

The background features a large, faint seal of the Auditor of Public Accounts of the Commonwealth of Kentucky. The seal is circular and contains the text "OFFICE OF THE AUDITOR OF PUBLIC ACCOUNTS" around the perimeter and "COMMONWEALTH OF KENTUCKY" in the center. It also includes a central figure and the motto "WITHIN THE LAW WE STAND".

# Common Audit Findings

**Office of Local Governments**

Valerie Hamilton – Central Branch Audit Manager

Shari Scott-Western Branch Manager

# Objectives

What Is A Finding?

Common Audit Findings

How to Correct Audit Findings

Questions



# What Is An Audit Finding?

- Audit Finding: Result of a deficiency(ies)/weakness(es) in internal controls over financial reporting and/or a noncompliance with provisions of laws, regulations, contracts or grant agreements
- Types:
  - Verbal
  - Exit
  - Audit Report



# Factors Affecting the Type of Audit Finding

- Whether a misstatement has actually occurred.
- The magnitude of any potential misstatement.
- Whether there is a reasonable possibility that a control will not prevent, detect, or correct a misstatement.
- The risk factors impacting this possibility include the following:
  - The nature of the financial information involved
  - The cause and frequency of the exceptions detected
  - The susceptibility of the related asset or liability to loss
  - The judgment level required to determine the amount involved
  - The interaction of the targeted control with other controls
  - The importance of the controls to the financial reporting process



