



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

**Contact: Michael Goins**  
[Michael.Goins@ky.gov](mailto:Michael.Goins@ky.gov)  
**502.564.5841**  
**502.209.2867**

**Harmon Releases Audit of Powell County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2014 financial statement of Powell County Sheriff Danny Rogers. 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 Powell 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 non-compliance 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 was not involved in the daily activities of his office.** Numerous weaknesses in the control environment of the Powell County Sheriff's office significantly increase the risk of fraud and misappropriation of funds, and decrease the accuracy of records provided.

This condition is a result of poorly designed policies and procedures; inconsistent, incomplete, and inaccurate implementation of controls; and lack of management oversight and involvement.

The noted weaknesses, such as inadequate segregation of duties and inaccurate or incomplete financial reports and ledgers, could affect the sheriff's ability to ensure that financial data is recorded, processed, and reported in an accurate and reliable manner. This impacts the sheriff's

ability to ensure that assets were sufficiently safeguarded. The cumulative effect of these control weaknesses increases the risk of material misstatement caused by error or fraud.

Management has a responsibility to design and implement internal controls that provide reasonable assurance regarding the reliability of financial reporting. Internal control is a management process for keeping an entity on course in achieving its business objectives. Internal controls should ensure resources are protected from waste, loss, and misuse and ensure reliable data is obtained, maintained, and fairly disclosed. Entities are required to establish controls to provide reasonable assurance that the recording, processing, and reporting of data is properly performed within the framework of financial management systems.

The following recommendations are supplemented by additional recommendations presented throughout this report:

- The sheriff should be more diligent in the day-to-day operations of his office by providing direct oversight of financial reporting for all receipts and disbursements.
- The sheriff should implement internal controls over the financial accounting system that ensure an adequate internal control structure, including management oversight; provide reasonable assurance that assets are safeguarded and transactions are processed in accordance with applicable laws and regulations; and transactions are recorded, reconciled, processed, and summarized to permit the preparation of reliable financial data.
- The sheriff should segregate duties so that no one person can both create and conceal fraudulent activity or commit an undetected material error.
- The sheriff should train employees to ensure that each employee understands both the activities and the accounting principles needed for their positions.
- The sheriff should implement sufficient supervisory review of key functions and activities, and ensure managers clearly understand their roles in the supervisory process. All supervisory reviews should be evidenced in writing.

*Sheriff's Response: Due to my office being understaffed, I am unable to oversee every daily operation of the office. I will strive to oversee all daily operations.*

**The sheriff's office lacks adequate segregation of duties.** The sheriff's bookkeeper collects payments from customers, prepares deposits, writes checks, posts transactions to the receipts ledger, posts checks to the disbursements ledger, and prepares monthly and quarterly reports. The sheriff or another employee did not document oversight of any of these activities.

This condition is a result of a lack of management oversight and a limited budget, which restricts the number of employees the sheriff can hire or delegate duties to.

A lack of oversight could result in the undetected misappropriation of assets and inaccurate financial reporting to external agencies, such as the Department for Local Government.

Segregation of duties over various accounting functions such as opening mail, preparing deposits, recording receipts and disbursements, and preparing monthly reports, or the implementation of compensating controls, is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

The sheriff should separate the duties involved in receiving cash, preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliations, and comparing financial reports to ledgers. If this is not feasible, due to a limited budget, cross checking procedures could be implemented and documented by the individual performing the procedure.

*Sheriff's Response: Will try to work on.*

**The sheriff did not settle his 2014 fee account or present a final settlement to fiscal court.** The sheriff did not settle his 2014 fee account, and he did not present a final settlement to fiscal court for his 2014 fee account. In order to settle the account, the sheriff should collect and pay the following:

Assets

Cash in Bank - Fee Account May 31, 2016	\$ 255
Cash in Bank - SRO Account May 31, 2016	6,526

Receivables:

Due from Sheriff - Disallowed Expenditures	\$ 4,975
Due from 2013 Fee - '13 Exp Pd from '14, Dep Error, Loan Pmt	17,571
Due from 2015 Fee - '15 Exp Pd from '14 Fee	<u>12,954</u>

Total Receivables	<u>35,500</u>
-------------------	---------------

Total Assets	42,281
--------------	--------

Liabilities

Unpaid Obligations:

