



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2016 financial statement of Lee County Sheriff Wendell Childers, Jr. 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 Lee 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 internal control over financial operations and reporting.

The audit contains the following comments:

The sheriff did not ensure receipts were recorded properly: The sheriff did not ensure receipts were recorded properly. Due to a lack of oversight, all funds received by the sheriff's office for calendar year (CY) 2016 were not included on the quarterly report accurately. This resulted in \$15,372 of receipts, including commissions, state payments, fees for services, interest, and county clerk delinquent tax payments, not being included on the 2016 fourth quarter report.

The Uniform System of Accounts, adopted under KRS 68.210, requires the sheriff to prepare a quarterly report which includes all receipts collected. Had the sheriff's office posted all receipts to the ledgers properly and agreed them to the bank statement, any errors would have been detected

and corrected prior to the audit. In spite of this, all funds received for CY 2016 were deposited into the 2016 fee account and paid to the county as excess fees correctly. Recording receipts properly helps ensure accurate reports and helps with budgeting. Therefore, we recommend the sheriff ensure all receipts are recorded properly.

Sheriff's Response: The Deputy Bookkeeper will begin to keep a ledger of 2017 fourth quarter funds including commissions, delinquent payments, state payments, and interest. These will be added to the fourth quarter 2017 Budget and deposited to the 2017 fee account.

The sheriff overspent the maximum salary limitation fixed by the fiscal court: The sheriff overspent his maximum salary limitation as fixed by the fiscal court by \$43,076. The fiscal court fixed the deputies' salary limit at \$31,720; however, the sheriff expended \$74,796. The sheriff was unaware that the amount approved by the fiscal court should include all employees, including the bookkeeper and court security employees. As a result, the sheriff was in violation of KRS 64.530(3). KRS 64.530(3) states, "the fiscal court shall fix annually the maximum amount, including fringe benefits, which the officer may expend for deputies and assistants, and allow the officer to determine the number to be hired and the individual compensation of each deputy and assistant." We recommend the sheriff monitor his payroll expenditures during the year and obtain any necessary amendments before year end.

Sheriff's Response: The Deputy Bookkeeper will set the Maximum Salary Limitation Set By the Fiscal Court for a higher amount for 2019 so that the Sheriff will not go over that limit. The amount will include all employees including deputy bookkeeper and court security employees, all except sheriff.

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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