



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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

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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2017 financial statement of former Hickman County Sheriff Mark Green. 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 Hickman County Sheriff in accordance with accounting principles generally accepted in the United States of America. The former sheriff's financial statement did not follow this format. However, the former 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 former Hickman County Sheriff did not reimburse disallowed disbursements from the 2015 audit: This is a repeat finding and was included in the prior year audit report as Finding 2016-001. The former Hickman County Sheriff did not reimburse disallowed disbursements from the 2015 audit. The 2015 audit of the former Hickman County Sheriff's fee account disclosed the former sheriff owed \$940 to his drug fund due to disallowed disbursements of the drug fund in Finding 2015-001. These disbursements should have been reimbursed to the drug fund from the former sheriff's personal funds. Additionally, the former sheriff owed \$388 for fee account disallowed disbursements that were disclosed in the 2015 audit as part of Finding 2015-002. However, follow-up of prior year

audit findings revealed that the former sheriff failed to reimburse the drug fund or remit additional excess fees due to the fiscal court.

The former sheriff did not initially reimburse the drug fund for these disallowed disbursements because the fiscal court voted to approve the disbursements as being allowable disbursements. According to the former sheriff, he is currently seeking clarification on the ruling before paying what is owed.

Neither the fiscal court nor the former sheriff are in compliance with KRS 67.080(3) or KRS 64.820(1) because the fiscal court is mandated by statute to collect these amounts. The fiscal court does not have the authority to forgive the former sheriff's disallowed disbursements or to determine if drug fund or fee account disbursements are allowable. Therefore \$940 determined by the prior year audit are still due to the former sheriff's drug fund from the former sheriff's personal funds, as well as \$388 of the former sheriff's personal funds are due to the fiscal court for additional excess fees owed.

KRS 67.080(3) states, "[t]he fiscal court shall not exercise executive authority except as specifically assigned by statute." Additionally Section 52 of the Kentucky Constitution forbids "the release of liability to the Commonwealth, or to any county or municipality thereof." Since powers of the fiscal court are set by the general assembly, and the general assembly is prohibited from releasing indebtedness or liability, the fiscal court would be prohibited releasing indebtedness or liability of the former sheriff.

KRS 64.820(1) specifically directs the fiscal court to, "collect any amount due the county from county officials as determined by the audit of the official conducted pursuant to KRS 43.070 and 64.810 if the amount can be collected without suit." KRS 64.820(2) requires the fiscal court to, "direct the county attorney to institute suit for the collection of the amount reported by the Auditor" within ninety days if the amount is not paid.

KRS 43.070(1)(a) requires an audit, "[t]o determine whether any unauthorized, illegal, irregular, or unsafe handling or expenditure of revenue or other improper practice of financial administration has occurred and to assure that all proper items have been duly charged, taxed, and reported, the Auditor shall audit annually...[t]he books, accounts, and papers of all county clerks and sheriffs."

We recommend the former Hickman County Sheriff reimburse the drug fund account in the amount of \$940, and remit excess fees of \$388 to the fiscal court, to be paid from his personal funds to cover the disallowed disbursements for calendar year 2015.

Former Sheriff's Response: "Since taking office in 2011, I have used the same forms when making buys using drug fund money that was in the drug account. Nothing was said about the forms or paperwork that I was using until the 2013 audit. When I was audited from 2013-2015 for one reason or another there were some disbursements found to be disallowed and these monies we're paid back from my personal account even after I would make what I felt was valid arguments that's the paperwork and forms were correct. In the audit for 2015, there was nothing spent out of the drug account that didn't have a receipt or proper documentation to show exactly where or how the money was spent. Final auditors report recommended that I reimburse \$940 to the Drug account and an

additional \$388 to the fiscal court. During a 2016 fiscal court meeting I showed the magistrates, judge executive and county attorney the same paperwork and other documents that had also been provided to the auditors office in 2015. Each of the magistrates voted that they found disbursements to be allowed and I was told that I would not have to pay back the amount of money according to the audit. For the past couple years before this 2016 fiscal court meeting, I had been told numerous times from sheriffs of other Kentucky Counties along with other county officials that the fiscal court could disagree with an audit and if they do chose to I would be forgiven. This was also the believe of the audit her that currently on it's my office, she thought as well that a fiscal court could forgive if they found the disbursements to have been allowable. A couple of questions I have had is 1. Shouldn't a former or current elected official not have to go back and pay back their counties as well who have been forgiven? Is an auditor's opinion that something they found to be disallowed disbursements not subject to argument? I have made MASSIVE improvements to the last few sheriffs office audits. Myself, my office clerk, and a deputy have been responsible for making sure that everything was done better then in years past and this audit proves that. I ask for the supervisors in Frankfort to look at the changes and the fact that the fiscal court looked at the same documents/documentation and they all agreed that in their opinion it was allowable disbursements. I don't understand how I am once again still being penalized after the auditors office is the ones that told HC County Attorney Jason Batts there was two different avenues the Fiscal Court could take. After its said and done the same auditors office comes back and says wait, you cant do this.

Auditor's Reply: Disbursements from the drug forfeiture fund in 2015 were disallowed due to a lack of sufficient supporting documentation. While copies of receipts were provided to auditors during audit testing, the receipt for purchase of a firearm did not come from an outside vendor. The receipts for narcotic purchases contained date discrepancies indicating they were not completed contemporaneously with the transactions and were therefore insufficient. Because of the insufficient supporting documentation, these items were disallowed.

Per KRS 64.820, the fiscal court shall "collect any amount due the county from county officials as determined by the audit of the official...In the event the fiscal court cannot collect the amount due the county from the county official without suit, the fiscal court shall then direct the county attorney to institute suit for the collection of the amount reported by the Auditor or certified public accountant to be due the county within ninety (90) days from the date of receiving the Auditor's or certified public accountant's report."

The former Hickman County Sheriff's fourth quarter financial statement did not agree with the receipts and disbursements ledgers: The former Hickman County Sheriff's fourth quarter financial report did not agree to his ledgers. Receipts in the amount of \$8,678 and disbursements in the amount of \$8,680 were omitted from the fourth quarter financial report.

The former sheriff failed to implement strong internal controls over financial reporting. As a result, the fourth quarter financial report did not agree to the receipts and disbursements ledgers. Inaccurate financial reporting allows an opportunity for the former sheriff to misrepresent his financial status to the fiscal court and other administrative bodies.

Strong internal controls are essential to providing protection form asset misappropriation and helping prevent inaccurate financial reporting. Additionally, KRS 68.210 gives the state local

finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* requires accurate financial reporting.

We recommend the sheriff's office ensure that all quarterly reports are accurate, and that the fourth quarter financial report agrees to the sheriff's receipts and disbursements ledger.

Former Sheriff's Response: When the discrepancy was found it was immediately fixed.

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](#).

###

The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.

