Cell Phones	3,261	
Miscellaneous	1,007	
Training	186	
Capital Outlay-		
Office Equipment	<u>808</u>	\$ 109,355

Debt Service:

State Advancement	<u>70,000</u>	
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Total Disbursements		<u>\$ 179,355</u>
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Net Receipts		86,185
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Less: Statutory Maximum		<u>76,841</u>
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Excess Fees		9,344
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Less: Training Incentive Benefit		<u>3,941</u>
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Excess Fees Due County for 2015		5,403
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Payment to Fiscal Court - July 12, 2016		<u>5,238</u>
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Balance Due Fiscal Court at Completion of Audit		<u><u>\$ 165</u></u>
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The accompanying notes are an integral part of this financial statement.

CRITTENDEN COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2015

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the sheriff as determined by the audit. KRS 134.192 requires the sheriff to settle excess fees with the fiscal court at the time he files his annual settlement with the fiscal court on or before September 1 of each year. KRS 64.830 requires an outgoing sheriff to settle excess fees with the fiscal court of his county by March 15 immediately following the expiration of his term of office.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Under this regulatory basis of accounting receipts and disbursements are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2015 services
- Reimbursements for 2015 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2015

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the county treasurer in the subsequent year.

C. Cash and Investments

KRS 66.480 authorizes the sheriff's office to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

CRITTENDEN COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2015  
 (Continued)

Note 2. Employee Retirement System and Other Post-Employment Benefits

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute six percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 17.67 percent for the first six months and 17.06 percent for the last six months.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2014, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Members contribute five percent (nonhazardous) of their annual creditable compensation and one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent (nonhazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

CRITTENDEN COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2015  
(Continued)

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Crittenden County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The Crittenden County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of December 31, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of November 4, 2015, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured      \$654,098

Note 4. Drug/Equipment Fund

The Crittenden County Sheriff's office maintained a drug/equipment fund pursuant to a court order by the local district judge. The funds are to be used for equipment, services, supplies, or other necessary items to assist in performing their official duties. The balance as of January 1, 2015 was \$927. During 2015, funds of \$1,802 were received and \$2,263 were disbursed, leaving a balance of \$466 as of December 31, 2015, which is not available for excess fees.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*







**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Perry Newcom, Crittenden County Judge/Executive  
The Honorable Wayne Agent, Crittenden County Sheriff  
Members of the Crittenden County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

**Independent Auditor's Report**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Crittenden County Sheriff for the year ended December 31, 2015, and the related notes to the financial statement and have issued our report thereon dated February 28, 2017. The Crittenden County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Crittenden County Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Crittenden County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Crittenden County Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying comments and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying comments and recommendations as items 2015-001, 2015-002, and 2015-003 to be material weaknesses.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*  
(Continued)

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Crittenden County Sheriff's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying comments and recommendations as items 2015-002, 2015-003, 2015-004, 2015-005, 2015-006, and 2015-007.

### Sheriff's Responses to Findings

The Crittenden County Sheriff's responses to the findings identified in our audit are described in the accompanying comments and recommendations. The Crittenden County Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

February 28, 2017

COMMENTS AND RECOMMENDATIONS



CRITTENDEN COUNTY  
WAYNE AGENT, SHERIFF  
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2015

FINANCIAL STATEMENT FINDINGS:

2015-001 The Crittenden County Sheriff's Office Lacks Segregation Of Duties Over Accounting Functions

The sheriff's bookkeeper collects payments from customers, prepares deposits, writes checks, posts transactions to the receipts and disbursements ledgers, prepares monthly bank reconciliations, and prepares all monthly and quarterly reports.

The sheriff's bookkeeper performs all accounting functions without any documented independent review. A lack of oversight could result in the undetected misappropriation of assets and inaccurate financial reporting to external agencies, such as the Department for Local Government.

The segregation of duties, or the implementation of compensating controls is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

The sheriff should separate the duties involved in receiving cash, preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliations, and comparing financial reports to ledgers. If this is not feasible, cross-checking procedures should be implemented and documented by the individual performing the procedure.