# Common Findings

Internal Control

Promote  
Effectiveness &  
Efficiency of  
Operation

Ensure Reliability  
of Financial  
Reporting

Maintain  
Compliance with  
Applicable Laws  
& Regulations

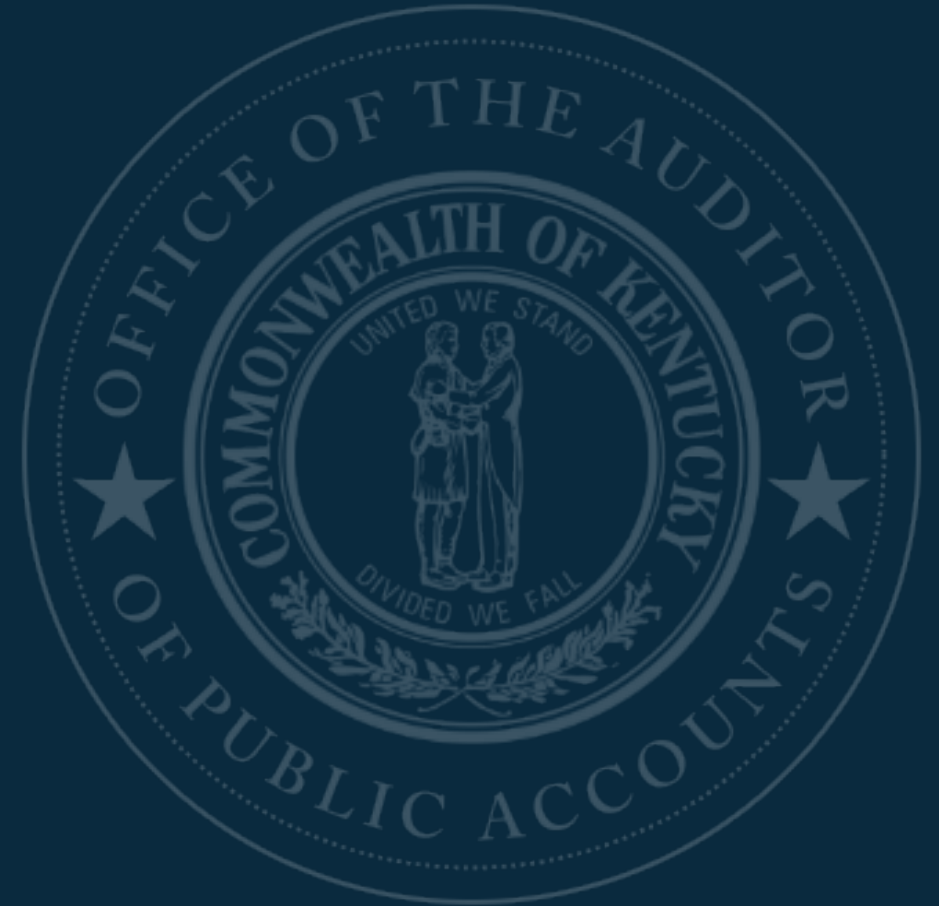
Compliance

Legal &  
Regulatory  
Requirements



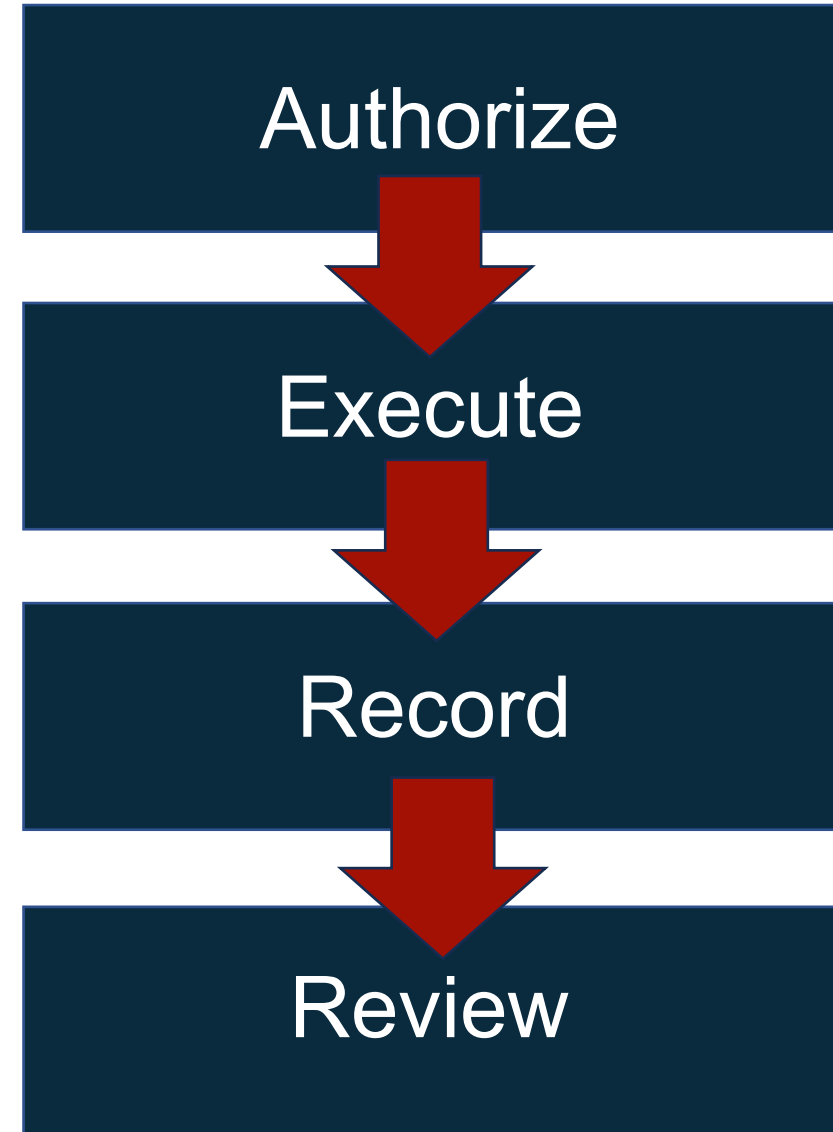
# What is the most common finding in audit reports?

Segregation of Duties



# Segregation of Duties

One person should not have access to an entire transaction cycle.



# Solution: Example of Segregation of Duties

## Segregation of Duties Related to the Payroll Cycle

### Human Resources:

Authorize hiring &  
employee paycheck

### Payroll (Accounting):

Responsible for  
calculating analysis  
payment

### Treasurer:

Responsible for issuing  
employee payment





# Small Offices: What is the solution?



- Not every organization has the manpower and resources to segregate employee duties.
- Incompatible duties performed by a single employee should be reviewed by a supervisor or other knowledgeable employee.

## Compensating Controls:

- An internal control that reduces the risk of an existing or potential control weakness resulting in errors or omissions.
- Compensating controls must be documented.