Due to Fiscal Court - Paper Fees/Payroll	12,468
Due to 2013 Fee - Payroll	3,519
Due to 2013 STS - Prior Year Errors	1,614
Due to 2014 STS - Payroll & Fleet One Invoice	2,947
Due to Leasing Company	733
Due to 2015 Fee - KY Finance/SRO	2,779
Uncleared Check #1130	<u>223</u>

Total Unpaid Obligations	<u>24,283</u>
--------------------------	---------------

Total Fund Balance as of December 31, 2014	<u><u>\$ 17,998</u></u>
--	-------------------------

The failure to pay liabilities timely causes taxing districts and other governmental agencies to be deprived of funds for significant time periods. KRS 134.192 states that each sheriff shall annually settle his or her accounts with the department, the county, and any district for which the sheriff collects taxes on or before September 1 of each year. A complete statement of all funds received by his or her office for official services, showing separately the total income received by his office for services rendered, exclusive of his commissions for collecting taxes, and the total funds received as commissions for collecting state, county, and school taxes; and a complete statement of all expenditures of his or her office, including his salary, compensation of deputies and assistants, and reasonable expenses.

We recommend the sheriff take the necessary steps to ensure the amounts above are collected and paid as soon as possible. We further recommend the sheriff settle his accounts before September 1 of each year hereafter.

*Sheriff's Response: Will try to get this resolved.*

**The sheriff has not settled his 2013 fee account.** In order to settle the account, the sheriff should collect and pay the following:

Assets

Cash in Bank - 2013 Fee Account May 31, 2016	\$ 13,794
--	-----------

Receivables:

Due From 2012 Fee Account - Deposit Errors	\$ 10,043
Due From Sheriff - Overpayment of Salary	750
Due From Sheriff - Disallowed Expenditures	<u>419</u>

Total Receivables	<u>11,212</u>
-------------------	---------------

Total Assets	25,006
--------------	--------

Liabilities

Unpaid Obligations:

Due To 2014 Fee Account - Various Errors	7,357
Due To SRO Account - Deposit Error 1/17/14	6,695
Due To Fiscal Court - Paper Fees	<u>3,594</u>

Total Unpaid Obligations	<u>17,646</u>
--------------------------	---------------

Total Fund Balance as of December 31, 2013*	<u>\$ 7,360</u>
---	-----------------

\*Fund balance amounts differ from amounts reported in the calendar year 2013 audit report due to activity in the account after the date of that audit report.

The failure to pay liabilities timely causes taxing districts and other governmental agencies to be deprived of funds for significant time periods. After all receivables are collected and all liabilities are paid, the sheriff will be able to close his 2013 fee account.

KRS 134.192 states that each sheriff shall annually settle his or her accounts with the department, the county, and any district for which the sheriff collects taxes on or before September 1 of each year. A complete statement of all funds received by his or her office for official services, showing separately the total income received by his office for services rendered, exclusive of his commissions for collecting taxes, and the total funds received as commissions for collecting state, county, and school taxes; and a complete statement of all expenditures of his or her office, including his salary, compensation of deputies and assistants, and reasonable expenses.

We recommend the sheriff take the necessary steps to ensure the amounts above are collected and paid as soon as possible.

*Sheriff's Response: Will try to get this resolved.*

**The sheriff has a known deficit of \$11,449 in his 2012 fee account.** After all known unpaid liabilities are accounted for, the sheriff has a known deficit of \$11,449 in his 2012 fee account. The amount reported as a known deficit is the result of deposit errors and disallowed disbursements as outlined in the schedule below. In order to settle the account, the sheriff should collect and pay the following:

Assets

Cash in Bank - Fee Account May 31, 2016	\$ 0
Receivables:	
Due From Sheriff - Disallowed Disbursements	<u>947</u>
Total Assets	947

Liabilities

Unpaid Obligations:	
Due To 2013 Fee Account - Deposit Errors	\$ 10,043
Due To Fiscal Court - Paper Fees	<u>2,353</u>
Total Unpaid Obligations	<u>12,396</u>
Total Fund Balance as of December 31, 2012**	<u>\$ (11,449)</u>

\*\* Fund balance amounts differ from amounts reported in the calendar year 2012 audit report due to activity in the account after the date of that audit report.

The failure to pay liabilities timely causes taxing districts and other governmental agencies to be deprived of funds for significant time periods. After all receivables are collected and all liabilities are paid, the sheriff will be able to close his 2012 fee account.

