

**REPORT OF THE AUDIT OF THE
MCLEAN COUNTY
SHERIFF**

**For The Year Ended
December 31, 2015**



**MIKE HARMON
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EXECUTIVE SUMMARY
AUDIT OF THE
MCLEAN COUNTY SHERIFF

For The Year Ended
December 31, 2015

The Auditor of Public Accounts was engaged to audit the fee account activities for the McLean County Sheriff's office for the year ended December 31, 2015. Based upon the audit work performed, we have issued a disclaimer of opinion on the financial statement.

Based upon our assessment of audit risk, we determined audit risk to be too high to issue an opinion and we were unable to apply other audit procedures to overcome this risk. In addition, the McLean County Sheriff's office had serious weaknesses in the design and operation of its internal control structure and accounting functions.

Report Comments:

- 2015-001 The McLean County Sheriff Failed To Implement Adequate Internal Controls Over Accounting Functions And Failed To Properly Maintain Accounting Records
- 2015-002 The McLean County Sheriff Did Not Maintain Proper Receipts And Disbursements Ledgers And Failed To Properly Reconcile Accounts
- 2015-003 The McLean County Sheriff Overspent The Approved Budget for Calendar Year 2015
- 2015-004 The McLean County Sheriff Did Not Properly Submit Quarterly Financial Reports To The Department For Local Government
- 2015-005 The McLean County Sheriff Failed To Submit The Full Amount Of The Sheriff's Advancement Timely

Deposits:

The sheriff's deposits were insured and collateralized by bank securities.

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Kelly Thurman, McLean County Judge/Executive
The Honorable Kenneth Frizzell, McLean County Sheriff
Members of the McLean County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We were engaged to audit the Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Sheriff of McLean County, Kentucky, for the year ended December 31, 2015, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this 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. Because of the matters 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.

Basis for Disclaimer of Opinion

The McLean County Sheriff did not maintain adequate accounting records of fee account receipts and disbursements to allow us to apply other auditing procedures to satisfy ourselves as to the validity of fee account receipts and disbursements, which resulted in a high level of audit risk. Due to the apparent lack of internal controls and the above noted issues, we were unable to reduce the audit risk to an acceptable level.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for 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.



The Honorable Kelly Thurman, McLean County Judge/Executive
The Honorable Kenneth Frizzell, McLean County Sheriff
Members of the McLean County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2017 on our consideration of the McLean County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2015-001 The McLean County Sheriff Failed To Implement Adequate Internal Controls Over Accounting Functions And Failed To Properly Maintain Accounting Records
- 2015-002 The McLean County Sheriff Did Not Maintain Proper Receipts And Disbursements Ledgers And Failed To Properly Reconcile Accounts
- 2015-003 The McLean County Sheriff Overspent The Approved Budget for Calendar Year 2015
- 2015-004 The McLean County Sheriff Did Not Properly Submit Quarterly Financial Reports To The Department For Local Government
- 2015-005 The McLean County Sheriff Failed To Submit The Full Amount Of The Sheriff's Advancement Timely

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

April 26, 2017

MCLEAN COUNTY
SHERIFF'S QUARTERLY REPORT

**MCLEAN COUNTY
KENNETH FRIZZELL, SHERIFF
SHERIFF'S QUARTERLY REPORT**

For The Year Ended December 31, 2015

Form For Budget, Cumulative Quarterly Report and Annual Settlement For Calendar Year 2015

McLean County Sheriff


Part One - Summary and Reconciliation of All Accounts

Show & Describe All Accounts	Column 1	Column 2	Column 3	Column 4	Column 5
	20__ Fee Account Budget Estimate	20__ Fee Account Cumulative Actual	Account (NOT FEE ACCOUNT)	Account (NOT FEE ACCOUNT)	Account (NOT FEE ACCOUNT)
1. Receipts YTD	\$387,374.50	\$386,512.29			
2. Total Disbursements YTD	\$332,173.18	\$320,598.15			
3. Book Balance/Excess Fees	\$5,201.32	\$15,919.14			
4. Bank Statement Balance					
5. Plus Deposits in Transit					
6. Less Outstanding Checks					
7. Other					
8. Reconciled Bank Balance					
9. Accounts Receivable as of 12/31					
10. Unpaid Obligations as of 12/31					
11. Excess Fees					

