



Auditor of Public Accounts
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Harmon Releases Audit of Hickman County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2014 financial statement of Hickman County Sheriff Mark Green. 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 revenues, expenditures and excess fees of the Hickman 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 Hickman County Sheriff had \$2,456 of disallowed disbursements from the 2014 fee account. The Hickman County Sheriff had \$2,456 of disallowed disbursements from the Fee Account for calendar year 2014. These disbursements were disallowed for the following reasons:

- Disbursements totaling \$389 for internet at the sheriff's house were considered personal in nature.

- Disbursements totaling \$348 for cable at the sheriff's office were not considered necessary or beneficial to the public.
- Disbursements totaling \$743 for tires and oil changes on the sheriff's personal vehicle were considered personal in nature.
- Disbursements totaling \$100 for a push broom, markers, a trowel, carpet adhesive, and plywood were considered personal in nature.
- Disbursements totaling \$871 were disallowed due to a lack of supporting documentation.
- Disbursements totaling \$5 in late fees were not considered necessary or beneficial to the public.

In Funk vs. Milliken, 317 S.W. 2d 499 (Ky. 1958), Kentucky's highest court ruled that county fee officials' disbursements 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. Given the fact that these disbursements did not meet the necessary criteria, they have been disallowed.

Disallowed disbursements should be repaid with a deposit of personal funds. Therefore, we recommend the Hickman County Sheriff repay \$2,456 from his personal funds to the Hickman County Fiscal Court.

Sheriff's response:

Disallowed Disbursements from Fee Account;

- INTERNET: *The internet usage at my residence was used for work purposes only. I had a computer at my residence to do reports, check deputies reports, check sheriff office emails, send reports to KSP through KYOPS, which each are required to have wifi to work and complete.*
- CABLE TELEVISION: *I brought a television from my residence to the office. The cable that was put on in the office was the cheapest package we could get and was only used to watch training videos and stations involving weather, which was The Weather Station and News Ch. 6*
- SHERIFF'S PERSONAL VEHICLE: *I purchased a 2008 Tahoe to use as my sheriff's office vehicle. Emergency equipment was put on this vehicle and it was used daily for work purposes. I did this after I hired a part time deputy because there was not another vehicle to give him. The sheriff's office had 3 people that needed cruisers and we only had two cruisers. The county wasn't able to purchase a vehicle at this time so I did. The county purchased this vehicle from me sometime later in 2014.*
- PURCHASES FROM LOWES: *There was a purchase at Lowes Home Improvement Store for the following items for the sheriffs office.*
 - A. Push Broom; this was purchased and is kept in my cruiser, it is used for cleaning up debris at wreck scenes, sweeping up areas at crime scenes, etc..*
 - B. Markers; Used for marking evidence bags, used to write on papers, cardboard or other items at crime scenes etc. These permanent markers are kept in the trunk of my cruiser.*

- C. *Carpet Adhesive, trowel, and plywood; these items were purchased when I had the Tahoe, I put a carpet covered level platform in the rear of the Tahoe. There where items that were put in the rear of the vehicle that had to be secured on a flat surface. A plastic container that held crime scene necessities along with brackets were screwed into this platform to hold tools. The Tahoe was the vehicle that was used as a crime scene evidence work station.*
- D. *Lack of Supporting Documents; I am not 100% sure what this is in reference to, it only states an amount. I turned in receipts for meals that were purchased in 2014, during this audit I was told that some of the receipts didn't meet the requirements because there wasn't a breakdown of what was actually purchased. The secretary/clerk for the sheriff's office hires the former clerk to come in and reviews and to make sure as a witness that the final settlement for that year is done correctly. The former clerk comes in yearly and does this, she is also paid for her service. I couldn't find a receipt for any of the times that she comes in. I know that she does and we write her a check each year.*

Auditor's Reply: As mentioned in the above comment, the Funk vs. Milliken criteria states that fee officials' disbursements of public funds will be allowed only if they are deemed necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature. The following items do not meet this criteria for these reasons:

