

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

**For The Year Ended
December 31, 2017**



**MIKE HARMON
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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, 2017, 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 this 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 and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a 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.

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The Honorable Perry Newcom, Crittenden County Judge/Executive
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 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, 2017, 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, 2017, 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 June 13, 2019, 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, 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 Crittenden County Sheriff's internal control over financial reporting and compliance.

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

- 2017-001 The Crittenden County Sheriff Failed to Maintain Minimum Accounting Records
- 2017-002 The Crittenden County Sheriff Failed To Ensure The Quarterly Financial Report Was Complete And Accurate
- 2017-003 The Crittenden County Sheriff's Office Lacks Adequate Segregation Of Duties
- 2017-004 The Crittenden County Sheriff Overspent Approved Budget By \$12,877 For Calendar Year 2017

Respectfully submitted,



Mike Harmon
 Auditor of Public Accounts

June 13, 2019

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

For The Year Ended December 31, 2017

Receipts

State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)	\$	2,384
State Fees For Services:		
Finance and Administration Cabinet	\$	4,215
Sheriff Security Service		<u>4,134</u>
		8,349
Circuit Court Clerk:		
Fines and Fees Collected		6,248
Fiscal Court		7,187
County Clerk - Delinquent Taxes		5,533
Commission On Taxes Collected		131,700
Fees Collected For Services:		
Auto Inspections	2,460	
Accident and Police Reports	988	
Serving Papers	14,120	
Transport Prisoners	578	
Carry Concealed Deadly Weapon Permits	<u>3,106</u>	21,252
Other:		
Add-On Fees	12,773	
Miscellaneous	<u>2,630</u>	15,403
Interest Earned		34
Borrowed Money:		
State Advancement		<u>70,000</u>
Total Receipts		268,090

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, 2017
(Continued)

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Salaries	\$ 65,260	
Part-Time Salaries	31,086	
Other Salaries	1,131	
Overtime	2,000	

Employee Benefits-

Employer's Share Retirement	384	
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Materials and Supplies-

Office Materials and Supplies	2,142	
Uniforms	970	

Other Charges-

Conventions and Travel	352	
Dues	443	
Postage	1,023	
Cell Phone	2,737	
Computer	1,497	
Jury Meals	261	
Miscellaneous	961	\$ 110,247

Debt Service:

State Advancement	70,000	
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Total Disbursements \$ 180,247

Net Receipts 87,843

Less: Statutory Maximum 79,008

Excess Fees 8,835

Less: Training Incentive Benefit 4,052

Excess Fees Due Fiscal Court for 2017 at Completion of Audit \$ 4,783

* - The sheriff presented a check to the fiscal court for excess fees on October 8, 2018, for \$460.

CRITTENDEN COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2017

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 2017 services
- Reimbursements for 2017 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2017

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).

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

The county official and employees have elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is 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.

CRITTENDEN COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2017
 (Continued)

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

The sheriff's contribution for calendar year 2016 was \$384.

Nonhazardous

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 be allocated as follows: five percent will go to the member's account and one percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, 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. Nonhazardous members contribute five percent 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 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.

The county's contribution rate for nonhazardous employees was 18.68 percent for the first six months and 19.18 percent for the last six months.

Health Insurance Coverage

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:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
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, 2017
 (Continued)

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

Health Insurance Coverage (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, 2017, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of November 6, 2017, 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 \$2,026,699

Note 4. Drug (Equipment) Account

The Crittenden County Sheriff's office maintains a drug/equipment account 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, 2017, was \$851. During 2017, funds of \$1,572 were received and \$1,957 were disbursed, leaving an ending balance of \$466, as of December 31, 2017.

Note 5. Related Party Transaction

During calendar year 2018, the Crittenden County Sheriff's office paid a deputy \$360 for ammunition.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
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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

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, 2017, and the related notes to the financial statement and have issued our report thereon dated June 13, 2019. 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 was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control 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 Schedule of Findings and Responses, 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 Schedule of Findings and Responses as items 2017-001, 2017-002, 2017-003, and 2017-004 to be material weaknesses.

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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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as items 2017-001, 2017-002, and 2017-004.

Views of Responsible Official and Planned Corrective Action

The Crittenden County Sheriff's views and planned corrective action for the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. 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

June 13, 2019

SCHEDULE OF FINDINGS AND RESPONSES

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CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2017

FINANCIAL STATEMENT FINDINGS:

2017-001 The Crittenden County Sheriff Failed To Maintain Minimum Accounting Records

The sheriff failed to maintain minimum accounting records. The following deficiencies were noted over record keeping.

- Numerous posting errors were noted on the receipts and disbursements ledgers.
- Deposits were made into the wrong bank account.
- Deposits were omitted or posted multiple times on the ledgers.
- Invoices were not effectively canceled.
- Invoices were not paid within 30 days.
- Two signatures were not required on checks.
- Endorsements are not reviewed.
- Payroll for two pay periods was paid out of the wrong account.
- Checkout procedures were not performed on a daily basis.
- A breakdown of cash and check was not documented on checkout sheets.
- Fees received on Kentucky Law Enforcement Foundation Program Fund (KLEFPF) were not properly accounted for.

The sheriff failed to establish, implement, and follow control procedures to ensure accurate financial reporting. The sheriff's financial report for calendar year 2017 was not properly supported by the underlining financial records.

