



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Rowan County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2018 financial statement of Rowan County Sheriff Matt Sparks. 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 Rowan 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 comment:

The sheriff's office has an internal control weakness in disbursements of the asset forfeiture account: This is a repeat finding that was included in the prior year audit report as Finding 2017-001. The sheriff's office made \$14,100 of cash withdrawals from the asset forfeiture account for use in drug enforcement activities. These withdrawals and activities are allowable; however, the method of withdrawal for \$9,000 was by debit card at an ATM. The ATM withdrawals were not approved by anyone other than the employee who made the withdrawals. The sheriff has not provided direct supervision of or ensured that he maintained proper oversight of the asset forfeiture account withdrawals. ATM withdrawals allow transactions to occur that may not be authorized

by the sheriff. KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* which states, "disbursements by check only." Good internal control practices include making disbursements by check that includes the sheriff's signature. By ensuring cash withdrawals are authorized, both the sheriff and his employees are protected should discrepancies be found. We recommend cash withdrawals be made by check. The checks should be signed by the sheriff, or two individuals, with one being the sheriff.

Sheriff's Response: This account consists of funds we have seized from people involved in illegal drug sales. Any money withdrawn from this account by a debit card is used to purchase illegal drugs from other suspects. As the sheriff, I approve each withdraw from this account and further verify these funds are being used for the intended purposes by reviewing each illegal drug buy/case our drug investigator conducts. I also conduct surprise audits throughout the year of our drug investigator's cases, records, & this bank account to assure that any funds he withdraws from this account are being used properly. Both myself and our drug investigator retired from the Kentucky State Police and have instituted the same procedures that agency uses for handling these funds.

Auditor Reply: The finding is a result of the sheriff not following the policies established in the DLG Manual for county officials which states, "Disbursements by check only."

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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