

**REPORT OF THE AUDIT OF THE
METCALFE COUNTY
SHERIFF**

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



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Greg Wilson, Metcalfe County Judge/Executive
The Honorable Rondal Shirley, Metcalfe County Sheriff
Members of the Metcalfe 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 Metcalfe 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 Greg Wilson, Metcalfe County Judge/Executive
The Honorable Rondal Shirley, Metcalfe County Sheriff
Members of the Metcalfe 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 Metcalfe 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 Metcalfe 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 Metcalfe 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 August 21, 2018, on our consideration of the Metcalfe 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 Metcalfe County Sheriff's internal control over financial reporting and compliance.

The Honorable Greg Wilson, Metcalfe County Judge/Executive
The Honorable Rondal Shirley, Metcalfe County Sheriff
Members of the Metcalfe County Fiscal Court

Other Reporting Required by *Government Auditing Standards* (Continued)

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 Metcalfe County Sheriff Overspent The Maximum Salary Limitation Set By The Fiscal Court
- 2017-002 The Metcalfe County Sheriff Issued Payroll Checks Prior To The End Of The Pay Period
- 2017-003 The Metcalfe County Sheriff's Office Lacks Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations
- 2007-004 The Metcalfe County Sheriff's Fourth Quarter Financial Report Was Inaccurate

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

August 21, 2018

METCALFE COUNTY
 RONDAL SHIRLEY, 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)	\$	23,455
State Fees For Services:		
Finance and Administration Cabinet	\$	77,371
Sheriff Security Service		4,829
HB 577		3,385
		85,585
Circuit Court Clerk:		
Fines and Fees Collected		650
Fiscal Court		88,204
County Clerk - Delinquent Taxes		13,944
Commission On Taxes Collected		171,736
Fees Collected For Services:		
Auto Inspections		2,915
Accident and Police Reports		1,250
Serving Papers		13,503
Carry Concealed Deadly Weapon Permits		5,575
		23,243
Other:		
Add-On Fees		11,881
Metcalf County Schools - School Resource Officer		20,000
Miscellaneous		701
Election Commission		210
		32,792
Interest Earned		145
Borrowed Money:		
State Advancement		38,434
Personal Loan		4,630
		43,064
Total Receipts		482,818

The accompanying notes are an integral part of this financial statement.

METCALFE COUNTY
 RONDAL SHIRLEY, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2017
 (Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$ 105,266
Part-Time Salaries	50,955
Office Clerk's Salaries	42,270
School Resource Officer Salary	26,374
KLEFPF Salaries	19,728

Employee Benefits-

Employer's Share Social Security	25,095
Employer's Share KLEFPF Retirement	3,685

Contracted Services-

Advertising	147
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Materials and Supplies-

Office Materials and Supplies	6,431
Uniforms	1,523

Auto Expense-

Gasoline	17,022
Maintenance and Repairs	11,839

Other Charges-

HB 577	3,385
Dues	456
Postage	1,819
Employee Training	32
Carry Concealed Deadly Weapon Permits	1,090
Miscellaneous	1,561

Capital Outlay-

Office Equipment	212	\$ 318,890
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Debt Service:

State Advancement	38,434	
Personal Loan	4,630	43,064

Total Disbursements

\$ 361,954

The accompanying notes are an integral part of this financial statement.

METCALFE COUNTY
RONDAL SHIRLEY, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2017
(Continued)

Net Receipts	\$ 120,864
Less: Statutory Maximum	<u>79,388</u>
Excess Fees	41,476
Less: Training Incentive Benefit	<u>4,052</u>
Excess Fees Due County for 2017	37,424
Payment to Fiscal Court - February 22, 2018	<u>37,372</u>
Balance Due Fiscal Court at Completion of Audit	<u>\$ 52</u>

The accompanying notes are an integral part of this financial statement.

METCALFE 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.

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

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

The sheriff's contribution to employer's share of KLEFPF retirement for calendar year 2015 was \$1,727, calendar year 2016 was \$2,479, and calendar year 2017 was \$3,685.

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%

METCALFE 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 Metcalfe 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 Metcalfe 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 30, 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 \$247,952

Note 4. Drug Eradication Account

The Metcalfe County Sheriff's office maintains a drug eradication account, which is funded by proceeds from the confiscation, surrender, or sale of real and personal property involved in drug related convictions. These funds are to be used for law enforcement activities. As of January 1, 2017, the account had a balance of \$747. During calendar year 2017 \$307 was expended, leaving a balance of \$440 as of December 31, 2017.

Note 5. Donation Account

The Metcalfe County Sheriff's office maintains a donation account, which is used to account for donations of money or goods to be used for the public purposes of the sheriff's office. The account was opened in December 2017. A donation of \$50 was deposited into the account. As of December 31, 2017, the balance was \$50.

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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 Greg Wilson, Metcalfe County Judge/Executive
The Honorable Rondal Shirley, Metcalfe County Sheriff
Members of the Metcalfe 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 Metcalfe County Sheriff for the year ended December 31, 2017, and the related notes to the financial statement and have issued our report thereon dated August 21, 2018. The Metcalfe 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 Metcalfe 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 Metcalfe County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Metcalfe 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 2017-003 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 Metcalfe 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2017-001 and 2017-002.

Views of Responsible Official and Planned Corrective Action

The Metcalfe 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 Metcalfe 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

August 21, 2018

SCHEDULE OF FINDINGS AND RESPONSES

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METCALFE COUNTY
RONDAL SHIRLEY, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2017

STATE LAWS AND REGULATIONS:

2017-001 The Metcalfe County Sheriff Overspent The Maximum Salary Limitation Set By The Fiscal Court

On December 27, 2016, the Metcalfe County Fiscal Court set the maximum amount the sheriff could expend for deputies and assistants at \$241,045; however, the sheriff expended \$244,593. The sheriff overspent his approved maximum salary limitation due to not adequately monitoring his budget and payroll disbursements throughout the year. Thus, the sheriff overspent his maximum salary limitation by \$3,548.