# Other Common Internal Control Issues



Lack of written policies  
& procedures



Lack of formally  
documented reviews &  
approvals



Missing supporting  
documentation

Lack of understanding  
of grant requirement



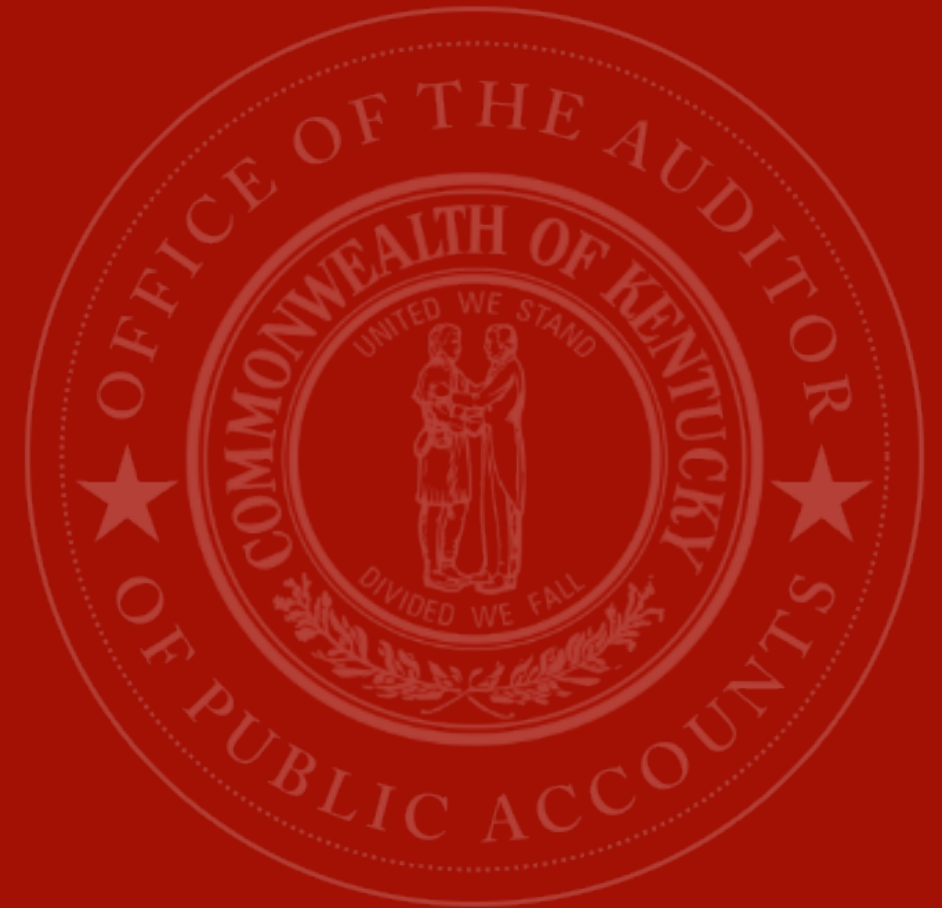
Controls while  
implemented are not  
followed



Incorrect information  
submitted on quarterly  
reports

# Solutions?

- Have policies in place and hold departments accountable
- Train staff
- Be familiar with applicable laws, regulations, and federal requirements
- Actively monitor
- Document approval of fiscal court
- Review of all processes
- Document your internal control policies



# Common Findings - Receipts





# Failing to Make Direct Deposits

- Handling Public Funds Minimum Requirements Pursuant to KRS 68.210 For All Local Government Officials (& Employees)
- Daily deposits intact into a federally insured banking institution. (KRS 68.210)



# How to Correct

- Ensure Deposits are made **INTACT**
- **Intact**: All monies received should be deposited as they were received
- Payments made by Check – Check should be deposited
- Payments made by Cash – Cash should be deposited
- **Do Not Cash Personal Checks** – The make-up of the deposit should mirror the actual funds received for the daily business

# Common Findings - Receipts

Failure to batch receipts and prepare daily checkout sheets

Failure to agree to daily records



# How to Correct

## **Batch:**

Batch Pre-numbered  
Receipt Forms

## **Prepare:**

Prepare A Daily  
Checkout Sheet

## **Agree:**

Agree Information Between Daily  
Records:

- Pre-numbered receipt forms
- Daily Checkout Sheets
- Daily Receipts Ledger Posting
- Daily Deposit





# Common Findings - Payroll



# Payroll

Consider:

- What are your major threats over payroll?
- What controls can you put in place to minimize those threats?