KRS 64.820 states that “[t]he fiscal court shall collect any amount due the county from county officials as determined by the audit of the official conducted pursuant to KRS 43.070 and KRS 64.810 if the amount can be collected without suit.” In the event the fiscal court cannot collect the amount due the county from the county official without suit, the fiscal court shall then direct the county attorney to institute suit for the collection of the amount reported by the Auditor or certified public accountant to be due the county within ninety (90) days from the date of receiving the Auditor’s or certified public accountant’s report.

We recommend the sheriff take the necessary steps to ensure the amounts above are collected and paid as soon as possible. This matter will be referred to the Powell County Attorney for collection.

*Sheriff's Response: There was a question as to when was told to zero out the account at the end of the year. Therefore we 2014 were not aware we had to zero out the account until 2015. We were under the impression that this was a grant and not fee money.*

**The sheriff lacked adequate controls over disbursements.** The sheriff's office lacked strong internal controls over disbursements. The lack of adequate review over disbursements and failure to adhere to the administrative policy led to multiple discrepancies.

There were no review procedures in place, as described in finding 2014-001, to eliminate or reduce errors.

Due to the lack of effective controls, numerous exceptions were noted as follows:

- 2013 disbursements paid from the 2014 fee account;
- 2015 disbursements paid from the 2014 fee account;
- Sheriff signed multiple blank checks;
- Prepayment of disbursements;
- Partial payment of disbursements;
- Non-check disbursements;
- Disallowed disbursements (see finding 2014-007);
- Unpaid obligations of the sheriff's office (see findings 2014-009, 2014-010, and 2014-015);
- Overdrawn bank balances (see finding 2014-011);
- Invoices paid as much as 15 months late (see finding 2014-012); and
- Disbursements not posted to the ledgers (see finding 2014-019).

Good internal controls dictate that adequate controls and sufficient review is necessary to reduce the risk of errors and misstatements.

We recommend the sheriff implement procedures that strengthen controls over disbursements by:

- Ensuring disbursements are paid from appropriate accounts;
- Ceasing the practice of signing blank checks;
- Ensuring there are no non-check disbursements or prepayment of expenditures;
- Ensuring all liabilities are paid in full, in a timely manner, and are for allowable disbursements; and
- Ensuring all disbursements are posted to the disbursement ledger and quarterly reports.

*Sheriff's Response: Will work to improve.*

**The sheriff had \$4,975 in disallowed disbursements.** The sheriff expended a total of \$4,975 for the following disallowed items:

- Late fees of \$832 were paid for payments not made timely;
- Overdraft bank charges of \$851 were paid as penalties for bank accounts being overdrawn;
- A total of \$651 was paid for items that are not necessary to the operation of the office, including, but not limited to, a dutch oven, gum, candy, pizza, bagels, and cold medicine;
- A total of \$317 was paid to vendors or deputies without adequate supporting documentation; and
- A total of \$2,324 was paid to two employees for payout of vacation time (see finding 2014-016).

This condition is a result of a lack of internal controls over disbursements and payroll as described in findings 2014-006 and 2014-013. The disallowed disbursements resulted in the sheriff personally owing \$4,975 to the 2014 fee account.

In Funk v. Milliken, 317 S. W. 2d 499 (Ky. 1958), Kentucky's highest court ruled that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature.

We recommend that the sheriff reimburse the 2014 fee account \$4,975 from his personal funds for these disallowed disbursements. Furthermore, we recommend that the sheriff only expend funds for allowable purposes in the future.

*Sheriff's Response: Will try to resolve.*

**The sheriff diverted tax collections due to the taxing districts to cover operating disbursements.** The sheriff diverted a total of \$73,969 of tax collections owed to the taxing districts to cover operating disbursements. Some taxing districts were paid as much as seven months late. All diverted funds were not repaid. There is an unpaid obligation of \$2,947 from the 2014 fee account to the 2014 tax accounts, as noted in finding 2014-003.

These funds were diverted to cover payroll and other disbursements when there were insufficient funds to cover these disbursements in the fee account.

Since the sheriff used tax collections for operating disbursements, the county, school, and other taxing districts did not receive their tax revenues timely. The tax districts rely on timely receipt of tax revenues. Late collections negatively affect their budget and cash flow.