KRS 64.530(3) states, in part, “[t]he 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.”

We recommend the sheriff monitor his payroll disbursements throughout the year and obtain any necessary budget amendments before year end, thus ensuring he does not overspend his approved maximum salary amount.

Sheriff's Response: This has been looked into & will be addressed.

2017-002 The Metcalfe County Sheriff Issued Payroll Checks Prior To The End Of The Pay Period

The Metcalfe County Sheriff issued payroll checks prior to the end of the pay period for the weeks June 24, 2017 through July 7, 2017. The pay period ended on July 7, 2017, which is a Friday. The payroll disbursements for the pay period were issued on July 6, 2017. Therefore, the deputies and personnel who were scheduled to work on Friday, July 7, 2017, received pay for time not yet earned. This occurred because the office manager is off on Fridays during the months when the office is not collecting taxes.

Due to receiving payroll checks prior to the end of the pay period, deputies and personnel are being paid for time not yet earned, thus the sheriff is pre-paying for services, which is prohibited. In addition, there is a risk that employees will be paid for hours not actually worked. The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* includes a section, Handling Public Funds Minimum Requirements Pursuant to KRS 68.210 For All Local Government Officials (And Employees) that states, “[n]o bonuses, no prepayment for goods or services, and no contributions. (Section 3, Kentucky Constitution)”. KRS 45.340 states, in part, “[c]hecks shall be tendered to an officer or employee only after he has completed the work for which he is being paid and not later than fifteen (15) days after the designated pay period.”

We recommend the sheriff refrain from issuing payroll disbursements prior to the end of the pay period, ensuring compliance with DLG requirements.

Sheriff's Response: The ones who received their check were off on Friday.

Auditor's Reply: Deputies and personnel who worked on Friday, July 7, 2017, were paid on July 6, 2017, for time not yet earned.

METCALFE COUNTY
 RONDAL SHIRLEY, SHERIFF
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended December 31, 2017
 (Continued)

INTERNAL CONTROL - MATERIAL WEAKNESSES:

2017-003 The Metcalfe County Sheriff's Office Lacks Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations

The Metcalfe County Sheriff's office lacks adequate segregation of duties over receipts, disbursements, and the reconciliation process. This is a repeat finding and was included in the prior year audit report as finding 2016-001. The sheriff's office manager/bookkeeper collects receipts, prepares deposits, prepares daily checkout sheets, prepares and signs checks, and prepares financial statements and monthly reports. In addition, she posts to the receipts and disbursements ledgers and reconciles the monthly bank statements. The sheriff has instituted some review processes over receipts such as periodic documented reviews of daily checkout sheets and deposits by other office staff and dual signatures on all checks. However, there is not documented review over ledgers, monthly reports, bank reconciliations or payroll reports. The office manager stated that the office staff (office manager and two part-time employees) is reviewing each other's work and the sheriff reviews occasionally. However, most of the reviews were not documented during 2017.

A lack of oversight could result in the undetected misappropriation of assets or inaccurate financial reporting to external agencies such as Department for Local Government. The segregation of duties over various accounting functions such as preparing deposits, posting to the receipts and disbursements ledgers, preparing monthly reports, and preparing monthly bank reconciliations, or the implementation of compensating controls is essential for providing protection from asset misappropriation or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the sheriff separate the duties involving receipts, disbursements, preparation of monthly reports, and preparation of monthly bank reconciliations. If this is not feasible due to lack of staff, then strong oversight over those areas should occur and involve an employee not currently performing any of those functions. Additionally, the sheriff could also provide this oversight. The individual providing the oversight should initial the source document as evidence of the review.

Sheriff's Response: We are working on implementing different things to cover this.

2017-004 The Metcalfe County Sheriff's Fourth Quarter Financial Report Was Inaccurate

The Metcalfe County Sheriff's fourth quarter financial report was not accurate. The fourth quarter financial report was not reconciled to the receipts and disbursements ledgers or reviewed for accuracy prior to submission to the Department for Local Government (DLG) or the Metcalfe County Fiscal Court. Reclassifications were necessary to correct the receipts and disbursements on the quarterly report totaling \$12,966 and \$61,238, respectively. In addition, six receivables receipted after December 31, 2017, totaling \$28,409 were deducted from the year to date receipts totals instead of added and two disbursement year to date amounts totaling \$38,646 were not included in total disbursements. Therefore, total receipts and disbursements per the fourth quarter financial report were not accurate.

The reclassifications and errors resulted from a lack of oversight over the financial recording process and preparation of the fourth quarter financial report. Although the fourth quarter financial report was signed by the sheriff and the county judge/executive, it was inaccurate. Also, there is no documented review over the posting to the monthly receipts and disbursements ledgers. The lack of oversight could result in the undetected misappropriation of assets or inaccurate financial reporting to external agencies such as DLG.

METCALFE COUNTY
RONDAL SHIRLEY, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 2017
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESSES: (Continued)

2017-004 The Metcalfe County Sheriff's Fourth Quarter Financial Report Was Inaccurate (Continued)

Good internal controls dictate that oversight over all aspects of the financial reporting process and the posting to the receipt and disbursements ledgers be implemented to ensure accuracy.

We recommend the sheriff implement internal controls over the monthly receipts and disbursements ledgers and the financial reporting process to ensure amounts reported on the quarterly financial report are accurate.

Sheriff's Response: Due to reclassification of items. Better oversight will be done.