Adequate control over the payroll cycle will meet:

- Management Needs
- Employee Needs
- Compliance with Laws and Regulations



# Payroll

## Payroll Input

- Human Resources
- Employees
- Government Agencies

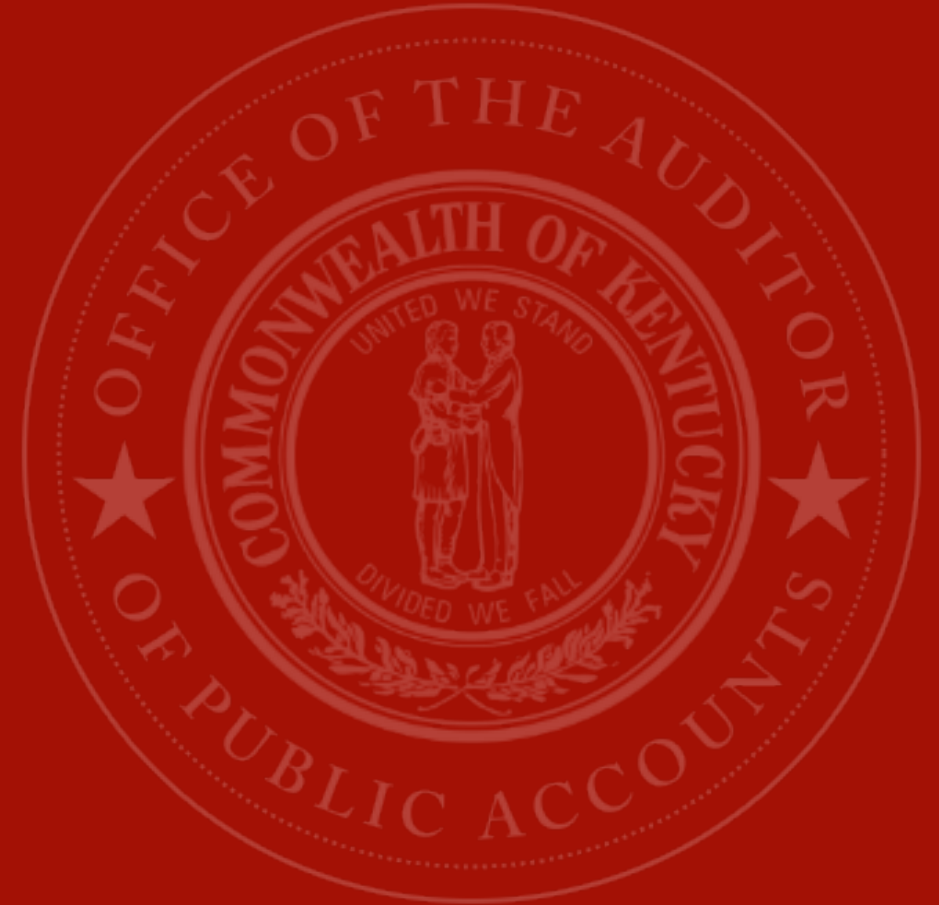
## Payroll Output

- Paychecks
- Direct Deposits
- Checks/ACHs to Other Organization for Withholdings
- Various Payroll Reports



## **KRS 337.320 Record to be kept by employer:**

- (1) Every employer shall keep a record of:
  - (a) The amount paid each pay period to each employee;
  - (b) The hours worked each day and each week by each employee; and
  - (c) Such other information as the commissioner requires.



# Solution

- How you keep your employee time records is up to you.
- Time records should be accurate and reflect actual hours worked.
- Good internal controls require the review and approval of timesheets prior to payment.



# Common Findings - Payroll

## FINDING

- Lack of payroll/salary authorizations
- Overspending salaries established by fiscal court

## SOLUTION

- Ensure employee action forms are maintained (hire forms, deduction changes, salary adjustments, termination forms); All forms should be signed by the employee, HR employee and management.
- KRS 64.530 (3) states in part, "The 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."
  - Salary limits should be submitted to Fiscal Court for approval
  - Payroll expenditures should be monitored during the year to ensure they are within the approved limits, any amendments should be obtained, prior to year end



# Common Findings - Payroll

## FINDING

- Violation of employment laws
- Inaccurate processing of payroll

## SOLUTION

- Document all actions related to recruiting, hiring and dismissal; provide continued training to keep employees current with employment laws
- Run/reconcile totals before and after processing; Payroll journals should be reviewed and reconciled to control totals and approved by management or their designee



# Common Findings - Payroll

## FINDING

- Not properly/timely reconciling the payroll account
- Giving Bonuses
- Office practice not in agreement with written policies and procedures

## SOLUTION

- Reconcile the payroll account monthly; ensure amount transferred to the payroll account are supported by payroll totals (payroll registers, etc.). Any balance in the account should be identified.
- Do Not Give Bonuses- They are prohibited by KY Const. Sec. 3
- Review written policies and procedures to ensure that what you are actually doing lines up; Actual everyday practice should be in compliance with written policies







# Overall Considerations - Payroll

Are all transactions properly authorized?

Are all transactions valid and properly supported?

Are all valid, properly authorized transactions recorded and recorded accurately?

