



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Former McLean County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2014 financial statement of former McLean County Sheriff Frank Cox. 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 former McLean 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 former sheriff lacked adequate segregation of duties over reporting reconciliations and disbursements.** The former sheriff's office lacked adequate segregation of duties. The former sheriff's bookkeeper wrote checks, posted transactions to the receipts ledger, posted checks to the disbursements ledger, and prepared monthly and quarterly reports. The former sheriff or another employee did not document oversight of any of these activities. Lack of oversight could have resulted in undetected misappropriation of assets and/or inaccurate financial reporting to external agencies such as the Department for Local Government. The former sheriff did not implement separation of duties as part of his internal control system. The 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/or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. The former sheriff should have segregated duties or documented compensating controls.

*Former sheriff's response: No response.*

**The former sheriff made donations from the State and Local Drug Forfeiture Fund.** The former Sheriff donated state and local drug funds to a Federal Drug Task Force. The former sheriff donated \$55,000 to the Pennyriple Narcotics Task Force to ensure the task force presence in McLean County. The Pennyriple Narcotics Task Force was required to remit those funds back and the funds were paid directly to the current sheriff. The repayment provides the current sheriff with funding for local drug education, enforcement, prevention, treatment, or incarceration.

Disbursements made from the State and Local Drug Forfeiture Fund should be utilized for purposes consistent with KRS Chapter 218A. These uses include, but are not limited to:

- Official use (i.e., operating expenses of the sheriff's office);
- Drug and alcohol abuse education, prevention, and treatment;
- Drug enforcement and incarceration;
- Printing program-related training materials relative to crime prevention, such as manuals or handbooks, or payments to state or local agencies for programs relative to crime prevention, drug abuse prevention; and
- General and direct law enforcement purposes, or similar purposes relating to drug enforcement.

The former sheriff should have used the state and local drug forfeiture funds to enhance local law enforcement activities.

*Former sheriff's response: No response.*

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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