Instructions: This form is the required format for the budget and the quarterly report. BUDGET: After completing the budget estimate columns of Parts One, Two and Three, adjust to the fiscal year for approval by January 15th and following approval submit to the state local finance office. QUARTERLY REPORT: The quarterly report is cumulative. Show the status of all funds in the official charge during calendar year to date in Part One. Line 1 show total receipts on a cash basis for the year to date including any beginning balances for all accounts. Show current year fee account in COLUMN 2 as calculated in Part Two of report. Line 2 show total disbursements on a cash basis for the year to date for all accounts. Show current year fee account in COLUMN 3 as calculated in Part Three of report. Line 3 show difference between lines 1 and 2 for all accounts. Line 4 show bank statement balance(s) at close of quarter. Line 5 show total deposits made prior to close of quarter that are not reflected in bank statement(s). Line 6 show total amount of checks issued prior to close of quarter that are not reflected in bank statement(s). Line 7 show investments. Line 8 show line 4 adjusted for lines 5, 6, and 7. Line 8 should equal line 3 for all accounts. Line 9 Complete for quarter ending 12/31. Show line 8 adjusted for lines 9 and 10. All debt to be shown in Part Four. Report due for State Local Finance Office, 1024 Capital Center Drive, Suite 240, Frankfort, KY 40601-6824 by the 20th day following the close of each quarter. Fax # 502-373-3712 / PH # 502-373-3710.

Approved by the fiscal officer on the 15th day of March, 2016

 County Judge/Executive
 Date 3-15-16

To the best of my knowledge the information reported herein for the
 budget/quarter ended December 31, 2015 is accurate and complete.

 Signature of County Sheriff
 Date 3-15-16

MCLEAN COUNTY
 KENNETH FRIZZELL, SHERIFF
 SHERIFF'S QUARTERLY REPORT
 For The Year Ended December 31, 2015
 (Continued)

Part Two Receipts	Budget Estimate	1/1 thru 3/31	4/1 thru 6/30	7/1 thru 9/30	10/1 thru 12/31	Total YTD	Accounts Receivable 12/31	Settlement Total
1. Federal Grants	\$0.00							
2. Court S Court Security	\$47,000.00	\$13,039.31	\$13,039.31	\$13,039.32	\$13,039.31	\$52,157.25		
3. State - KLEPP	\$26,000.00	\$5,714.56	\$5,714.56	\$6,451.46	\$7,473.09	\$25,353.67		
4. Receipts YTD	\$0.00							
5. Finance and Administration Cals. (HB 432)	\$3,576.50	\$1,211.39	\$944.03	\$608.96	\$655.06	\$3,419.44		
6. Cabinet Human Resources	\$1,200.00							
7. Circuit Clerk								
8. Sheriff Security Services	\$5,000.00	\$350.25	\$461.25	\$612.00	\$591.75	\$2,015.25		
9. Fees/Fees Collected	\$4,500.00	\$1,010.00	\$1,224.20	\$1,024.20	\$1,499.40	\$4,757.80		
10. Court Order/Fee Payments	\$13,000.00							
11. Fiscal Court (includes on class)	\$300.00							
12. County Clerk (includes on class)	\$7,000.00	\$2,148.52	\$1,024.70	\$2,511.90	\$955.34	\$6,620.46		
13. Commissions on Taxes Collected	\$130,000.00	\$15,735.42	\$4,337.25	\$3,954.67	\$137,221.67	\$161,249.01		
14. Fees Collected for Services	\$0.00							
15. Auto Inspections	\$4,200.00	\$865.00	\$925.00	\$935.00	\$765.00	\$3,480.00		
16. Accident/Police Reports	\$290.00	\$308.50	\$466.25	\$651.00	\$514.50	\$1,940.25		
17. Serving Papers	\$16,000.00	\$4,120.00	\$2,840.00	\$2,700.00	\$3,499.02	\$13,159.02		
18. CCOA	\$2,000.00	\$1,170.00	\$820.00	\$330.00	\$1,529.00	\$4,049.00		
19. Other (specify)	\$1,000.00			\$12,000.00	\$2,506.06	\$14,506.06		
20. Tax (specify fees & etc)	\$18,000.00				\$19.14	\$19.14		
21. Interest Earned	\$30.00							
22. Total Revenues	\$279,026.50	\$46,213.47	\$31,776.65	\$45,017.91	\$170,264.95	\$293,272.23		
23. Felly Cash	\$0.00		\$150.00			\$150.00		
24. Borrowed Money	\$0.00							
25. State Advancement	\$58,348.00	\$10,970.00	\$21,080.00	\$10,540.00		\$42,590.00		
26. Bank Note								
27. Total Receipts (total lines 21 through 26)	\$337,374.50	\$57,083.47	\$53,006.65	\$55,557.91	\$170,864.35	\$336,512.29		