Are we in compliance with laws and regulations?

# Common Findings - Disbursements



# Most Common Issues:

No support or insufficient support for  
disbursement

Late Fees

Unallowable items

Procurement policies not followed  
(Not bidding when required)



# Avoid Procurement Findings: Know Your Administrative Code

## **KRS 424.260 Bids for materials, supplies, equipment, or services.**

(1) Except where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for:

- a) Materials;
- b) Supplies, except perishable foods such as meat, poultry, fish, egg products, fresh vegetables, and fresh fruits;
- c) Equipment; or
- d) Contractual services other than professional; involving an expenditure of more than thirty thousand dollars (\$30,000) without first making newspaper advertisement for bids. This subsection shall not apply to the transfer of property between governmental agencies as authorized in KRS 82.083(4)(a).

(2) If the fiscal court requires that the sheriff or county clerk advertise for bids on expenditures of less than thirty thousand dollars (\$30,000), the fiscal court requirement shall prevail.

Or follow **KRS Chapter 45A** if your county has adopted the model procurement code.



# Fee Official Account Issues

**Moving Funds  
Between Years**

**Under 70,000  
Counties**

**Over 70,000 Counties**

**Each Calendar  
Year Stands Alone**

**Each Term  
Stands Alone**



# Fee Officials: Unallowable expenses may be disallowed

In Funk vs. Milliken, 317 S.W.2d 499 (KY. 1958), Kentucky's highest court reaffirmed the rule 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 in  
nature





# How to Avoid Findings:

**You guessed it...MAINTAIN SUPPORT!**

Acceptable Supporting Documentation:

- Original bill, invoice, or receipt
- Needs to be itemized

Original contract or agreement

Credit Cards:

- Credit card statement – not enough
- Need the supporting documentation for the purchase – (Original bill, invoice, or itemized receipt )

# Common Findings - Reporting





# The Fourth Quarter Financial Statement is Materially Misstated

## What is wrong?

### Cash Balances

- Cash balance incorrect
- Reconciliation incorrect
- Not all accounts included

### Receipts & Disbursements

- Material errors
- Not cumulative
- Not supported by ledgers

### Significant Items Omitted

- Omission of debt
- Omission of receipts
- Omission of disbursements



# How to Correct:

## Follow The County Budget Preparation and State Local Finance Officer Policy Manual Directions

The Department For Local Government sets the accounting standards for local officials.

The County Budget Preparation and State Local Finance Officer Policy Manual states:

All county money is to be reported on the financial statement whether it is included in the budget or not. The statement is a cumulative report and is prepared, signed and dated by the county judge/executive and the county treasurer pursuant to KRS 68.210.

The report is comprised of six sections:

### **Section I**

- Summary & Reconciliation

### **Section II**

- Receipts Section

### **Section III**

- Contingent Liabilities Section

### **Section IV**

- Appropriation Condition Report

### **Section V**

- Fiscal Asset Section – 4<sup>th</sup> quarter reporting only

### **Section VI**

- Schedule of Expenditures of Federal Awards – 4<sup>th</sup> quarter reporting only



# Finding: Summary Page of 4<sup>th</sup> Quarter Financial Report Not Balanced



## Financial Statement

\_\_\_\_\_ County

SUMMARY						
FUND	General	Road	Jail	LGEA	Federal Grant	Totals
Total Receipts To Date	\$5,300,000.00	\$3,700,000.00	\$3,800,000.00	\$200,000.00	\$6,000,000.00	\$19,000,000.00
Total Claims	\$4,002,000.00	\$2,952,000.00	\$2,700,000.00	\$150,250.00	\$2,300,500.00	\$12,104,750.00
Cash Balance	\$1,298,000.00	\$748,000.00	\$1,100,000.00	\$49,750.00	\$3,699,500.00	\$6,895,250.00
Encumbrances	\$2,000.00	\$1,500.00	\$546,000.00	\$1,520.00	\$0.00	\$551,020.00
Unencumbered Cash Balance	\$1,296,000.00	\$746,500.00	\$554,000.00	\$48,230.00	\$3,699,500.00	\$6,344,230.00
RECONCILIATION						
Bank Balance	\$1,725,000.00	\$847,000.00	\$650,000.00	\$49,750.00	\$5,590,000.00	\$8,861,750.00
Plus Deposits in Transit	\$128,000.00	\$53,000.00	\$550,000.00	\$0.00	\$0.00	\$731,000.00
Less Outstanding Checks	\$555,000.00	\$152,000.00	\$100,000.00	\$0.00	\$1,890,500.00	\$2,697,500.00
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Reconciled Bank Balance	\$1,298,000.00	\$748,000.00	\$1,100,000.00	\$49,750.00	\$3,699,500.00	\$6,895,250.00

To the best of my knowledge the information reported herein is accurate and complete.