KRS 134.160(2)(b) and (c) requires the sheriff to "maintain records that account for separate and distinct appropriations in separate and distinct accounts" and to "balance all accounts on a monthly basis unless otherwise provided by law."

We recommend the sheriff cease diverting tax collections owed to the taxing districts to cover operating disbursements. We further recommend the sheriff remit \$2,947 to the tax accounts and pay all amounts due the taxing districts timely.

*Sheriff's Response: Will try to resolve.*

**The sheriff did not pay amounts due per the copier lease agreement.** On February 24, 2011, the sheriff entered into a 60 month lease agreement for a copier/printer. The sheriff did not pay all minimum payments as required per the lease agreement. Payments for January 2014 through May 2014 were remitted on May 2, 2014. Per inquiry, no additional payments from that day to the date of the inquiry, July 1, 2016, have been made.

This condition is a result of a lack of internal controls over disbursements as described in finding 2014-006.

Failure to pay amounts due per their copier lease agreement resulted in an unpaid obligation of \$733 to the leasing company for calendar year 2014, as noted in finding 2014-003.

Per the agreement, the sheriff should remit minimum monthly lease payments in the amount of \$104 plus applicable print charges. Further, KRS 65.140 states, “[a]ll bills for good or services shall be paid within thirty (30) working days of receipt of a vendor’s invoice” except when the purchasing agency has transmitted a rejection notice to the vendor.

In order to fulfill contractual agreements, avoid late fees and penalties, and comply with KRS 65.140, we recommend the sheriff remit payment for all leases timely. We further recommend the sheriff pay all amounts due the leasing company as soon as possible.

*Sheriff's Response: Will try to resolve.*

**The sheriff did not pay fiscal court fees collected for serving subpoenas and civil summons for the fiscal court.** During calendar year 2014, the sheriff collected \$19,541 in civil summons fees and subpoena fees. Of this amount, \$3,900 constituted fees belonging to the fiscal court. The sheriff did not pay any fiscal court fees collected for the fiscal court.

The failure to pay fees timely resulted in an unpaid obligation of \$3,900 to the fiscal court, as noted in finding 2014-003. As authorized under Judicial Branch Budget Bill (HB 577) and KRS 64.091, and approved by the Powell County Fiscal Court in Ordinance 00-06-29A, an additional fee of \$10 shall be charged for the service of a subpoena and for the service of a civil summons. Amounts collected should be turned over to the fiscal court monthly.

We recommend the sheriff pay amounts due to the fiscal court monthly as required by ordinance. We further recommend the sheriff implement controls to ensure all future amounts due the fiscal court are paid timely.

*Sheriff's Response: Being a fee office, we have to operate on that money. That ordinance should have never been implemented to start with.*



**The sheriff wrote checks on accounts which had insufficient funds to cover the disbursements.** The sheriff wrote cold checks on the 2014 fee and the school resource officer bank accounts. The 2014 fee bank account was overdrawn on at least 29 days of the calendar year. The school resource officer bank account was overdrawn on at least one day of calendar year 2014.

Reconciliations were being prepared, however they were not being utilized in determining available funds before checks were written. Had reconciliations been used for determining available cash balance, the fee account would not have been in the negative and overdraft charges would not have been incurred. The bank charged \$851 in overdraft penalties, which the sheriff will have to personally pay back to the fee account.

The State Local Finance Officer, under the authority of KRS 68.210, established minimum accounting requirements which include reconciling receipts to monthly bank statements.

We recommend the sheriff properly utilize bank reconciliations in order to determine the available funds in all accounts. We further recommend the sheriff reimburse the accounts a total of \$851 from his personal funds for these disallowed disbursements, as recommended in finding 2014-007.

*Sheriff's Response: We will take better measures to insure that this does not happen in the future.*

**The sheriff paid invoices as much as fifteen months late.** At least 66 invoices in our sample of 106 disbursements were not paid within 30 working days, with some as much as 15 months late. This condition is a result of a lack of internal controls over disbursements as described in finding 2014-006. The late payments resulted in \$832 of late fees and penalties which the sheriff will have to personally pay back.

KRS 65.140 states, “[a]ll bills for good or services shall be paid within thirty (30) working days of a vendor’s invoice” except when the purchasing agency has transmitted a rejection notice to the vendor.