- Internet at the Sheriff's *personal* residence is considered *personal* in nature. Public funds should not be used for *personal* items; therefore, these disbursements were disallowed.
- Cable television service at the Sheriff's office, regardless of the package, was not considered necessary or beneficial to the public. Therefore, disbursements for cable service at the Sheriff's office have been disallowed. We recommend the Sheriff obtain a more efficient means of accessing training videos and weather updates.
- Routine maintenance items such as tires and oil changes on the Sheriff's *personal* vehicle are considered *personal* in nature. Public funds should not be used for *personal* items, therefore, these disbursements were disallowed.
- At the time of testing, our auditors inquired of the Sheriff as to the nature of the disbursement to Lowe's so that a determination could be made as to the validity and reasonableness of the items purchased. At that time, no explanation was given; therefore, these items were disallowed. It wasn't until the Sheriff responded to the above audit finding that he offered an explanation to purchasing these items. Regardless, the nature of many of the items still remain *personal* in nature due to the fact that they were used to make improvements to the Sheriff's *personal* vehicle. Public funds should not be used for *personal* items; therefore, these disbursements were disallowed.
- On August 15, 2015, the Hickman County Sheriff was given a list of disbursements totaling \$4,110 from his 2014 fee account for which supporting documentation was needed in order for our auditors to determine the validity and reasonableness of these disbursements. The Sheriff signed that list on the above date, agreeing that disbursements for any supporting documentation not provided would be disallowed. The Sheriff provided proper supporting documentation of \$2,753, leaving \$1,357 in disbursements without proper support. This amount was offset by a deposit of personal funds of the Sheriff in the amount of \$486, leaving the \$871 in unsupported

disbursements. These unsupported disbursements included a mileage reimbursement payment to the Sheriff, a payment for contract labor, as well as charges on the office credit card.

The Hickman County Sheriff had \$2,577 in questionable disbursements from the 2014 fee account. The sheriff had \$2,577 in disbursements from the 2014 fee account that we consider questionable. According to Funk vs. Milliken, 317 S.W. 2d 499 (Ky. 1958), county fee officials' disbursements 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. Because we could not determine if the following disbursements met the necessary criteria, we are questioning their validity:

- The sheriff paid \$2,412 for cellular service on phones and/or devices that we could not determine were for employees' or official use. Because we could not determine if the amount paid was for the official use of the sheriff's office, we question the amount expended.
- The sheriff paid \$165 for food without maintaining itemized receipts. Because we could not determine the nature of the items purchased, we question the amount expended.

Due to the reasons noted above, we are questioning these disbursements from the 2014 fee account. As a result, we recommend the Hickman County Fiscal Court review the questioned disbursements and make a determination if they are reasonable and allowable. If the fiscal court determines that such disbursements are not allowable, the sheriff should be held personally responsible for them.

Sheriff's response:

\$2,577 in Disbursements:

- **CELL PHONES:** *During 2014 the sheriff's office was using both AT-T and Verizon. There were 10 emergency phones that were stored in the sheriff's office. We were billed on a monthly basis for each phone and if the phone was used it was charged for each minute used. There was a phone and number for the deputy, I had two phones/numbers, one with AT-T the other with Verizon. There is a tablet used strictly for Narcotics Investigations that has a number through AT-T. We have 3 Verizon Wireless WiFi hotspots in the cruisers, this is for the tablets that are in our cruisers that we use to write reports, write our citations etc. It is cheaper to replace a phone that gets broken, locked up or quits working by opening a new service than to purchase a phone outright, then you take your old phone number and put on the new phone. It will show that there would be numbers that don't use any data etc and this is the reason why. I have corrected this by keeping/doing the following...*
 - a. Cancelled all the emergency phone numbers*
 - b. Getting insurance for a monthly fee through the provider for the cell phone*
 - c. Having the cell phones through one provider*
 - d. Having only the wifi hotspots through Verizon Wireless (cheaper then AT-T and had better service)*

- 165\$ FOR FOOD: *I advised my auditor that I understand that, but that I don't drink alcohol and that these receipts were for food only. I brought in the receipt that was given to me at the restaurant. This will be corrected in the future by asking for all receipts to be itemized.*

The Hickman County Sheriff had \$674 of disallowed expenditures from the Drug Fund. The Hickman County Sheriff had \$674 of disallowed disbursements from the Drug Fund for calendar year 2014. These disbursements were disallowed for the following reasons:

- Disbursements totaling \$625 for food, uniforms, and other various items were disallowed due to a lack of supporting documentation.
- Disbursements totaling \$49 to the Zombie Eradication Response Team (Z.E.R.T.) were disallowed due to their personal nature and lack of supporting documentation.