Copy the figures shown on line 27 to the Budget Estimate column in the Summary on page 1, column 1, line 1. Copy the figures shown on line 27 to the Total YTD column in page 1, column 2, line 1. Copy the figures shown on line 27 to the Settlement Total column in page 1, column 3, line 1.

MCLEAN COUNTY
 KENNETH FRIZZELL, SHERIFF
 SHERIFF'S QUARTERLY REPORT
 For The Year Ended December 31, 2015
 (Continued)

Part Three Disbursements	Budget Estimate	1/1 thru 3/31	4/1 thru 6/30	7/1 thru 9/30	10/1 thru 12/31	Total YTD	Unpaid Obligations 12/31	Settlement Total
Official Expenses								
1. Personal Services								
9. Sheriff's Gross Salary	\$71,705.18	\$16,848.05	\$16,868.54	\$19,096.63	\$16,868.54	\$68,181.76		
5. Expected Gross Salaries	\$68,000.00	\$17,783.80	\$11,257.38	\$11,530.44	\$18,172.91	\$58,744.53		
4. KLEFF	\$27,000.00	\$6,225.08	\$5,714.56	\$6,451.46	\$7,473.09	\$25,864.19		
5. Other Gross Salaries								
6. Overtime Gross				\$12,000.00	\$2,806.06	\$14,806.06		
7. non-union salaries								
8. Employee Benefits								
9. Employer's Share Social Security								
10. Employer's Share Retirement								
11. Employer's Share Misc. Duty Mt.								
12. Employer's Workman's Compensation								
13. Employer's Unemployment Ins.								
14. Employer Paid Health Ins.								
15. Training Fringe Benefit (FRSLO)	\$4,000.00				\$985.25	\$985.25		
16. Contracted Services								
17. Advertisiug	\$3,000.00		\$95.00	\$115.46	\$542.00	\$752.46		
18. Summons	\$700.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
19. Collection of rebo checks	\$400.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
20. Supplies and Material's (includes various other items)								
21. Office Materials and supplies	\$4,000.00	\$1,549.29	\$837.05	\$1,702.36	\$5,297.24	\$9,686.34		
22. Uniforms	\$4,800.00	\$230.87	\$669.73	\$77.69	\$4,129.79	\$5,108.58		
23. Deputies Training	\$4,000.00	\$86.78	\$606.95	\$547.05	\$5,615.29	\$4,656.05		
24. Deputies training	\$4,000.00							
25. Law Enforcement Supplies	\$9,000.00	\$510.75	\$1,804.70	\$1,878.66	\$4,254.33	\$17,948.34		
26. Other Charges (this category includes various other items)								
27. Court Security	\$55,000.00	\$13,039.91	\$13,039.91	\$13,039.92	\$13,039.91	\$52,159.25		
28. Dues	\$420.00				\$430.00	\$430.00		
29. Postage	\$4,000.00		\$54.00	\$2,250.05	\$444.00	\$2,758.05		
30. Computers Supplies	\$2,000.00				\$5,808.91	\$3,808.91		
31. Fiscal Court's Summons Fees	\$3,500.00							
32. Phone	\$5,000.00	\$744.62	\$568.63	\$891.52	\$846.01	\$3,050.78		
33. Impound Tow		\$325.00	\$300.00	\$125.00	\$300.00	\$1,050.00		