KRS 64.100 states, "[e]ach sheriff shall keep an accurate account of all fees collected by him from all sources." Additionally, KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. This uniform system of accounts, as outlined in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, requires fee officials to maintain minimum accounting records by making daily deposits, performing monthly bank reconciliations, making all disbursements by check only, no prepayment of goods, services and no contributions, and utilization of daily check-out sheets.

KRS 134.160 states:

- (2) (a) The sheriff shall keep an accurate account of all moneys received and all disbursements made, showing:
 1. The amount;
 2. The date and time of payment or disbursement;
 3. The name of the person making the payment or to whom the disbursement was made; and
 4. The account the payment was credited to or the disbursement deducted from.
- (b) The sheriff shall maintain records that account for separate and distinct appropriations in separate and distinct accounts.
- (c) The sheriff shall balance all accounts on a monthly basis unless otherwise provided by law. The cost of maintaining records and accounts in whatever form shall be paid for as other county records.
- (3) All payments received by the sheriff shall be entered immediately by the sheriff on his or her books. The sheriff may provide a receipt specifying the amount and to what account the payment was credited to the person making the payment.
- (4) The sheriff shall obtain a receipt for all disbursements made by the sheriff.

CRITTENDEN COUNTY
 WAYNE AGENT, SHERIFF
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended December 31, 2017
 (Continued)

2017-001 The Crittenden County Sheriff Failed To Maintain Minimum Accounting Records (Continued)

Finally, strong internal controls dictate that procedures be implemented and documented to ensure accurate financial reporting by completing daily checkout sheets include a breakdown of cash and checks, making daily deposits, approving all disbursements by initialing invoice and requiring two signatures on checks, reviewing monthly bank reconciliations, and agree amounts reported on quarterly reports to the receipts and disbursements ledgers.

We recommend the sheriff implement and document internal controls over maintaining accounting records to ensure compliance with state regulations.

Sheriff's Response: We are taking steps to rectify this by changing procedures, making sure cash and or check is written on receipts, getting the backs of the checks to check endorsements that are written to our vendors, and will start the process for two signatures on the checks.

2017-002 The Crittenden County Sheriff Failed To Ensure The Quarterly Financial Report Was Complete And Accurate

The sheriff failed to establish, implement, and follow procedures to ensure the accuracy of his annual financial report. The following deficiencies were noted over financial reporting.

- The financial report did not include the sheriff's approved budget – the budget was overspent by \$12,877. (See finding 2017-004).
- The financial report was not properly reconciled to the ledgers.
- The financial report was submitted to the state three months late.
- The financial report did not include a lease/liability section.
- The financial report did not include reconciliations for all funds as required.
- Amount reported as excess fees did not agree to excess fees paid.

Due to poor record keeping and no oversight, the aforementioned deficiencies were allowed to occur and were not corrected. Since a complete and accurate financial report was not submitted, the sheriff's financial statement as of December 31, 2017, was not accurate or complete.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. This uniform system of accounts, as outlined in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, requires a complete and accurate financial report be submitted quarterly to the Department for Local Government. Also, good internal controls dictate that procedures be implemented to ensure the accuracy of financial reporting.

We recommend the sheriff establish, implement, and follow procedures to ensure the quarterly financial reports are complete and accurate. We also recommend the sheriff agree amounts reported on quarterly reports to the ledgers and bank reconciliations.

Sheriff's Response: We will make sure to include all accounts on the quarterly reports and that the lease page is included in the report.

CRITTENDEN COUNTY
 WAYNE AGENT, SHERIFF
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended December 31, 2017
 (Continued)

2017-003 The Crittenden County Sheriff's Office Lacks Adequate Segregation Of Duties

This is a repeat finding and was included in the prior year report as finding 2016-001. For calendar year 2017, the Crittenden County Sheriff's office lacked adequate segregation of duties. The bookkeeper performed all accounting functions such as collecting cash, performing checkout procedures, preparing deposits, writing checks, posting to ledgers, and bank reconciliations. This is due to the sheriff's office not having enough personnel to segregate duties and by failing to implement and document any compensating controls previously recommended. A lack of segregation of duties or strong oversight could result in undetected errors which would lead to inaccurate financial reporting. (See findings 2017-001 and 2017-002)

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.

We recommend the sheriff 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.

Sheriff's Response: We have a small department and we are trying to be compliant with the auditing standards on this issue.

2017-004 The Crittenden County Sheriff Overspent Approved Budget By \$12,877 For Calendar Year 2017

This is a repeat finding and was included in the prior year report as finding 2016-005. The sheriff's disbursements exceeded the approved budgeted disbursements for calendar year 2017 by \$12,877. The Crittenden County Fiscal Court approved the sheriff's total expenses for the year at \$250,430. The sheriff expended \$263,307. While this was primarily due to the sheriff not properly budgeting for his salary and training fringe benefit, which are mandated expenditures, the sheriff also overspent on multiple other line-item categories.

The sheriff failed to monitor the budget and request budget amendments when the budget was exceed. The approved budget is not include on quarterly financial reports and budgeted amounts are not compared to actual expenses. The sheriff's office exceeded the approved budget and failed to request budget amendment.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. This uniform system of accounts, as outlined in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* 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. Strong internal controls dictate that budgeted disbursements be compared to actual disbursements throughout the year and request budget amendments when actual amounts exceed budgeted amounts.

We recommend that the sheriff monitor his budget throughout the year and make any budget appropriation transfers or amendments, as necessary to not exceed the budget.

Sheriff's Response: We will also make sure amendments are done by the last fiscal court meeting of the year.