In Funk vs. Milliken, 317 S.W. 2d 499 (Ky. 1958), Kentucky's highest court ruled that county fee officials' disbursements 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. Given the fact that these disbursements did not meet the necessary criteria, they have been disallowed.

Disallowed disbursements should be repaid with a deposit of personal funds. Therefore, we recommend the Hickman County Sheriff repay \$674 from his personal funds to the Drug Fund.

Sheriff's response:

Disallowed through the Drug Account/674\$

- *FOOD and UNIFORMS DISALLOWED: There was a couple of instances that I went to a store and pulled out the wrong debit card when paying for my purchase. I found the times when looking over the bank statements. I would tell my secretary what I had done and then I would reimburse that account. During 2014 there was an inmate that was being held in different counties for safety reasons. He had court at different times and on several occasions at different courthouses due to wherever the Circuit Judge was on that day. This inmate was the sheriffs' office responsibility to get him for court and he would have to be fed on those days. On some days the only way to pay for the food was on that drug account debit card. As far as the Uniforms, the receipt was coded wrong when taken off of the budget category. The purchase was made at BlueGrass Uniforms in Bowling Green Kentucky for a set of lights that each cruiser has. I purchased one set through the drug account since the lights could be used for Narcotics Investigations. Two other sets were purchased the same day but, was payed out of the fee account. To correct this, the debit card was cut up and any monies used to make narcotics buys will have to be withdrawn during the time that the bank is open.*

Auditor's Reply: As mentioned in the above comment, the Funk vs. Milliken criteria states that fee officials' disbursements of public funds will be allowed only if they are deemed necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal

in nature. This criteria also applies to disbursements from the Sheriff's Drug Fund. Of the disbursements tested from the Sheriff's Drug Fund, \$815 did not have proper supporting documentation. This amount was offset by a deposit of personal funds of the Sheriff in the amount of \$141, leaving the \$674 in unsupported disbursements. These items would have been allowed had the Sheriff maintained proper supporting documentation, with the exception of the \$49 expenditure to the Zombie Eradication Response Team (Z.E.R.T.).

The Hickman County Sheriff overspent his approved budget. The Hickman County Sheriff's operating disbursements exceeded the budget approved by the Hickman County Fiscal Court. The Hickman County Fiscal Court approved the sheriff's budget on a line item basis. Because the sheriff failed to properly monitor his budget, he overspent on the following line items: county car mileage, uniforms, telephone, maintenance and repairs, meals for jurors, and internet/cable for a combined total of \$16,393.

The State Local Finance Officer requires the fiscal court to approve a calendar year budget for each fee office as a component of the county's budget preparation process by January 15th of each year. KRS 68.210 states that the 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 a system of uniform accounts for all counties and county officials.

We recommend the Hickman County Sheriff monitor his budget throughout the year and request budget amendments as necessary from the fiscal court, prior to exceeding budgeted amounts.

Sheriff's response:

Overspent 2014 Budget;

OVERBUDGET: according to my audit report I overspent my 2014 budget by \$16,393. Since our budget was a projection of what we thought the sheriffs [sic] office would spend in each fiscal year. I failed to go to the court and ask for amended budget for each line item that was going over. This has been corrected by doing the following; I have studied the process of how budgets work, from front to back. I now watch the budget not just oone [sic]time a year but at the minimum of 3 times a month. I noticed in 2015 that one line item was going to go over and I immediately went to the fiscal court and had that amended.

The Hickman County Sheriff failed to maintain adequate accounting records for the Drug Fund. The sheriff does not maintain a receipts or disbursements ledger for the Drug Fund. The sheriff also failed to maintain proper support for disbursements and court orders for receipts. During calendar year 2014, bank records revealed \$4,135 in cash withdrawals for drug buys that had limited supporting documentation. The sheriff maintained this cash in a vault for use when needed. However, he failed to keep a ledger for these funds making it difficult for auditors to determine how the funds were used and if all of the money was accounted for.

