



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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**Harmon Releases Audit of Grayson County Sheriff's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2017 financial statement of Grayson County Sheriff Norman Chaffins. State law requires the auditor to annually audit the accounts of each county sheriff. In compliance with this law, the auditor issues two sheriff's reports each year: one reporting on the audit of the sheriff's tax account, and the other reporting on the audit of the fee account used to operate the office.

Auditing standards require the auditor's letter to communicate whether the financial statement presents fairly the receipts, disbursements and excess fees of the Grayson County Sheriff in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statement did not follow this format. However, the sheriff's financial statement is fairly presented in conformity with the regulatory basis of accounting, which is an acceptable reporting methodology. This reporting methodology is followed for all 120 sheriff audits in Kentucky.

As part of the audit process, the auditor must comment on noncompliance with laws, regulations, contracts, and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

**The Grayson County Sheriff's Office does not have adequate controls over credit card transactions:** During 2017, the Grayson County Sheriff's office did not properly maintain itemized invoices for gasoline credit card disbursements. Auditors tested statements from two different months. During these months, there were 259 transactions and six were not properly supported with itemized invoices. Additionally, there was one other instance where the sheriff's office did not have an invoice for a purchase, but rather only had a packing slip. Auditors also observed sales tax of \$110.25, which had been paid on credit card purchases.

According to the sheriff, 2017 was the first year deputies were required to maintain itemized invoices for gasoline purchases. He explained there are instances when deputies purchase gasoline after hours and the pumps won't generate a receipt and since it's after hours they are not able to go inside and obtain a receipt from the clerk. It was simply an oversight of the former bookkeeper and the sheriff that sales tax was being paid on purchases.

By not maintaining itemized invoices, disbursements could be charged to the gasoline credit card that are personal in nature. Fees of the sheriff's office were used to pay sales tax and were not available for the operation of the office or as excess fees.

Good internal controls dictate the sheriff maintain itemized receipts for all credit card disbursements to ensure that all charges that are charged to the sheriff's office credit cards are for sheriff's office expenses. In accordance with Funk vs. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court ruled that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature.

We recommend the sheriff develop internal controls to ensure that itemized receipts are maintained for all credit card disbursements and all disbursements are necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature.

*Sheriff's Response: This Sheriff has discussed the importance of ensuring that every purchase made on the agency issued credit card is itemized and that the purchaser's name and badge number is documented on the invoice. This discussion was made with the supervisors and again during a GCSO post meeting. We will also make the recommendations of the auditor effective immediately.*

**The Grayson County Sheriff had \$95 of unallowable disbursements:** For the months of January through March 2017, the sheriff's fee account was overdrawn, which resulted in the bank charging him with \$95 in overdraft fees for these three months. Due to the way the sheriff's office receives his funding and not receiving enough state advancement he did not have sufficient funds in his fee account to cover expenses for these months. Paying overdraft fees which are not necessary or beneficial to the public reduces the amount of operating funds for the sheriff's office, or reduces the amount of excess fees paid to fiscal court, or both.

In accordance with Funk vs. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court ruled that county fee officials' expenditures of public funds will be allowable only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal expenses.

We recommend the sheriff monitor his fee bank account more closely and ensure there are sufficient funds to cover disbursements. In addition, we recommend the Grayson County Sheriff's office expend funds for official purposes and that these expenditures be necessary for the operation of the office, adequately documented, reasonable in amount, beneficial to the public, and not personal in nature.

*Sheriff's Response: The Grayson County Sheriff's Office has adjusted the initial amount of the State Advancement so that the account will not be overdrawn. We were initially unaware that we could adjust the amounts of the monthly advancements. Additionally, we will take the recommendations of our auditor and make them effective immediately.*

The sheriff informed auditors he had repaid the \$95 in unallowable disbursements, and provided documentation related to the repayment of funds.

The sheriff's responsibilities include collecting property taxes, providing law enforcement and performing services for the county fiscal court and courts of justice. The sheriff's office is funded through statutory commissions and fees collected in conjunction with these duties.

The audit report can be found on the [auditor's website](#).

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