



Auditor of Public Accounts
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Edelen Releases Audit of Breathitt County Sheriff's Office

FRANKFORT, Ky. – State Auditor Adam Edelen today released the audit of the 2013 financial statement of Breathitt County Sheriff Ray Clemons. 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.

Recent changes in auditing standards require the auditor's letter to communicate whether the financial statement presents fairly the revenues, expenditures and excess fees of the Breathitt County Sheriff in accordance with generally accepted accounting principles in the United States. The report found that the financial statement of the Sheriff 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 had \$4,375 in disallowed disbursements in his 2009 fee account that remain unpaid. In the prior year audit, it was noted that the Sheriff had \$4,375 of disallowed disbursements in his 2009 fee account. The Sheriff wrote a check in the amount of \$4,375 to a county employee's mother for an accident involving a volunteer deputy, perpetrator, and her vehicle. Since the perpetrator did not have personal vehicle insurance, the Sheriff paid the owner the NADA book value of the totaled vehicle. This is not a necessary expense in the operation of the Sheriff's office and has been disallowed. After inquiry, it was determined that the Sheriff has not paid this amount.

In Funk vs. Milliken, 317 S.W.2d 499 (KY 1958), Kentucky's highest court reaffirmed the rule that county fee officials' expenditures of public funds will be allowable only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal in nature. We recommend the Sheriff monitor his disbursements to assure that all disbursements are allowable. Furthermore, we recommend the Sheriff deposit personal funds of \$4,375 into the 2009 fee account for repayment of the disallowed disbursement.

Sheriff's response: The Sheriff shall refund, through personal funds, the disallowed expenditure amount to settle the account.

The Sheriff had \$339 in disallowed disbursements in his 2012 fee account that remain unpaid. In the prior year audit, it was noted that the Sheriff had \$339 in disallowed disbursements which includes \$25 in donations, and \$314 in books purchased for students. Items such as donations and book purchases are not necessary expenses of the office and are reflective of poor management practices. In Funk vs. Milliken, 317 S.W.2d 499 (KY 1958), Kentucky's highest court reaffirmed the rule that county fee officials' expenditures of public funds will be allowable only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal in nature. We recommend the Sheriff only expend fee account monies for allowable purposes. Furthermore, we recommend the Sheriff deposit personal funds of \$339 to cover the disallowed disbursements.

Sheriff's response: The Sheriff shall refund, through personal funds, the disallowed expenditure amount to settle the account.

The Sheriff's office lacks adequate segregation of duties. The Sheriff's office lacks adequate segregation of duties due to the responsibilities of recording, depositing, and reconciling cash being delegated to the same individual. The functions of receiving, recording, depositing, and reconciling cash should be separated whenever possible in order to decrease the risk that errors, misstatements, and/or fraud will occur and go undetected. Since only one person performs these functions, there is no assurance that financial transactions are accurate, complete, and free of error/misstatement. We recommend the Sheriff segregate the duties of recording, depositing, and reconciling cash or implement and document compensating controls to offset this material weakness. Examples of compensating controls include: the Sheriff comparing daily checkout sheet to receipts ledger and bank deposit, reviewing bank reconciliations for accuracy, performing surprise cash counts, reviewing invoices prior to payment, and reviewing all financial reports. The Sheriff could document his review process by initialing reports and supporting documentation.

Sheriff's response: The Sheriff will review and sign off on all financial documents, transactions, and records pertaining to all functions of the Sheriff's office.

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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