MCLEAN COUNTY
 KENNETH FRIZZELL, SHERIFF
 SHERIFF'S QUARTERLY REPORT
 For The Year Ended December 31, 2015
 (Continued)

Part Three Disbursements	Budget Estimate	1/1 thru 3/31	4/1 thru 6/30	7/1 thru 9/30	10/1 thru 12/31	Total YTD	Unpaid Obligations	Settlement Total
34. Auto Expenses on Personal Vehicles								
35. Gasoline								
36. Maintenance and repairs								
37. Rent Insurance								
38. Depreciation								
39.								
40. Debt Service (interest only, amort. loss, principal)								
41. State Administration	\$18,848.00				\$42,490.00	\$42,490.00		
42. Notes								
43. Interest								
44.								
45. Capital Outlay (outside purchase of assets, less in account)								
46. Office equipment	\$5,000.00			\$3,570.00		\$3,570.00		
47. Vehicles					\$4,800.00	\$4,800.00		
48.								
49.								
50. Total Official Expenses	\$32,175.18	\$56,798.05	\$51,411.88	\$75,860.62	\$136,802.65	\$320,593.15		
For offices that fee pool, pay fee to county prior to December 31, or receipts over 20,000 in population, show payments on appropriate line below.								
51. Payments to County Treasurer								
52. Payments to State Treasurer								
53. Total Disbursements (total from 20-50, and 52)	\$32,175.18	\$56,798.05	\$51,411.88	\$75,860.62	\$136,802.65	\$320,593.15		

Copy the figures shown on line 20 to the Budget (column 1) and to the following on page 1, column 1, line 2. Copy the figures shown on line 30 to the Total (column 2, line 2). Copy the figures shown on line 31 to the Total (column 2, line 2). Copy the figures shown on line 32 to the Total (column 2, line 2).

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Kelly Thurman, McLean County Judge/Executive
The Honorable Kenneth Frizzell, McLean County Sheriff
Members of the McLean County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

Independent Auditor's Report

We were engaged to audit the Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the McLean County Sheriff for the year ended December 31, 2015, and the related notes to the financial statement and have issued our report thereon dated April 26, 2017, wherein we disclaimed an opinion on the financial statement because the McLean County Sheriff failed to maintain adequate accounting records and lacked adequate internal controls resulting in high audit risk.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the McLean County Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the McLean County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the McLean County Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying comments and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying comments and recommendations as items 2015-001, 2015-002, and 2015-004 to be material weaknesses.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the McLean County Sheriff's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying comments and recommendations as items 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005.

Sheriff's Response to Findings

The McLean County Sheriff's responses to the findings identified in our audit is described in the accompanying comments and recommendations. The sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

April 26, 2017

COMMENTS AND RECOMMENDATIONS

MCLEAN COUNTY
KENNETH FRIZZELL, SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2015

FINANCIAL STATEMENT FINDINGS:

2015-001 The McLean County Sheriff Failed To Implement Adequate Internal Controls Over Accounting Functions And Failed To Properly Maintain Accounting Records

The McLean County Sheriff's bookkeeper performed all accounting functions with no oversight. The bookkeeper collected funds from customers and posted to daily check out sheets. However, no one verified daily check out sheets against bank deposits. There were no ledgers maintained to support amounts recorded by the bookkeeper on the fourth quarter report. The bookkeeper failed to keep minimum required accounting records as prescribed by the Department for Local Government (DLG).