County Treasurer

Date

**Cash balance and reconciled bank balance should agree!**

# Finding: Summary Page of 4<sup>th</sup> Quarter Financial Report Not Balanced



Form For Budget, Cumulative Quarterly Report and Annual Settlement For Calendar Year 20\_\_

County Sheriff

### Part One - Summary and Reconciliation of All Accounts

Show & Describe All Accounts:	Column 1	Column 2	Column 3	Column 4	Column 5
	20__ Fee Account Budget Estimate	20__ Fee Account Cumulative Actual	Account (NOT FEE ACCOUNT)	Account (NOT FEE ACCOUNT)	Account (NOT FEE ACCOUNT)
1. Receipts YTD					
2. Total Disbursements YTD					
3. Book Balance/Excess Fees					
4. Bank Statement Balance					
5. Plus Deposits in Transit					
6. Less Outstanding Checks					
7. Other					
8. Reconciled Bank Balance					
9. Accounts Receivable as of 12/31					
10. Unpaid Obligations as of 12/31					
11. Excess Fees					

Excess Fee amounts should agree

Form For Budget, Cumulative Quarterly Report and Annual Settlement For Calendar Year 20\_\_

County Clerk

### Part One - Summary and Reconciliation of All Accounts

Show & Describe All Accounts:	Column 1	Column 2	Column 3	Column 4	Column 5
	20__ Fee Account Budget Estimate	20__ Fee Account Cumulative Actual	Account (NOT FEE ACCOUNT)	Account (NOT FEE ACCOUNT)	Account (NOT FEE ACCOUNT)
1. Receipts YTD					
2. Total Disbursements YTD					
3. Book Balance/Excess Fees					
4. Bank Statement Balance					
5. Plus Deposits in Transit					
6. Less Outstanding Checks					
7. Other					
8. Reconciled Bank Balance					
9. Accounts Receivable as of 12/31					
10. Unpaid Obligations as of 12/31					
11. Excess Fees					

**Instructions:** This form is the required format for the budget and the quarterly report. BUDGET: After completing the budget estimate columns of Parts One, Two and Three, submit to the fiscal court for approval by January 15th and following approval submit to the state local finance officer. QUARTERLY REPORT: The quarterly report is cumulative. Show the status of all funds in the official's charge during calendar year to date in Part One. Line 1 Show total receipts on a cash basis for the year to date including any beginning balances for all accounts. Show current year fee account in COLUMN 2 as calculated in Part Two of report. Line 2 Show total disbursements on a cash basis for the year to date for all accounts. Show current year fee account in COLUMN 2 as calculated in Part Two of report. Line 3 Show difference between lines 1 and 2 for all accounts. Line 4 Show bank statement balance(s) at close of quarter. Line 5 Show total deposits made prior to close of quarter that are not reflected in bank statement(s). Line 6 Show total amount of checks issued prior to close of quarter that are not reflected in bank statement(s). Line 7 Show investments. Line 8 Show line 4 adjusted for lines 5, 6, and 7. Line 8 should equal line 3 for all accounts. Line 9 Complete for quarter ending 12/31. Show calculation in Part Two of report. Line 10 Complete for quarter ending 12/31. Show calculation in Part Three of report. Line 11 Complete for quarter ending 12/31. Show line 9 adjusted for lines 9 and 10. All debt to be shown in Part Four. Report due to: State Local Finance Officer, 100 Airport Road, Third Floor, Frankfort, KY 40601 by the 30th day following the close of each quarter. Tax # 002-227-9031 / Ph # 502-892-9487