In previous years, auditors have made recommendations to the sheriff that he maintain adequate accounting records for the Drug Fund. However, he has continually failed to implement proper accounting procedures. Failure to maintain adequate documentation for the Drug Fund

transactions increases the risk that funds could be misappropriated. Also, maintaining proper documentation over Drug Fund receipts and disbursements will ensure that forfeited funds are spent in accordance with the corresponding court orders.

As a result, we recommend the sheriff maintain a receipts and disbursements ledger for forfeited funds. These ledgers should be reconciled to the bank statements monthly. We also recommend the sheriff maintain proper supporting documentation on all receipts and disbursements. Failure to do so may result in future disbursements being disallowed.

Sheriff's response:

Drug Account:Records;

- **RECORDS FOR DRUG ACCOUNT;** *Prior to 2014, auditors made suggestions to the sheriff reference [sic] to keeping better records for the transactions that were made with the monies out of the drug account. Since before January 1, 2014 I started using paperwork making sure I was the name w/signatures of the confidential informants, the name, address and any other information I could on the dealer/person we were dealing with. Along with this information, the amount of monies used both to make the transaction as well as pay the informant was on the documents. The only thing I was unable to provide to the auditors was a list of names of the persons paid for giving confidential information OR as we call it Crimne Stoppers Tips. That is given to persons that call and do not give a name or number, but are given cash monies for a tip that is found to be something that will lead to an arrest. I did provide a written letter notarized that stated how much monies was used for this matter. That letter was given to the auditors prior to the audit. At the time of this review I was told that it would be best if I had a receipt book. All court orders are given to the sheriffs [sic] office and put into the case file when we get the papers from the clerks. A ledger along with a copy of the clerks [sic] paperwork will be put in a separate file for future reference and audits.*

The Hickman County Sheriff Deputies did not maintain proper documentation of hours worked. The sheriff did not maintain time records to document the actual hours worked by deputies. The sheriff informed us that he did not require full-time salary employees to maintain the number of hours worked.

KRS 337.320(1)(b) states that every employer shall keep a record of the hours worked each day and each week, by each employee. These records should be signed by the employee and the supervisor to show agreement upon the number of hours worked each day.

Failure to keep a detailed record of the number of hours worked each day, by each employee, resulted in the sheriff not being in compliance with KRS 337.320. Therefore, we recommend the sheriff implement a daily attendance record that records actual hours worked by each employee each day that will then be signed by the employee as well as his or her supervisor.

Sheriff's response:

Time Sheets:

- *TIME SHEETS FOR EMPLOYEES*; *If I said no time sheets for Full time employees I didn't mean that. I was referring to the part-time employees re; Court Security Officers and a Deputy. Fulltime deputies actually have time sheets. To correct this, we have started doing time sheets on all employed by the Hickman County Sheriffs' Office.*

The Hickman County Sheriff's Office lacks adequate segregation of duties. The Hickman County Sheriff's Office lacks adequate segregation of duties over the accounting and reporting functions. The bookkeeper is responsible for receiving cash from customers, daily checkout procedures, deposit preparation, posting to receipts and disbursements ledgers, preparing monthly bank reconciliations, and preparing quarterly reports.

A lack of segregation of duties or strong oversight increases the risk that errors could occur and not be detected. This condition is the result of a limited budget, which restricts the number of employees the sheriff can hire or delegate duties to.

A proper segregation of duties over the accounting and reporting functions, or the implementation of compensating controls, when necessary because of a limited number of staff, is essential for providing protection from undetected errors. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

As a result, we recommend the sheriff separate the duties involved in receiving cash, daily checkout procedures, deposit preparation, posting to receipts and disbursement ledgers, monthly bank reconciliations, and preparing quarterly reports. If, due to a limited budget, this is not feasible, cross-checking procedures should be implemented. These procedures should be documented by the individual performing the procedure.

Sheriff's response:

Segregation of Duties:

LACK OF SEGREGATION OF DUTIES: *it has been virtually impossible to avoid getting written up for this. I have started looking over every document, bank statement along with all tax payments. I not only look these papers/documents over but I also sign them. The deposits are checked by two people and then deposited by myself or my Deputy. I've been told that with the size of the sheriffs' office to avoid getting written up for this is very hard. We have already started implementing the above to help in this matter.*

The Hickman County Sheriff signed blank checks prior to purchases. We noted multiple blank checks that were pre-signed by the sheriff in the sheriff's checkbook. These pre-signed checks were incomplete as to the amount, date, purpose, and payee.

