

**REPORT OF THE AUDIT OF THE
ADAIR COUNTY
SHERIFF**

**For The Year Ended
December 31, 2014**



**ADAM H. EDELEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE ADAIR COUNTY SHERIFF

**For The Year Ended
December 31, 2014**

The Auditor of Public Accounts has completed the Adair County Sheriff's audit for the year ended December 31, 2014. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the receipts, disbursements, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees increased by \$4,658 from the prior year, resulting in excess fees of \$32,415 as of December 31, 2014. Receipts increased by \$3,183 from the prior year and disbursements decreased by \$1,475.

Report Comments:

2014-001 The Sheriff's Office Lacks Adequate Segregation Of Duties Over Accounting Functions
2014-002 The Sheriff's Office Should Strengthen Internal Controls Over Disbursements

Deposits:

The Sheriff's deposits as of December 1, 2014 and December 31, 2014 were exposed to custodial credit risk as follows:

- Uncollateralized \$3,439,269 - December 1, 2014
- Uncollateralized \$ 778,855 - December 31, 2014

The Sheriff's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.

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ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Michael Stephens, Adair County Judge/Executive
The Honorable Harrison Moss, Adair County Sheriff
Members of the Adair 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 County Sheriff of Adair County, Kentucky, for the year ended December 31, 2014, 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 the 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 as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 opinions.



The Honorable Michael Stephens, Adair County Judge/Executive
The Honorable Harrison Moss, Adair County Sheriff
Members of the Adair 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 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 County Sheriff, as of December 31, 2014, 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 County Sheriff for the year ended December 31, 2014, 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 September 23, 2015 on our consideration of the Adair County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 effectiveness of the Adair County Sheriff's 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 entity's internal control over financial reporting and compliance.

The Honorable Michael Stephens, Adair County Judge/Executive
The Honorable Harrison Moss, Adair County Sheriff
Members of the Adair County Fiscal Court

Other Reporting Required by Government Auditing Standards (Continued)

Based on the results of our audit, we have presented the accompanying comments and recommendation, included herein, which discusses the following report comments:

- 2014-001 The Sheriff's Office Lacks Adequate Segregation Of Duties Over Accounting Functions
- 2014-002 The Sheriff's Office Should Strengthen Internal Controls Over Disbursements

Respectfully submitted,



Adam H. Edelen
Auditor of Public Accounts

September 23, 2015

ADAIR COUNTY
HARRISON MOSS, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2014

Receipts

Federal Grants - U.S. Army Corps of Engineers	\$	20,952	
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)			20,944
State Fees For Services:			
Finance and Administration Cabinet	\$	79,830	
Sheriff Security Service		9,196	
Cabinet For Health And Family Services		<u>12,699</u>	101,725
Circuit Court Clerk:			
Fines and Fees Collected		8,432	
Court Ordered Payments		<u>1,667</u>	10,099
Fiscal Court			3,600
County Clerk - Delinquent Taxes			13,133
Commission On Taxes Collected			270,237
Fees Collected For Services:			
Auto Inspections		9,280	
Accident and Police Reports		1,841	
Serving Papers		19,510	
Carrying Concealed Deadly Weapon Permits		<u>5,055</u>	35,686
Other:			
Add-On Fees		33,172	
Miscellaneous		<u>10,788</u>	43,960
Interest Earned			138
Borrowed Money:			
State Advancement			<u>150,000</u>
Total Receipts			670,474

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

ADAIR COUNTY
HARRISON MOSS, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2014
(Continued)

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Salaries	\$ 136,160
Part-Time Salaries	88,085
Other Salaries	57,568
Overtime	12,180
KLEFPF	15,241

Employee Benefits-

Employer's Share Social Security	27,009
Employer's Share Hazardous Duty Retirement	5,318

Contracted Services-

Advertising	102
Vehicle Maintenance and Repairs	5,104
Fugitive Transports	3,004
Tax System and Support	3,643
Tax Settlement	800

Materials and Supplies-

Office Materials and Supplies	4,072
Uniforms	2,675

Auto Expense-

Gasoline	31,467
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Other Charges-

Conventions and Travel	931
Dues	25
Postage	4,753
Inservice	975
Bond	814
Adanta Transport Escorts	1,320
Miscellaneous	1,331

\$ 402,577

Debt Service:

State Advancement	<u>150,000</u>
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Total Disbursements 552,577

Less: Disallowed Disbursements

IRS Penalties and Interest	534
Boys and Girls Ranch	25

559

Total Allowable Disbursements \$ 552,018

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

ADAIR COUNTY
HARRISON MOSS, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2014
(Continued)

Net Receipts	\$ 118,456
Less: Statutory Maximum	<u>82,131</u>
Excess Fees	36,325
Less: Training Incentive Benefit	<u>3,910</u>
Excess Fees Due County for 2014	32,415
Payment to Fiscal Court - February 11, 2015	<u>32,116</u>
Balance Due Fiscal Court at Completion of Audit	<u><u>\$ 299</u></u>

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

ADAIR COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2014

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 final settlement with the fiscal court.

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 2014 services
- Reimbursements for 2014 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2014

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 the following, including but not limited to, 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).

ADAIR COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2014
 (Continued)

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. 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.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 18.89 percent for the first six months and 17.67 percent for the last six months.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 35.70 percent for the first six months and 34.31 percent for the last six months.

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 (members 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.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

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%

ADAIR COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2014
 (Continued)

Note 2. Employee Retirement System (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.