*Sheriff's Response: No Response*

2015-002 The Crittenden County Sheriff's Office Had Weak Internal Controls Over Daily Checkout Procedures And Receipts

Receipts were not prepared in triplicate. The numerical order of receipts was not properly accounted for. A breakdown of cash and check amounts collected was not maintained. Recapped receipts issued by the sheriff's office show \$165 more of receipts than was deposited into the sheriff's official fee account. The recap of receipts also yielded several audit reclassifications.

There is no documented oversight by the sheriff over the collection of, issuance of, or recording of receipts. The sheriff is not in compliance with KRS 64.100 and KRS 68.840, and has an unexplained cash shortage of \$165.

KRS 64.100 states "[e]ach sheriff shall keep an accurate account of all fees collected by him from all sources." Additionally, KRS 68.840(2) states: "One (1) copy of the receipt shall be given to the person paying the fine, forfeiture, tax, or fee and one (1) copy shall be retained by the official for his own records. One (1) copy of the receipt shall be retained by the official to be placed with the daily bank deposit." Strong internal controls over receipts are essential in ensuring that all receipts are accounted for and recorded properly. Failure to implement adequate controls could result in the misappropriation of assets.

The sheriff should require receipts be prepared in triplicate, the numerical order of receipts should be properly accounted for, and a breakdown of cash and check amounts collected should be maintained. The sheriff should review and re-add daily check out sheets. Daily check out sheet totals should be traced to the receipts ledger. The sheriff should determine that all receipts are properly accounted for and deposited into the sheriff's official fee account.

*Sheriff's Response: \$65 of this amount was found early on when it was put in with the tax money by mistake. We were trying to use receipts up before opening the new box.*

CRITTENDEN COUNTY  
WAYNE AGENT, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2015  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2015-003 The Crittenden County Sheriff's Office Did Not Implement Internal Controls Over Disbursements

There is no documented review by the sheriff of disbursements made from his fee account. Invoices are not effectively cancelled to prevent duplicate payments. The backs of checks are not received from the bank to verify endorsement. Also, there was only one signature required for fee account disbursements and it was not the sheriff's.

The sheriff failed to properly provide oversight of disbursements. Due to the lack of oversight, the following non-compliances occurred:

- One part-time employee was paid from the fee account without running the disbursement through payroll. Therefore, applicable payroll taxes were not withheld.
- Two disbursements of the twelve disbursements tested were paid after 30 days.
- One disbursement for jury meals had no supporting documentation.
- Monies were paid from the fee account to the sheriff's tax account improperly. These funds were later paid over to the fiscal court during the 2014 tax audit.
- Additionally, one disbursement for children activity cards should not have been paid from the sheriff's drug/equipment fund.

Strong internal controls over disbursements are essential to ensure that disbursements are for allowable expenses and that the correct amount of excess fees is turned over to the fiscal court. Also, KRS 65.140(2) states, in part, "all bills for goods or services shall be paid within thirty (30) working days of receipt of a vendor's invoice[.]"

We recommend the sheriff implement strong internal controls and oversight for disbursements. The sheriff should approve all disbursements. This can be evidenced by initialing invoices. The sheriff should require all invoices be marked paid to prevent duplicate payment. The sheriff should also require invoices to be maintained for all disbursements. Additionally, the sheriff should ensure that employee pay be processed through proper payroll procedures. The sheriff should ensure that all payments from the fee account are for allowable office and law enforcement expenses. The sheriff should require all bills be paid within 30 days in accordance with KRS 65.140(2).

*Sheriff's Response: Supporting documents were found for jury meals. Money paid from fee to tax account was pd. for an exoneration and was collected from districts to be put back in.*

2015-004 The Sheriff's Tax Commissions Were Not Accounted For Properly

The sheriff's fee account was shorted \$4,072 in tax commissions for calendar year 2015. October 2015 franchise commissions were paid to the sheriff's office for all districts except the school. The bookkeeper failed to pay the rest of the districts until February 2016. In April 2015, school commissions were deposited into the 2014-2015 tax account and never paid to the 2015 fee account. Additional commissions were due to the fee account from the tax account and the school district based on the 2014 tax audit. The April 2015 school commission and additional commissions due per the 2015 tax audit were paid to the fiscal court in 2016. Because of these errors, the sheriff's office was denied \$4,072 of income to operate the sheriff's office.