**Instructions:** This form is the required format for the budget and the quarterly report. BUDGET: After completing the budget estimate columns of Parts One, Two and Three, submit to the fiscal court for approval by January 15th and following approval submit to the state local finance officer. QUARTERLY REPORT: The quarterly report is cumulative. Show the status of all funds in the official's charge during calendar year to date in Part One. Line 1 Show total receipts on a cash basis for the year to date including any beginning balances for all accounts. Show current year fee account in COLUMN 2 as calculated in Part Two of report. Line 2 Show total disbursements on a cash basis for the year to date for all accounts. Show current year fee account in COLUMN 2 as calculated in Part Two of report. Line 3 Show difference between lines 1 and 2 for all accounts. Line 4 Show bank statement balance(s) at close of quarter. Line 5 Show total deposits made prior to close of quarter that are not reflected in bank statement(s). Line 6 Show total amount of checks issued prior to close of quarter that are not reflected in bank statement(s). Line 7 Show investments. Line 8 Show line 4 adjusted for lines 5, 6, and 7. Line 8 should equal line 3 for all accounts. Line 9 Complete for quarter ending 12/31. Show calculation in Part Two of report. Line 10 Complete for quarter ending 12/31. Show calculation in Part Three of report. Line 11 Complete for quarter ending 12/31. Show line 9 adjusted for lines 9 and 10. All debt to be shown in Part Four. Report due to: State Local Finance Officer, 100 Airport Road, Third Floor Frankfort, KY 40601 by the 30th day following the close of each quarter. Tax # 002-227-9031 / Ph # 502-892-9487.

Approved by the fiscal court on the \_\_\_ day of \_\_\_\_\_, 20\_\_.

County Judge/Executive \_\_\_\_\_ Date \_\_\_\_\_

To the best of my knowledge the information reported herein for the budget/quarter ended \_\_\_\_\_ is accurate and complete.

Signature of County Sheriff \_\_\_\_\_ Date \_\_\_\_\_

Approved by the fiscal court on the \_\_\_ day of \_\_\_\_\_, 20\_\_.

County Judge/Executive \_\_\_\_\_ Date \_\_\_\_\_

To the best of my knowledge the information reported herein for the ended \_\_\_\_\_ is accurate and complete.

Signature of County Clerk \_\_\_\_\_ Date \_\_\_\_\_

Receipts and disbursements should agree to totals on following pages





# Use The Department For Local Government Check Sheets



## Quarterly Report Check Sheet Sheriff

### Part One – Summary & Reconciliation

Figures are recorded in Budget Estimate column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Figures are recorded in Summary for all accounts Yes \_\_\_\_\_ No \_\_\_\_\_  
 Receipts YTD equal line 27, Total YTD Yes \_\_\_\_\_ No \_\_\_\_\_  
 Total Disbursements YTD equal Line 53, Total YTD Yes \_\_\_\_\_ No \_\_\_\_\_  
 Figures are recorded in Reconciliation for all accounts Yes \_\_\_\_\_ No \_\_\_\_\_  
 Accounts are labeled across the top Yes \_\_\_\_\_ No \_\_\_\_\_  
 Book Balance and Reconciled Bank Balance equal Yes \_\_\_\_\_ No \_\_\_\_\_  
 Quarters are combined Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Calculations are correct Yes \_\_\_\_\_ No \_\_\_\_\_  
 County Sheriff's signature is present Yes \_\_\_\_\_ No \_\_\_\_\_

### Part Two – Receipts

Figures are recorded in Budget Estimate column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Figures are recorded in 1/1 thru 3/31 column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Figures are recorded in 4/1 thru 6/30 column Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Figures are recorded in 7/1 thru 9/30 column Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Figures are recorded in 10/1 thru 12/31 column Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Totals entered in Total YTD column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Accounts Receivables listed Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Settlement Totals entered Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Receipts are broken down into categories Yes \_\_\_\_\_ No \_\_\_\_\_  
 Total Receipts entered in Line 27 Yes \_\_\_\_\_ No \_\_\_\_\_  
 Calculations are correct Yes \_\_\_\_\_ No \_\_\_\_\_

### Part Three – Disbursements

Figures are recorded in Budget Estimate column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Figures are recorded in 1/1 thru 3/31 column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Figures are recorded in 4/1 thru 6/30 column Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Figures are recorded in 7/1 thru 9/30 column Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Figures are recorded in 10/1 thru 12/31 column Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Totals entered in Total YTD column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Unpaid Obligations listed Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Settlement Totals entered Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Disbursements are broken down into categories Yes \_\_\_\_\_ No \_\_\_\_\_  
 Total Disbursements entered in Line 53 Yes \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_  
 Calculations are correct Yes \_\_\_\_\_ No \_\_\_\_\_

### Part Four – Liabilities Outstanding

Liabilities page included Yes \_\_\_\_\_ No \_\_\_\_\_

Checked by: \_\_\_\_\_  
(initials)

