



Auditor of Public Accounts
Mike Harmon

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Contact: **Michael Goins**
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Allen County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2016 financial statement of Allen County Sheriff Jeff Cooke. 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 Allen 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 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 comment:

The Allen County Sheriff's Office lacks adequate controls over the receipt collection process. The Allen County Sheriff's Office does not track carry concealed deadly weapon (CCDW) photo fees and does not deposit these fees into the official account. The sheriff's office stated they have not tracked these fees and their disbursements for several years. In addition, the Allen County Sheriff's office lacks adequate controls over the receipt collection process generally as noted by the following deficiencies:

- Receipt tickets are not issued for all collections.
- All receipts collected are not posted to the daily checkout sheets or receipts ledger.
- The method of payment is not marked on the receipt tickets.
- The collections are not reconciled to the deposit ticket with the method of payments being agreed.
- All receipts collected are not deposited intact daily into the official bank account. Deposits for collections for 12 of the 26 days tested were not made daily. Deposits for these 12 days took four to ten days to clear the bank.

Deposit detail obtained from the bank did not agree to the sheriff's records for 12 of the 26 days tested. Receipt tickets were not issued for \$65 of fees collected for CCDW photo fees and \$5 of auto inspection fees. Since a receipt ticket was not issued for these collections, \$70 was not recorded on the daily checkout sheets or receipts ledger. These fees were paid to the sheriff's office by check and the checks were deposited to the bank; however, \$70 in cash was removed from the cash drawer before the deposit was made and \$65 of the \$70 was put in a petty cash fund for the sheriff's office.

The bookkeeper stated these fees were spent to send flowers to employees who lost loved ones, occasional meals for inmates working in the sheriff's office, and gasoline for stranded motorists, suggesting that at least some of the disbursements were not necessary or reasonable expenditures of the office. No documentation existed to support any of these disbursements. For the month sampled, \$65 was collected, and with \$21 remaining in the petty cash fund as of July 26, 2017, at least \$44 was spent. The balance of \$21 was deposited to the fee account on July 26, 2017.

The sheriff's office could not provide records to show the total amount of CCDW photo fees collected. Based on sampling, at least \$65 in CCDW photo fees were collected for the month of June. Additional months and cash receipts could not feasibly be determined due to the lack of records. The amount of untracked CCDW photo fees could have been as high as \$3,280 for calendar year 2016 based on the number of CCDW applications and renewals.

The Allen County Sheriff's office did not mark the method of payment on 129 of 248 manual receipt tickets issued for the period tested June 1, 2016 through July 5, 2016; therefore, auditors could not agree cash and checks to the deposit ticket for 24 of the 26 days tested. A cash register is also utilized but the method of payment according to the cash register did not agree to the deposit tickets on 10 of the 26 days tested.

This deficiency occurred because the sheriff lacked oversight over the receipt collection process along with lack of adequate segregation of duties over receipts. According to the bookkeeper, they were not aware that CCDW photo fees collected were required to be deposited to the fee account.

Failure to issue receipt tickets for all collections and mark the method of payment on the receipt tickets resulted in the undetected misappropriation of assets and incorrect reporting, which ultimately resulted in less excess fees available to turn over to the fiscal court. The sheriff will be held personally responsible for the shortage of funds.

KRS 64.840(1) requires all county officials to issue a receipt form for “any fine, forfeiture, tax, or fee” and KRS 64.100 requires the sheriff to “keep an accurate account of all fees collected by him from all sources.” In addition, KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. This uniform system of accounts, as outlined in the *County Budget Preparation and State Local Finance Officer Policy Manual*, requires that deposits be made intact daily into federally insured banking institution and triplicate receipts be issued for all receipts collected. Good internal controls over receipt preparation and recording dictate the sheriff require receipt tickets be issued for all collections and the method of payment be marked on receipt tickets to ensure deposits are made intact daily. In addition, KRS 64.090(1)(cc) states the sheriff’s office may charge \$5 for taking photos.

We recommend the sheriff implement adequate internal controls over the receipt collection process in his office to assure receipt tickets are issued for all collections, and all deposits are made intact daily to the bank. In addition, we recommend the sheriff’s office document all CCDW photo fees in the fee account ledger. Since the sheriff participates in fee pooling, these fees should be turned over monthly to the fiscal court and all official expenses submitted to the fiscal court for payment. We recommend the sheriff repay \$49 to the fee account due to the unrecorded auto inspection fee of \$5 and the disbursements of \$44 paid from the CCDW photo fees. The disbursements from the CCDW photo fees lack documentation supporting they were necessary and reasonable expenditures of the office. This matter will be referred to the Kentucky State Police and the Kentucky Office of Attorney General.

Sheriff’s response: This office uses compensating controls.

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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