In order to avoid late fees and penalties and to comply with KRS 65.140, we recommend the sheriff pay invoices within 30 days. We further recommend the sheriff deposit personal funds of \$832 into the 2014 fee account as recommended in finding 2014-007.

*Sheriff's Response: We will work to resolve this matter.*

**The sheriff lacked adequate controls over payroll.** The sheriff’s office lacked strong internal controls over the processing of timesheets. Timesheet review procedures were in place, but they were not adequately performed to eliminate or reduce errors. The sheriff also did not adopt or adhere to the county’s administrative policy, nor did he provide the auditors with a copy of his own policy.

The lack of inadequate review over payroll and failure to adhere to the administrative policy led to multiple discrepancies. Due to the lack of effective controls, numerous exceptions were noted as follows:

- Two employees were paid their regular pay and vacation pay for the same pay week.
- Two part time employees submitted signed timesheets noted as “salary” instead of actual hours worked, failing to ensure they met or exceeded the 100 hours per month requirement for retirement.
- One full time employee did not work eight hours but did not take leave time.
- There were four instances where holiday pay was not noted on the timesheet. Auditors were unable to determine if the employees were eligible for holiday pay.
- One employee’s timesheet stated “KLEFPF”, but there were no hours documented on the timesheet.
- Overtime for one employee (22 hours on one timesheet and 68 hours on another) was carried forward instead of being paid when earned.
- One out of four employees tested were not paid the correct salary per documentation in the personnel files held by the county.
- Employees receiving suits for court appearances did not have a taxable fringe benefit withheld on their W-2’s.
- Personnel files maintained by the sheriff did not contain approved salary for all employees nor documented job titles/status.
- Deductions approved by employees were not maintained in the sheriff’s personnel files.
- The sheriff’s 2014 W-2 was inaccurate (see finding 2014-014).
- All amounts due to the county for payroll were not remitted (see finding 2014-015).
- Two employees were paid lump sum payments for unused vacation time (see finding 2014-016).

Good internal controls dictate that adequate controls and sufficient review is necessary to reduce the risk of errors and misstatements. KRS 337.320 states that every employer shall keep a record of the amount paid each pay period to employees and the hours worked each day and each week for employees.

We recommend the sheriff review the procedures that are in place and strengthen controls over the payroll process. The sheriff should ensure compliance with the county’s administrative policy or adopt his own policy and ensure it is compliant with all applicable guidelines. The sheriff should ensure personnel files maintained at the office contain pertinent information for employees. Taxable benefits should be on appropriate W-2’s. Any raises or changes in salary should be properly documented and payroll reports received from processed payroll should be reviewed for accuracy.

*Sheriff’s Response: We do not do payroll the County Judge’s Office prepares invoices and we are in the process of implementing our own policy to resolve this matter in the future.*

**The sheriff did not ensure his W-2 for calendar year 2014 was accurate.** The sheriff's W-2 for calendar year 2014 was overstated by \$3,852. The lack of adequate review over payroll and failure to adhere to the administrative policy led to multiple discrepancies.

The sheriff's W-2 was overstated by \$3,852 as a result of a voided and reissued check being reported twice by the payroll clerk of the county. Good internal controls dictate that adequate controls and sufficient review is necessary to reduce the risk of errors and misstatements.

We recommend the sheriff obtain a corrected W-2 from the county and review all W-2's for accuracy in the future.

*Sheriff's Response: W-2's are prepared by the County Judge's Office. We will ask that an amended W-2 be prepared.*

**The sheriff did not reimburse the county \$8,569 for payroll disbursements of his office.** The sheriff did not reimburse the county for all payroll disbursements paid on behalf of his office.

The county prepares payroll for the sheriff's office and requests reimbursement from the sheriff for the total salaries paid on behalf of his office. Due to a lack of internal controls over disbursements and payroll as described in findings 2014-006 and 2014-013, the sheriff did not reimburse the county \$8,569 for payroll disbursements for calendar year 2014.

Failure to pay payroll timely resulted in an unpaid obligation of \$8,569 to the fiscal court, as noted in finding 2014-003. KRS 65.140 states, "[a]ll bills for good or services shall be paid within thirty (30) working days of receipt of a vendor's invoice" except when the purchasing agency has transmitted a rejection notice to the vendor.

We recommend the sheriff pay amounts due to the county as soon as possible. We further recommend the sheriff implement controls to ensure all future amounts due the county are paid timely.

