



Auditor of Public Accounts
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Harmon Releases Audit of Daviess County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2017 financial statement of Daviess County Sheriff Keith Cain. 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 statements present fairly the receipts and disbursements of the Daviess County Sheriff and the receipts, disbursements, and fund balances of the Daviess County Sheriff's operating fund and county fund in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statements did not follow this format. However, the sheriff's financial statements are 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 internal control over financial operations and reporting.

The audit contains the following comments:

Invoices were not cancelled properly and not all invoices had proper authorization prior to payment: Auditor noted 30 invoices from the fee account that were not properly cancelled by the former finance officer, 16 of these were for the monthly self-insurance payments. Also, all seven items tested from the special investigation account did not have authorization of approval prior to payment, and one of the seven items tested was not properly cancelled.

This was an oversight by the former finance officer. The self-insurance monthly payments were segregated and the payroll officer was unaware that invoices needed to be cancelled. The deputy responsible for the special investigation account was unaware that invoices should have authorization prior to payment. By not cancelling invoices, the opportunity for invoices to be paid twice is created and a lack of authorization or approval prior to payment of invoices could result in invoices being paid that are not allowable. Good internal controls dictate that when an invoice is paid, it is cancelled to ensure it is only paid once and there should be a documented authorization or approval prior to the payment of an invoice.

We recommend the sheriff ensure that all invoices are cancelled when paid and authorization or approval for the payment of invoices is documented.

Sheriff's Response: Our office was unaware of the need for properly cancelling paid invoices. Upon verbal notification by Auditor, paid invoices have been cancelled immediately upon payment.

Our office was unaware of the need to have invoices approved by another supervisor when making purchases from the Special Investigation Account. All parties have been made aware of the requirement, and are prepared to comply with the regulation.

Itemized invoices were not maintained for all credit card disbursements: The Daviess County Sheriff's Office did not maintain itemized invoices for the gasoline credit card disbursements to the vendor. The vendor statement provides information of cruiser charges; however, individual itemized receipts from the stations were not maintained. Auditors also noted one instance of a missing gasoline receipt for the bank card statement.

The sheriff's office thought the vendor statement would be sufficient and a deputy misplaced the gasoline receipt for the bank card statement. The sheriff's office attempted to obtain a copy of the missing receipt, but was unable to do so. By not maintaining itemized invoices, disbursements could be charged to the gasoline credit card that are personal in nature. Good internal controls dictate the sheriff maintain itemized receipts for all credit card disbursements to ensure that all transactions charged to the sheriff's office credit cards are for sheriff's office expenses.

We recommend the sheriff ensure that itemized receipts are maintained for all credit card disbursements.

Sheriff's Response: Upon verbal instruction of Auditor in August, mandatory receipt collection for all vehicles was begun in September. We were unaware of the need for receipts from [vendor] due to the specific nature of the printed bill.

Those using county owned vehicles have been made aware that a receipt is essential when using the [credit card] to purchase fuel when transporting prisoners. Every effort will be made to comply. If it is impossible to retrieve a paper receipt, a copy of the transport order and body receipt for the prisoner will be submitted as proof of valid use of office 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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