



Auditor of Public Accounts
Mike Harmon

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Contact: Michael Goins
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Livingston County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2015 financial statement of Livingston County Sheriff Bobby Davidson. 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 Livingston 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 sheriff did not properly remit facility fees collected to the Livingston County Fiscal Court. The Livingston County Fiscal Court passed an ordinance directing the sheriff to collect an additional \$10 fee for each subpoena or civil summons that the sheriff's office serves. While the sheriff appears to be collecting the additional fees, he is not remitting them to the fiscal court on a monthly basis as established by the ordinance. Instead, only two payments were made to the fiscal court during calendar year 2015.

The Livingston County Fiscal Court adopted the ordinance on May 16, 2002, allowing the sheriff to collect a \$10 fee to all subpoenas and civil summons. Ordinance 2007-0-2-15-1 amended the original ordinance to read “the Livingston County Sheriff shall no later than monthly, remit to the Livingston County Treasurer all the increased fees set forth herein[.]” The sheriff did not distribute the additional fees on a monthly basis. By not paying over fees on a monthly basis, the sheriff is not in compliance with the fiscal court ordinance. Additionally, this could result in the incorrect amount of fees being turned over to the fiscal court.

We recommend the Livingston County Sheriff comply with the county ordinance by remitting the proper fees collected to the fiscal court on a monthly basis.

Sheriff's response: We were not aware what ordinance stated, but will comply to ordinance request from now forward.

The Livingston County Sheriff's Office did not maintain proper accounting records for the drug forfeiture fund or donation account. The Livingston County Sheriff did not maintain proper accounting records for his drug forfeiture fund or donation account. There were no receipts or disbursements ledgers, nor was there documentation to support all monies received and expended.

KRS 68.210 authorizes the State Local Finance Officer to establish minimum accounting requirements for handling public funds. These requirements include maintaining receipts and disbursements ledgers, as well as documentation to support all monies received and expended. Also, KRS 134.160(2)(a) states “[t]he 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.” Because the sheriff did not require the bookkeeper to maintain receipts and disbursements ledger or maintain supporting documentation on all monies received and expended, the sheriff was not in compliance with the State Local Finance Officer's minimum accounting requirements or KRS 134.160(2)(a).

We recommend the Livingston County Sheriff comply with minimum accounting requirements and KRS 134.160(2)(a) by maintaining proper accounting records for all funds handled by the sheriff's office.

Sheriff's response: We understand what needs to be done and will implement these procedure[s].

The Livingston County Sheriff's Office lacks adequate segregation of duties. Due to limited staff, the sheriff's bookkeeper is required to perform multiple tasks such as the collection of cash from customers, the bookkeeping functions, monthly bank reconciliations, the preparation of checks for disbursements, and the preparation of quarterly and annual reports.

A lack of segregation of duties or strong oversight increases the risk of undetected errors. Proper segregation of duties over the accounting and reporting functions or the implementation of compensating controls, when necessary because of limited staff, is essential for providing

protection from undetected errors. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the sheriff segregate duties to the extent possible as allowed by budget restrictions. For those duties that cannot be segregated, strong management oversight by the sheriff or a designee could be a cost effective alternative. This oversight should include reviewing daily checkout procedures, monthly bank reconciliations, receipts and disbursements ledgers, and the quarterly reports. The sheriff or his designee should initial or sign items that are reviewed to document these procedures.

Sheriff's response: We do not have enough revenue to hire extra people to solve this problem, but will have sheriff to view our work and initial.

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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