



Auditor of Public Accounts
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Harmon Releases Audit of Former Hickman County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2018 financial statement of former Hickman County Sheriff Mark Green. 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 former Hickman County Sheriff in accordance with accounting principles generally accepted in the United States of America. The former sheriff's financial statement did not follow this format. However, the former 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 former Hickman County Sheriff had disallowed disbursements of \$2,293 for calendar year 2018: The former Hickman County Sheriff had \$2,293 of disallowed disbursements from the 2018 fee account. The former sheriff advanced himself \$2,069 for his training incentive in November 2018. The former sheriff then was also paid \$4,137 for the same training incentive causing the sheriff to overpay himself \$2,069. The sheriff also reimbursed himself \$224 for expenses that had no supporting documentation. The sheriff reimbursed the county \$2,068 for the overpayment of his training incentive in February 2019. The sheriff has not reimbursed the additional \$224 owed for unsupported expenses.

This overpayment occurred because the former sheriff failed to reduce the amount due him for training incentives earned by the amount he had already advanced himself for the 2018 training incentive. Because of this error, the former sheriff's training incentive was overpaid. Additionally, the sheriff also used public funds to pay for items whose purpose could not be substantiated.

In accordance with Funk v. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court ruled that county 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 former sheriff reimburse the county \$224 for the disallowed items paid from the 2018 fee account.

Former Sheriff's Response: The official did not provide a response.

The former Hickman County Sheriff's Office lacked adequate segregation of duties: The sheriff was required to perform all accounting functions such as collecting cash, performing checkout procedures, preparing deposits, writing checks, posting to ledgers, performing bank reconciliations, and preparing financial reports. This is due to the bookkeeper and chief deputy leaving the sheriff's office midway through the year. This left the sheriff the only employee to operate the financial duties of the office for over six months. A lack of segregation of duties increases the risk of misappropriation of assets and inaccurate financial reporting.

Segregating accounting functions or the implementation of compensating controls when limited by the number of staff, is essential for providing protection against the misappropriation of assets and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

To adequately protect public funds from being misappropriated and to ensure accurate financial reporting, we recommend the sheriff's office segregate the duties noted above by allowing different deputies to perform these functions. For those duties that cannot be segregated due to a limited number staff, strong management oversight by the sheriff or designee should be performed. This oversight should include reviewing daily checkout sheets and deposits, approving all disbursements by having dual signatures, and reviewing monthly bank reconciliations.

Former Sheriff's Response: The official did not provide a response.

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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