



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2020 financial statement of Casey County Sheriff Chad Weddle. 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 Casey 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 Casey County Sheriff's Office did not have adequate segregation of duties over receipts, disbursements, and the reconciliation process: This is a repeat finding and was included in the prior year audit report as Finding 2019-001. A lack of segregation of duties exists over receipts, disbursements, and the reconciliation process. The sheriff's bookkeeper collects payments from customers, prepares deposits, writes disbursement checks, posts transactions to both the receipt and disbursement ledgers, reconciles the monthly bank statements, and prepares all monthly and quarterly reports. The sheriff has implemented some compensating controls, however they are not sufficient to offset the control weakness noted due to a lack of segregation of duties.

According to the sheriff, a lack of segregation existed because a limited number of employees were available to properly segregate job duties. The lack of oversight could result in misappropriation of assets, occurrence of undetected errors, and inaccurate financial reporting to external agencies such as the Department for Local Government (DLG). Additionally, proper segregation of duties protects employees in the course of performing their daily responsibilities. Segregation of duties over receipts, disbursements, and the reconciliation process, or the implementation of compensating controls when needed because the number of staff is limited, is essential for providing protection from asset misappropriation and inaccurate financial reporting.

We recommend that the sheriff segregate duties over receipts, disbursements, and the reconciliation process. If segregation of duties is not feasible due to lack of staff, the sheriff should continue to implement and strengthen the documented compensating controls which have been put in place.

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

The Casey County Sheriff's Office did not submit an accurate settlement: The sheriff did not submit an accurate settlement since payroll expenses paid by the fiscal court were posted as fiscal court reimbursement even though those payments did not go through the 2020 fee account.

The sheriff's office reimburses the fiscal court for payroll if the sheriff has funds available but that reimbursement is not timely. The fiscal court sends a listing with the sheriff and deputy payroll checks showing the amounts due, but the reimbursement may be days later. For example, it was noted the sheriff had funds available in November and December but did not pay the fiscal court until after the end of the year.

The sheriff improperly posted the reimbursement to fiscal court in January 2021. The sheriff posted \$65,000 as a "Payroll Reimbursement" instead of posting the amounts to the correct line items that the check was reimbursing (such as Deputies Gross Salaries, etc.).

The bookkeeper believed it was acceptable that the sheriff's office reimburse the fiscal court when funds were available even if that was days later or after the calendar year ended since this is how she was trained.

Without timely and accurate accounting for payroll expenses the sheriff's office could spend more than he was approved for deputies and assistants which could create a personal liability for the sheriff.

KRS 134.160(2)(a) states, in part, "[t]he sheriff shall keep an accurate account of all moneys received and all disbursements made[.]"

KRS 134.192(11) states, in part, "the sheriff shall provide to the fiscal court by March 15 of each year a complete statement for the preceding calendar year, which includes: (a) A complete statement of all funds received by his or her office for official services...and... (b) A complete statement of all expenditures of his or her office[.]"

Good internal controls dictate the sheriff should ensure that the fee account have enough funds to pay expenses.

We recommend the sheriff strengthen internal controls of his office to ensure there is an accurate recording of receipts and disbursements in compliance with KRS 134.160(2)(a) and 134.192(11). For example, any check written to the fiscal court for payroll reimbursement should agree to documentation and be appropriately recorded on the quarterly report. Additionally, we recommend the sheriff consult with the county judge/executive and the county attorney to determine a better system of payroll reimbursement (such as an agreement in writing) so that he won't accidentally exceed his maximum approved salaries for deputies and assistants.

County Sheriff's Response: The settlement will be more detailed and recorded for what the dollar amount is in reference to the settlement.

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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