



Auditor of Public Accounts
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Harmon Releases Audit of Grayson County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2020 financial statement of Grayson County Sheriff Norman Chaffins. 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 Grayson 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 comments:

The sheriff's office has a lack of segregation of duties with inadequate compensating controls: This is a repeat finding and was included in the prior year audit report as Finding 2019-001. The Grayson County Sheriff's Office did not have adequate segregation of duties. While the sheriff implemented compensating controls, they were deemed inadequate due to the numerous posting errors. The bookkeeper prepares all checks, records receipts and disbursements on ledgers, reconciles accounts, and prepares financial statements with limited oversight by the sheriff.

According to the sheriff, this condition is caused by the diversity of operations with a limited number of staff. The sheriff failed to implement effective compensating controls to offset this deficiency in internal controls. The lack of segregation of duties or strong oversight caused an incorrect financial statement to be submitted to the Department for Local Government (DLG).

Segregation of duties or the implementation of compensating controls, when limited by the number of staff, is essential for providing protection against the misappropriation of assets and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the sheriff strengthen the compensating controls noted above by allowing different deputies to perform these functions. For those duties that cannot be segregated, strong management oversight and documented review processes should be implemented by the sheriff.

County Sheriff's Response: We constantly strive to reduce or eradicate this finding by taking the advice of our auditors. We will continue to make adjustments in our office in order to accomplish that goal.

The Grayson County Sheriff did not properly procure body cameras or vehicles: The Grayson County Sheriff purchased body cameras and two vehicles during the year. The amount expended for the body cameras was \$62,516. The amount expended for the vehicles was \$75,948. The sheriff failed to solicit bids on both purchases.

Since the sheriff did not follow proper bidding procedures or maintain bid documentation, it is possible the county did not get the lowest bid for the body cameras or the vehicles. In addition, the Grayson County Sheriff is not in compliance with KRS 424.260.

Strong internal controls require management to monitor disbursements to ensure compliance with bid laws, and to keep good records of all bid transactions. KRS 424.260(1) states, “[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for materials, supplies except perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than thirty thousand dollars (\$30,000) without first making newspaper advertisement for bids.” Also, according to the Grayson County Administration Code section 4.2 (C.), “[w]hen an expenditure exceeds \$30,000.00 in cost, the Judge/Executive and/or designee shall place an advertisement in the newspaper of largest circulation in the county at least once, not less than seven, nor more than twenty-one days, before bid opening.”

According to the sheriff he was not aware that the body cameras needed to be advertised for bids because there are not any local dealers. The sheriff also said that he assumed the vehicles were purchased at the state contract listing since the price was the same, however he did not have documentation to confirm this.

We recommend that the sheriff comply with the requirements of KRS 424.260 and the county's administrative code by making proper advertisements for all applicable expenditures or contracts exceeding \$30,000.

County Sheriff's Response: Although we bid out via email, we failed to advertise locally for body cameras estimate. Going forward, we will request bids by posting in local paper.

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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