



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2014 financial statement of former Menifee County Sheriff Rodney Coffey. 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 Menifee 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 had disallowed disbursements of \$115 in his fee account. The former sheriff paid \$115 in credit card fees and interest. Credit card payments were not remitted timely. The former sheriff was required to expend funds on allowable expenditures as defined in the case of Funk v. Milliken, 317 S.W.2d 499 (KY 1958). In Funk v. Milliken, 317 S.W.2d 499 (KY 1958), Kentucky's highest court reaffirmed the rule that the county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented (to be for direct law enforcement purposes), reasonable in amount, beneficial to the public, and not personal expenses. When monies are spent on disallowed disbursements, the former sheriff is required to

deposit personal funds in the account to cover these items. We recommend the former sheriff reimburse the 2014 Fee Account \$115 for these disallowed disbursements.

Former sheriff's response: No response.

The former sheriff did not make daily deposits. Deposits are not being made each day as recommended by the Uniform System of Accounts, and are usually only made once a week. KRS 68.210 gives the State Local Finance Officer the authority to establish minimum accounting procedures, which includes depositing receipts intact on a daily basis into a federally insured financial institution. Deposits were usually made once or twice a week due to office size and the lack of adequate segregation of duties over receipts. However, for three months out of the year, three or five deposits were made for the month. Deposits should be made daily to prevent the likelihood of a misstatement or fraud occurring without being detected. We recommend that deposits be made on a daily basis.

Former sheriff's response: No response.

The former sheriff's office lacked adequate segregation of duties over receipts. The former sheriff's office lacked adequate segregation of duties over receipts. The employee who collected cash receipts also prepared the daily checkout sheet and the deposit slip. The same employee also took the deposit to the bank. By not segregating these duties, there is an increased risk of misappropriation of assets either by error or fraud. Good internal controls dictate that different individuals should perform these duties. A proper segregation of duties also protects employees in the normal course of performing their daily responsibilities. If these duties cannot be segregated, the former sheriff should have implemented compensating controls. The former sheriff could have reviewed the deposit, and compared it to the daily checkout sheet and receipts ledger as a compensating control. This procedure could have been documented by the former sheriff initialing the checkout sheet, receipts ledger, and deposit slip.

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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