



Auditor of Public Accounts
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FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Former Greenup County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2017 financial statement of former Greenup County Sheriff Keith Cooper. 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 receipts, disbursements and excess fees of the former Greenup County Sheriff in accordance with accounting principles generally accepted in the United States of America.

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. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Our basis for disclaiming is that we were unable to obtain required written management representations from the former Greenup County Sheriff, which results in a management-imposed scope limitation. Management is required to provide written representations to assert that they have fulfilled their responsibility for the preparation and fair presentation of the financial statements and that the information provided to the auditor is complete. Due to the former Greenup County Sheriff not providing written representations, we were unable to place appropriate reliance on the information provided during the audit and, therefore, cannot reduce the audit risk to an acceptable level.

Because of the significance of the matter described in the Basis of Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statement.

As part of the audit process, the auditor must comment on noncompliance 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:

Disallowed disbursements totaling \$5,923 from the 2016, 2015, and 2014 fee accounts were not repaid by the former sheriff: This is a repeat finding and was reported in the prior year audit report as Findings 2016-002, 2016-007, and 2016-008.

The former sheriff had disallowed disbursement in the following years:

- 2016 fee account totaling \$1,366 for the following items:
 - \$733 on satellite radio and interest charges which is not necessary for the operation
 - \$633 on hotel stay, parking fees, and online purchases without supporting documentation
- 2015 fee account totaling \$218 for the following items:
 - \$218 on satellite radio which is not necessary for the operation
- 2016 fee account totaling \$4,339 for the following items:
 - \$114 on newspaper advertisements that were not necessary
 - \$4,225 on credit card purchases for hotel stays and online purchases without supporting documentation

These disallowed disbursements have not been repaid by the former sheriff. The former sheriff was aware of these disallowed items in the prior audits, but so far has chosen not to repay the fee accounts from personal funds. The result of these disallowed disbursements is misspent taxpayer funds and a reduction in the amount of excess fees paid to fiscal court. The former sheriff is responsible for repaying this amount personally. In Funk v. 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 allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal expenses.

We recommend the former sheriff personally reimburse the 2016 fee account \$1,366; the 2015 fee account \$218; and 2014 fee account \$4,339; or, personally reimburse the fiscal court \$5,923 for the cumulative additional excess fees owed for these years. This finding will be referred to the Greenup County Attorney.

Former Sheriff's Response: The former sheriff did not provide a response.

Disallowed disbursements totaling \$32,994 from the 2016, 2015, and 2014 special enforcement account were not repaid by the former sheriff: This is a repeat finding and was reported in the prior year audit as Findings 2016-001, 2016-005, and 2016-006.

The former sheriff had disallowed disbursements in the special enforcement account for the following audits:

- 2016 special enforcement account totaling \$3,070 for the following items:
 - \$2,800 in cash withdrawals without supporting documentation
 - \$270 for bullet-proof vests without supporting documentation
- 2015 special enforcement account totaling \$12,471 for the following items:
 - \$12,300 in cash withdrawals without supporting documentation
 - \$171 to an individual without supporting documentation
- 2014 special enforcement account totaling \$17,453 for the following items:
 - \$5,378 in forfeited funds not deposited to the account
 - \$9,000 in cash withdrawals without supporting documentation
 - \$3,000 to a car dealership without supporting documentation
 - \$75 to an individual without supporting documentation

These disallowed disbursements have not been repaid by the former sheriff. The former sheriff was aware of these disallowed items in prior audits, but so far has chosen not to repay the special enforcement account from personal funds. The result of these disallowed disbursements is a reduction of the funds available in the special enforcement account to use for law enforcement and drug prevention. The former sheriff is responsible for repaying this amount personally. KRS 218A.420(4)(a) requires drug funds forfeited to the sheriff's office to be used for "direct law enforcement purposes." Also, KRS 134.160 requires the sheriff to keep an accurate account and maintain support of all moneys received and disbursed from his office.

We recommend the former sheriff personally reimburse the special enforcement account \$3,070 for 2016; \$12,471 for 2015; and \$17,453 for 2014 for a total of \$32,994. This finding will be referred to the Greenup County Attorney.

Former Sheriff's Response: The former sheriff did not provide a response.

The former sheriff did not file a listing of property seized with the proper authorities: This is a repeat finding and was included in the prior year audit report as Finding 2016-010. During calendar year 2017, the former sheriff did not submit a listing of property seized with the appropriate authorities. The former sheriff failed to ensure a listing of seized property was submitted at year end. As a result, the former sheriff may be liable to the state for the full value of all property and money seized, as stated in KRS 218A.440(2). KRS 218A.440(1) requires each law enforcement agency seizing money or property pursuant to KRS 218A.415, at the close of each fiscal year, to file a statement with the Auditor of Public Accounts and with the Secretary of the Justice and Public Safety Cabinet containing a detailed listing of all money and property seized in that fiscal year and the disposition thereof. The listing must identify all property seized. We recommend the sheriff's office comply with this statute in the future.

Former Sheriff's Response: The former sheriff did not provide a response.

The former sheriff's office lacked adequate segregation of duties: This is a repeat finding and was included in the prior year audit report as Finding 2016-013. The former sheriff's office continues to lack adequate segregation of duties. The former sheriff's bookkeeper collected payments from customers, prepared deposits, wrote checks, posted transactions to the receipts and disbursements ledgers, and prepared monthly and quarterly reports. The former sheriff or another employee did not document oversight of any of these activities. The former sheriff indicated this was caused by a limited budget, which restricts the number of employees the sheriff can hire or delegate duties to. A lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies such as Department for Local Government (DLG).

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 inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. We recommend the sheriff's office segregate the duties involved in receiving cash, preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliations, and comparing financial reports to ledgers. If this is not feasible, due to a limited budget, cross checking procedures could be implemented and documented by the individual performing the procedures.

Former Sheriff's Response: The former sheriff did not provide a 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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