Hazardous employees whose participation began on or after July 1, 2003, earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. 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.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. 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 Adair 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(4), 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 Adair County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). On December 1, 2014 and December 31, 2014 the Sheriff's bank balance was exposed to custodial credit risk because the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement and the depository institution's board has not approved the collateral security agreement.

- Uncollateralized \$3,439,269 - December 1, 2014
- Uncollateralized \$ 778,855 - December 31, 2014

ADAIR COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2014
(Continued)

Note 4. Drug Enforcement Account

Drug investigation funds are to be used for drug enforcement expenses of the Sheriff's office and are kept separate from the Sheriff's fee account. As of January 1, 2014, the beginning balance was \$63,831. During calendar year 2014, the Sheriff's office received \$1,250 of forfeited money, \$144 in interest, and expended funds of \$57,600. As of December 31, 2014, the ending balance was \$7,625.

Note 5. Federal Grant - US Army Corp of Engineers

The Sheriff's office contracted with the United States Army Corps of Engineers to provide patrols around Green River Lake from April 18, 2014 to October 18, 2014. The amount received under the contract during 2014 was \$20,952.

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



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Michael Stephens, Adair County Judge/Executive
The Honorable Harrison Moss, Adair County Sheriff
Members of the Adair 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 Adair County Sheriff for the year ended December 31, 2014, and the related notes to the financial statement and have issued our report thereon dated September 23, 2015. The County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Adair 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 opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Adair County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Adair County Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 comments and recommendation, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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 deficiency described in the accompanying comments and recommendations as item 2014-001 to be a material weakness.



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)

Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying comments and recommendations as item 2014-002 to be a significant deficiency.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Adair 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying comments and recommendations as item 2014-002.

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,



Adam H. Edelen
Auditor of Public Accounts

September 23, 2015

COMMENTS AND RECOMMENDATIONS

ADAIR COUNTY
HARRISON MOSS, SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2014

FINANCIAL STATEMENT FINDINGS:

2014-001 The Sheriff's Office Lacks Adequate Segregation Of Duties Over Accounting Functions

A lack of adequate segregation of duties exists over all accounting functions. During our review of internal controls, we noted 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.

Lack of oversight could result in misappropriation of assets and/or inaccurate financial reporting to external agencies, such as the Department for Local Government, which could occur and go undetected. This condition is a result of a limited budget, which restricts the number of employees the Sheriff can hire or delegate duties to.

The segregation of duties over various accounting functions such as opening the mail, preparing deposits, recording receipts and disbursements, and preparing monthly reports, or the implantation of compensating controls is essential for providing protection from asset misappropriation and/or 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. Since this is not feasible, cross checking procedures should be implemented and documented by the individual performing the procedure.

Some example of cross checking procedures could include the Sheriff or another employee, not preparing the bank reconciliation, review the reconciliation and initial/sign off on it. The deposit could be prepared by one employee and reviewed and initialed by the Sheriff or another employee. The Sheriff, or another employee, could review and initial the monthly and quarterly reports after comparing them to the receipts and disbursements ledgers.

Sheriff's Response: No response.

2014-002 The Sheriff's Office Should Strengthen Internal Controls Over Disbursements

During the test of disbursements the following items were noted:

- one (1) bill was past due
- one (1) bill was a copy
- one (1) bill was a fax
- deputies gas logs did not agree to billing from the fiscal court
 - 61 fill ups not included on deputies logs
 - 24 fill ups not included on fiscal court billing but on deputies logs
 - Six (6) missing gas logs

ADAIR COUNTY
HARRISON MOSS, SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2014
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2014-002 The Sheriff's Office Should Strengthen Internal Controls Over Disbursements (Continued)

- bonds for 2015 were paid from the 2014 fee account
- Two (2) missing invoices,
- one (1) membership which is not allowable
- bank does not image, and include in the bank statements, the reverse sides of the checks for the fee, payroll and drug accounts.
- one (1) bill for penalties and interest to the IRS which are not allowable
- bank does not image, and include in the bank statements, the reverse sides of the checks for the fee, payroll and drug accounts
- The drug enforcement account only requires one signature

The effect of weak internal controls over disbursements can allow unnecessary disbursements to be paid which will decrease the amount of funds the Sheriff's office has to spend on necessary disbursements.

The issues were caused by the Sheriff's department weak internal controls, not ensuring all disbursements were properly documented as well as allowable, and not paying bills in a timely manner.

Good internal controls require original supporting documentation for all payments, verifying endorsements and dual signatures for all disbursements. In addition, Funk v. Milliken, 2017 S.W. 2nd 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.

KRS 65.140 states “ (1) Unless the purchaser and vendor otherwise contract, all bills for goods or services shall be paid within thirty (30) working days of receipt of a vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor. (2) an interest penalty of one percent (1) of any amount approved and unpaid shall be added to the amount approved for each month or fraction thereof after the thirty (30) working days which followed receipt of vendor's invoice by the purchaser.”

We recommend the Sheriff pay the disallowed penalties; interest and membership fee of \$559 back the fee account. We further recommend the Sheriff strengthen internal controls, ensure all future disbursements follow the Kentucky regulations, are reasonable and necessary, paid timely and are originals with supporting documentation attached. In addition, we suggest the Sheriff request the bank include the backs of the checks on the bank statements for the fee, payroll and drug enforcement accounts in order to ensure verification of endorsements.

Sheriff's Response: No response.