## Quarterly Report Check Sheet Clerk

### Part One – Summary & Reconciliation

Figures are recorded in Budget Estimate column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Figures are recorded in Summary for all accounts Yes \_\_\_\_\_ No \_\_\_\_\_  
 Receipts YTD equal line 39, Total YTD Yes \_\_\_\_\_ No \_\_\_\_\_  
 Total Disbursements YTD equal Line 70, Total YTD Yes \_\_\_\_\_ No \_\_\_\_\_  
 Figures are recorded in Reconciliation for all accounts Yes \_\_\_\_\_ No \_\_\_\_\_  
 Accounts are labeled across the top Yes \_\_\_\_\_ No \_\_\_\_\_  
 Book Balance and Reconciled Bank Balance equal Yes \_\_\_\_\_ No \_\_\_\_\_  
 Quarters are combined Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Calculations are correct Yes \_\_\_\_\_ No \_\_\_\_\_  
 County Clerk's signature is present Yes \_\_\_\_\_ No \_\_\_\_\_

### Part Two – Receipts

Figures are recorded in Budget Estimate column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Figures are recorded in 1/1 thru 3/31 column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Figures are recorded in 4/1 thru 6/30 column Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Figures are recorded in 7/1 thru 9/30 column Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Figures are recorded in 10/1 thru 12/31 column Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Totals entered in Total YTD column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Accounts Receivables listed Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Settlement Totals entered Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Receipts are broken down into categories Yes \_\_\_\_\_ No \_\_\_\_\_  
 Totals entered in Line 37 Yes \_\_\_\_\_ No \_\_\_\_\_  
 Total Receipts entered in Line 40 Yes \_\_\_\_\_ No \_\_\_\_\_  
 Calculations are correct Yes \_\_\_\_\_ No \_\_\_\_\_

### Part Three – Disbursements

Figures are recorded in Budget Estimate column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Figures are recorded in 1/1 thru 3/31 column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Figures are recorded in 4/1 thru 6/30 column Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Figures are recorded in 7/1 thru 9/30 column Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Figures are recorded in 10/1 thru 12/31 column Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Totals entered in Total YTD column Yes \_\_\_\_\_ No \_\_\_\_\_  
 Unpaid Obligations listed Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Settlement Totals entered Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_  
 Disbursements are broken down into categories Yes \_\_\_\_\_ No \_\_\_\_\_  
 Totals entered in Line 67 Yes \_\_\_\_\_ No \_\_\_\_\_  
 Total Receipts entered in Line 70 Yes \_\_\_\_\_ No \_\_\_\_\_  
 Calculations are correct Yes \_\_\_\_\_ No \_\_\_\_\_

### Part Four – Liabilities Outstanding

Liabilities page included Yes \_\_\_\_\_ No \_\_\_\_\_

Checked by: \_\_\_\_\_  
(initials)

# Other Findings



# Failing to Keep Adequate Records for Sheriff Donation Accounts

**Sheriffs may accept donations for public purpose if the office is in accordance with KRS 61.310, however, this is not an option for County Clerks.**

A sheriff may accept a donation of money or goods to be used for the public purposes of his or her office if the sheriff establishes a register for recording all donations that includes, at a minimum:

1. The name and address of the donor;
2. A general description of the donation;
3. The date of acceptance of the donation;
4. The monetary amount of the donation, or its estimated worth; and
5. Any purpose for which the donation is given.

The register shall constitute a public record, be subject to the provisions of KRS 61.870 to 61.884, and be made available to the public for inspection in the sheriff's office during regular business hours.





# How to Correct:

- Maintain ledgers with all information required by KRS 61.310
- Maintain separate bank account for donation
- Use funds in accordance with donor specifications
- Keep adequate documentation for funds spent



# Failing to File Statement of Seized Property

## **KRS 218A.440 Statement filed listing property seized -- Investigation of utilization of proceeds.**

- (1) Each law enforcement agency seizing money or property pursuant to KRS 218A.415 shall, at the close of each fiscal year, file a statement with the Auditor of Public Accounts, and with the secretary of justice and public safety containing, a detailed listing of all money and property seized in that fiscal year and the disposition thereof. The listing shall identify all property so seized.
- (2) Any agency failing to report as required by this section shall be liable to the state for the full value of all property and money so seized. The Attorney General shall institute civil actions for recovery of money or property obtained or retained in violation of KRS 218A.405 to 218A.460.
- (3) The Auditor of Public Accounts, the secretary of justice and public safety or the Attorney General may at any time initiate an inquiry to determine that property is being forfeited as required by KRS 218A.405 to 218A.460.



# How To Correct:

- File statement in accordance with KRS 218A.440 with APA and KY DOJ.
- Maintain separate bank account for seized funds unless needed for evidence.
- Keep adequate documentation for disposition of all items seized.



# Questions?