Having management sign checks and requiring dual signatures are two of the most important internal controls over disbursements. These controls ensure that management is aware of all money being disbursed by the office and that the official is checking for accuracy and ensuring that the disbursement is a legitimate obligation of the office. For the sake of convenience, the sheriff signed blank checks for use when he was not in the office. By signing a check that had

not been filled out, important controls were bypassed and the office's assets were left susceptible to misappropriation or abuse.

We recommend that the sheriff allow these controls over disbursements to function as designed and eliminate the practice of signing checks in advance.

Sheriff's response:

Signing of Blank Checks;

- **CHECK SIGNING:** *On a few occasions I have had to be out of town for training or other instances. Before leaving I knew that there were bills that needed to be paid so I would sign the number of checks so that they I, would have the necessary amount of signatures before bewing [sic] mailed out since training usually consists of a week or better. This has been corrected by adding other deputies to the banks signature card.*

The Hickman County Sheriff had weak controls over his signature stamp. We noted that the bookkeeper has access to a stamp of the sheriff's signature. The sheriff obtained the signature stamp for use when he is not in the office and his official signature is needed. However, the sheriff did not establish controls governing the use of this stamp, which could result in improper use and improper authorizations. While there is no legal prohibition to the use of a stamp by the sheriff, he should maintain strong controls over its use. The official should authorize, in writing, the use of a signature stamp and expressly designate in this writing those persons authorized to use the stamp for official purposes in affixing the official's signature. Furthermore, there should be a log of authorized usage. By doing this, it will ensure that the sheriff's signature is not being misused. We recommend that the sheriff strengthen controls in regards to the use of his signature stamp.

Sheriff's response:

Control over Signature Stamp:

- **SIGNATURE STAMP:** *There is a stamp in the sheriffs' [sic] office used to stamp training documents. Never has a check or document agreeing to or ordering anything been stamped. To correct this the stamp was put into my lock box in the safe. I am the only one with that key.*

The Hickman County Sheriff had weak internal controls over office assets. The Hickman County Sheriff's Office purchased equipment for law enforcement purposes. This equipment included various electronic devices, including cellular phones, which are risky in nature and susceptible to misuse and misappropriation. Because of the risks associated with these types of assets, strong internal controls, such as a detailed inventory system, are essential in ensuring they are protected from misuse and theft. The sheriff's failure to inventory office assets has put them at risk for such.

Without a way to track office assets, equipment could be stolen or used for unofficial purposes. Maintaining a listing is an important control that ensures all items are accounted for and are being used for their intended purpose.

In order to strengthen internal controls over the assets of the sheriff's office, we recommend the sheriff establish a detailed inventory system of all equipment purchases. This system should include a detailed description of the asset, an inventory control number or serial number, the date acquired, purchase price, location, date destroyed or sold as surplus, and a brief description of why the asset was discarded. The inventory of office assets should be updated throughout the year as new assets are acquired and old assets are retired. We also recommend the sheriff conduct a physical inspection of the office's assets at the end of each year to make comparisons to the sheriff's list of inventoried assets.

Sheriff's response:

Strengthen Control Over Assets;

- **STRENGTHEN CONTROL OVER THE OFFICE ASSETS:** *before the 2014 audit all items that were numbered with the case number, name of the owner (if possible) then put into the safe or evidence room. Since being advised of this I have started getting together items that can be sold at auction or taken to KSP in Frankfort for the Vest Program. These items will be documented with what is done with them.*

Auditor's Reply: The above comment is not in reference to items being held by the Sheriff's office as evidence. These items are to be maintained according to federal and state laws. The above comment is in reference to assets purchased through the Sheriff's fee account and Drug Fund such as cellular phones and other electronic devices. Because of their risky nature, internal controls over these assets should be implemented by the Sheriff's office in order to reduce the risk of misuse or misappropriation. If implemented properly, the internal controls recommended in the above finding should reduce the risks associated with such assets.

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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