KRS 68.210 gives the state local finance officer authority to prescribe a uniform system of accounts, which sets certain minimum accounting requirements for local officials. At a minimum, the books of accounts required by the uniform system of accounts that apply here are a cash receipts ledger, a check distribution register, a general ledger, and a cash disbursements ledger. KRS 64.100 requires each sheriff to "keep an accurate account of all fees collected by him from all sources." Additionally, good internal controls dictate segregation of duties or oversight of incompatible duties.

The sheriff is not meeting statutory requirements because his bookkeeper lacked the skills and training to competently perform the duties necessary to keep records in compliance with DLG's requirements. This control deficiency was due in part to the fact that no one was reviewing or ensuring that her work was done properly or timely.

The following instances of noncompliances are detailed in the subsequent findings:

- The sheriff did not maintain receipts and disbursements ledgers.
- The sheriff overspent the approved budget for calendar year 2015.
- The sheriff's third quarter report of calendar year 2015 was not submitted to DLG.
- The sheriff's fourth quarter report of calendar year 2015 was significantly misstated and not submitted to DLG until August 2016.
- The sheriff's official bank account was not reconciled to financial records.
- The sheriff failed to reimburse the full amount of his state advancement timely.

Incomplete financial reports can lead to improper financial decision making, as well as increase the risk of undetected errors or fraud. Due to the lack of financial records, a disclaimer of opinion was issued on the McLean County Sheriff's financial statement.

We recommend the sheriff monitor accounting activities to determine that financial records are properly maintained and that required financial reports are properly prepared and submitted. Additionally accounting functions should be segregated or compensating controls such as independent review and verification be enacted. The sheriff's bookkeeper should receive training in order to obtain skills relevant to accounting job duties.

MCLEAN COUNTY
 KENNETH FRIZZELL, SHERIFF
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2015
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2015-001 The McLean County Sheriff Failed To Implement Adequate Internal Controls Over Accounting Functions And Failed To Properly Maintain Accounting Records (Continued)

Sheriff Kenneth Frizzell's Response: Being new to this office and having a new book keeper we were unaware of additional ledgers to be kept, proofs of reconciliation, and what/when reports were due. Though there were mistakes in how we kept our records by the Commonwealth's standards for accounting, our records did reflect every penny accounted for. We feel that with better communication and training from the Commonwealth as to how it wants reporting done many of these errors would have been avoided. As it stands right now we must search the KAR and KRS to find this information which is like looking for a needle in a haystack. However since being made aware of our short comings during this audit, we have made the necessary changes in how we keep our records to meet the Commonwealth's standards.

Auditor's Reply: The Auditor of Public Accounts (APA) does not prescribe accounting standards the fee officials are required to follow. However, the APA does audit compliance with those standards. If there are questions about accounting records requirements, the McLean County Sheriff should contact the Department for Local Government, which is the governing body that sets the minimum accounting standards per KRS 68.210.

2015-002 The McLean County Sheriff Did Not Maintain Proper Receipts And Disbursements Ledgers And Failed To Properly Reconcile Accounts

The McLean County Sheriff's Office has not maintained proper receipts and disbursements ledgers. Reconciliation of the sheriff's 2015 bank account was not completed until after auditors arrived in August 2016. This control deficiency was caused by a lack of oversight of all accounting functions.

Not maintaining ledgers can result in the misappropriation of assets or incorrect financial reporting to external agencies such as the Department for Local Government. Lack of reconciliation of the bank account can cause cash to be misappropriated or cause the sheriff to be overdrawn in his official account.