CRITTENDEN COUNTY  
 WAYNE AGENT, SHERIFF  
 COMMENTS AND RECOMMENDATIONS  
 For The Year Ended December 31, 2015  
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2015-004 The Sheriff's Tax Commissions Were Not Accounted For Properly (Continued)

KRS 64.100 states “[e]ach sheriff shall keep an accurate account of all fees collected by him from all sources.” Also, KRS 134.191(1) requires the sheriff to “provide monthly reports by the tenth day of each month to the chief executive of the county, the department, and any other district for which the sheriff collects taxes.”

We recommend the sheriff require tax commissions be properly collected and deposited into the sheriff's fee account.

*Sheriff's Response: We were told to collect money from certain districts & distribute them we had to wait for all money to come in before distributing.*

2015-005 The Crittenden County Sheriff Overspent The Approved Budget For Calendar Year 2015

The sheriff's disbursements exceeded his approved budgeted disbursements for calendar year 2015 by \$1,701. The sheriff did not adequately monitor disbursements to ensure he would not exceed his approved budget. Failure to monitor the budget shows a lack of fiscal responsibility and places public funds at risk.

The State Local Finance Officer requires the fiscal court to approve a calendar year budget for each fee office as a component of the county's budget preparation process by January 15th of each year. KRS 68.210 states that the “administration of the county uniform budget system shall be under the supervision of the state local finance officer who may inspect and shall supervise the administration of accounts and financial operations and shall prescribe. . . a system of uniform accounts for all counties and county officials.”

We recommend the sheriff not make disbursements that exceed his approved budget. The sheriff should monitor his budget throughout the year and request budget amendments sufficient to cover actual expenses as necessary.

*Sheriff's Response: We were under the impression that it was estimated so we wouldn't have to amend it. We will monitor this closer.*

2015-006 The Crittenden County Sheriff's Payroll Exceeded The Maximum Salary Order Approved By Fiscal Court

The sheriff's 2015 maximum salary order was approved for \$93,000. The sheriff spent \$96,970 on employee salaries. The sheriff spent \$3,970 more on payroll than was approved by the fiscal court.

The sheriff failed to monitor payroll costs and did not amend the salary order that was overspent due to payroll timing issues. The fiscal court was denied \$3,970 of general funds. The sheriff's office was denied these additional funds due to not obtaining a budget amendment.

KRS 64.530(3) states “[t]he fiscal court shall fix annually the reasonable maximum amount, including fringe benefits, which the officer may expend for deputies and assistants, and allow the officer to determine the number to be hired and the individual compensation of each deputy and assistant.”

We recommend the sheriff monitor payroll costs in order to be in compliance with the maximum salary order set in accordance with KRS 64.530(3).

CRITTENDEN COUNTY  
WAYNE AGENT, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2015  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2015-006 The Crittenden County Sheriff's Payroll Exceeded The Maximum Salary Order Approved By Fiscal Court (Continued)

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*Sheriff's Response: This was done due to prior year audit recommendations.*

Auditor Reply: The sheriff's response indicates that this finding resulted from a prior year audit recommendation, although a review of prior year audits does not identify any recommendation that would result in exceeding established salary limits. We would like to reiterate that the sheriff should monitor payroll costs to avoid exceeding the limits established by the fiscal court

2015-007 The Sheriff Failed To Timely Submit The 2015 Fourth Quarter Financial Report

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The Crittenden County Sheriff's calendar year 2015 fourth quarter financial report was not submitted to the State Local Finance Officer by the 30<sup>th</sup> day following the close of the fourth quarter.

The sheriff did not complete the fourth quarter financial statement until March 15, 2016. The sheriff is not in compliance with the uniform system of accounts filing requirements.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. This system of accounts requires that fee official's quarterly financial report should be submitted by the 30<sup>th</sup> day following the close of each quarter.

The Crittenden County Sheriff should ensure that all quarterly financial reports are submitted to the State Local Finance Officer by the 30<sup>th</sup> day following the close of each quarter.

*Sheriff's Response: No response.*