*Sheriff's Response: My office is provided an invoice from the County Judge's Office prepared based on timesheets we provide. We then pay the amount on said invoice. We therefore assumed those invoices would have correct amounts.*

**The sheriff could not provide a written policy and procedures manual allowing lump sum payouts for unused vacation leave time.** Unused vacation leave was paid out at year-end for two employees and not others (a total \$2,324 for payout of vacation leave). Some employees were paid holiday pay while others were not. Overtime was carried forward to be paid out at a later date (similar to compensatory time) for one employee.

The sheriff was unable to provide auditors with a written policy and procedures manual established for his office to address administrative and personnel standards, nor had he adopted the county's policy. Auditors were unable to determine if the sheriff was compliant and consistent with office policies and procedures. The lump sum payouts for unused vacation leave

time were disallowed disbursements, which the sheriff will personally have to pay back to the fee account.

Good internal controls dictate consistent treatment of personnel and properly executed policies to be established and distributed. Without a policy in place, lump sum payouts of vacation leave are not allowable disbursements of the fee office.

We recommend the sheriff establish an office-wide policy and procedures manual or adopt the county's manual. If he chooses to implement his own policies, he should review them for reasonableness, ensure they do not violate any statutes, put them in writing, and communicate them to all employees. We further recommend the sheriff reimburse the fee account a total of \$2,324 from his personal funds for the disallowed disbursements, as recommended in finding 2014-007.

*Sheriff's Response: I am working on implementing a policy to resolve this matter.*

**The sheriff did not prepare or submit an annual asset forfeiture report.** The sheriff did not comply with KRS 218A.440 which requires law enforcement agencies to file an annual asset forfeiture report. The sheriff did not prepare or submit an annual forfeiture report for the fiscal year ending June 30, 2014.

The failure to prepare or submit an annual forfeiture report constitutes noncompliance with KRS 218A.440 and a lack of availability of records to approving authorities. KRS 218A.440 states, "Each law enforcement agency seizing money or property pursuant to KRS 218A.415 shall, at the close of each fiscal year, file a statement with the Auditor of Public Accounts, and with the secretary of justice and public safety containing, a detailed listing of all money and property seized in that fiscal year and the disposition thereof. The listing shall identify all property so seized."

We recommend the sheriff comply with KRS 218A.440 by preparing an annual forfeiture asset report and submitting it to the secretary of justice and public safety and the Auditor of Public Accounts.

*Sheriff's Response: We are working to resolve this matter.*

**The sheriff did not submit a 3rd or 4th quarterly report to the Department for Local Government as required.** This condition was caused by the lack of management oversight.

The failure to comply with these regulations result in a lack of availability of financial records to approving authorities. KRS 68.210 states that "[t]he administration of the county uniform budget system shall be under the supervision of the state local finance officer who may inspect and shall supervise the administration of accounts and financial operations and shall prescribe and shall install, by July 1, 1985, a system of uniform accounts for all counties and county officials." The State Local Finance Officer requires a cumulative quarterly report be submitted by the 30<sup>th</sup> day following the close of each quarter.

We recommend the sheriff provide all financial records to the Department for Local Government when required.

*Sheriff's Response: We are working to resolve this matter.*

**The sheriff's final 4th quarterly report did not accurately reflect total receipts and total disbursements.** The sheriff's fourth quarterly report, which serves as the sheriff's financial statement, reflected discrepancies in total receipts and total disbursements for calendar year 2014, requiring material audit adjustments.

Controls were not in place to ensure that \$99,893 of receipts and \$116,302 of disbursements were included on the financial statement. A misstatement could result in an increased risk of uncorrected errors, theft, loss, or misappropriated assets.

KRS 134.192 states that, in counties with population of less than 70,000, the sheriff's annual settlement shall include: "[a] complete statement of all funds received by his or her office for official services, showing separately the total income received by his or her office for services rendered, exclusive of his or her commissions for collecting taxes, and the total funds received as commissions for collecting state, county, and school taxes[,]" and "[a] complete statement of all expenditures of his or her office."

We recommend the sheriff ensure a complete and accurate fourth quarterly report is prepared in order to ensure all receipts and disbursements are accounted for properly.

*Sheriff's Response: We are working on resolving this matter.*

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](#).

###

*The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.*

*Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.*

