



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2016 financial statement of McLean County Sheriff Kenneth Frizzell. 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 McLean 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 internal control over financial operations and reporting.

The audit contains the following comments:

The sheriff has weak controls over receipt collections: The McLean County Sheriff has weak controls over receipt collections. Auditors noted the following deficiencies during testing:

- The numerical sequence of receipts was not accounted for.
- A state payment was not properly recorded on the receipts ledger.
- One daily checkout sheet did not have cash and check amounts documented.

- Receipt forms were not batched daily. A receipt dated October 28, 2016, was included in the November 7, 2016, deposit and receipts dated November 6, 2016, November 7, 2016, and November 8, 2016, were included in the November 9, 2016, deposit.

These errors occurred due to a lack of oversight and review. By not having good controls over receipt collections, the sheriff's office has created the opportunity for undetected misappropriation of assets and inaccurate financial reporting.

Good internal controls dictate that all receipts are properly accounted for, including recording all receipts, accounting for numerical sequence of receipts, batching receipts daily and reconciling cash and check amounts from the checkout sheet to the deposit ticket, in order to reduce the risk for the misappropriation of assets and inaccurate financial reporting. Also, 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 *County Budget Preparation and State Local Finance Officer Policy Manual* includes batching receipts daily and making daily deposits intact into a federal insured banking institution.

We recommend the McLean County Sheriff strengthen controls over receipt collections and ensure all receipts are properly accounted for.

Sheriff's Response: The deputies receipt books have been collected and receipt numbers are documented so verification can be accounted for when receipts are turned in. The deputies have been instructed to leave a note with the receipt that it was collected after hours and will not be deposited until the next working day.

Auditor's Reply: These controls were not instituted until after the end of calendar year 2016.

The sheriff did not submit the fourth quarter report timely: The McLean County Sheriff did not submit the fourth quarter report to the State Local Finance Officer by January 30. The fourth quarter report was not submitted until March 22, 2017. The quarterly report was submitted to the State Local Finance Officer once it was complete and excess fees were turned over to fiscal court. By not submitting the fourth quarter report by January 30, the sheriff is not in compliance with KRS 68.210.

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 *County Budget Preparation and State Local Finance Officer Policy Manual* includes submitting quarterly reports to the State Local Finance Officer by the 30th day following the close of each quarter.

We recommend the sheriff submit his quarterly reports to the State Local Finance Officer by the 30th day following the close of each quarter.

Sheriff's Response: I did not submit this until all monies that were for 2016 were received and we were waiting until Fiscal Court had a meeting after we received our monies. We now realize we can send in our fourth quarter by the required date and adjust our 4th quarter numbers when all monies are received.

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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