KRS 68.210 gives the state local Finance officer authority to prescribe a uniform system of accounts, which sets certain minimum accounting requirements for local officials. At a minimum, the books of accounts required by the uniform system of accounts that apply here are a cash receipts ledger, a check distribution register, a general ledger, and a cash disbursements ledger. Good internal controls dictate minimum accounting requirements be followed. We recommend the sheriff maintain receipts and disbursement ledgers in compliance with KRS 68.210 and verify that the official checking account is reconciled monthly.

Sheriff Kenneth Frizzell's Response: See response in 2015-001.

Auditor's Reply: The Auditor of Public Accounts (APA) does not prescribe accounting standards the fee officials are required to follow. However, the APA does audit compliance with those standards. If there are questions about accounting records requirements, the McLean County Sheriff should contact the Department for Local Government, which is the governing body that sets the minimum accounting standards per KRS 68.210.

MCLEAN COUNTY
 KENNETH FRIZZELL, SHERIFF
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2015
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2015-003 The McLean County Sheriff Overspent The Approved Budget for Calendar Year 2015

The McLean County Sheriff's disbursements per bank records exceeded his approved budgeted disbursements for calendar year 2015 by \$3,712. The sheriff did not adequately monitor disbursements to ensure he would not exceed his approved budget. Failure to monitor the budget shows a lack of fiscal responsibility and places public funds at risk.

The state local finance officer requires the fiscal court to approve a calendar year budget for each fee office as a component of the county's budget preparation process by January 15th of each year. KRS 68.210 states that "[t]he administration of the county uniform budget system shall be under the supervision of the state local finance officer who may inspect and shall supervise the administration of accounts and financial operations and shall prescribe . . . a system of uniform accounts for all counties and county officials." We recommend the sheriff not make disbursements that exceed his approved budget. The sheriff should monitor his budget throughout the year and request budget amendments sufficient to cover actual expenses as necessary.

Sheriff Kenneth Frizzell's Response: We feel the wording in this finding is greatly inaccurate. We did NOT overspend our 2015 Budget. We simply failed to amend our budget to reflect a money in, money out, situation because at the time we were unaware it was needed. It should be noted that we turned over to the fiscal court approximately \$8,000 more than what was budgeted to be turned over. The funds notated in the finding (\$3,712) once received were immediately given to fiscal court to supplement deputies salaries. \$3,712 was from one quarterly payment from HB 413 fund. HB 413 is a law that allows for an inter-local agreement between this office and incorporated cities of the county to receive state funds that are generated quarterly to supplement additional deputy salaries which had never been utilized until this year. Our 2016 budget was amended to reflect these receipts and disbursements. They were placed in the 2017 budget as well.

Auditor's Reply: When the McLean County Sheriff's office receives more funds than budgeted in a calendar year, a budget amendment must be obtained from the fiscal court in order to spend the additional funds. Otherwise these funds are due to the fiscal court as excess fees.

2015-004 The McLean County Sheriff Did Not Properly Submit Quarterly Financial Reports To The
 Department For Local Government

The sheriff did not properly submit quarterly reports to the Department for Local Government (DLG). As of this date, the sheriff still has not completed the third quarter report for the 2015 fee account. The fourth quarter report was not submitted until after August 1, 2016. Additionally, the fourth quarter report is significantly misstated.

Pursuant to KRS 68.210, the state local finance officer requires officials to submit quarterly reports to the Department for Local Government by the 30th day following the close of each quarter. Additionally, good internal controls dictate review of required reports by the responsible official.

MCLEAN COUNTY
KENNETH FRIZZELL, SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2015
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2015-004 The McLean County Sheriff Did Not Properly Submit Quarterly Financial Reports To The
Department For Local Government (Continued)

There was no oversight by the sheriff to ensure that quarterly reports were properly submitted to DLG or that amounts reported were correct. Failure to submit required reports prevents proper oversight from DLG and could result in undetected errors, misstatements, or fraud for a significant time period.

We recommend the sheriff require accurate quarterly reports be submitted to DLG and ensure that all reports are submitted timely in the future.

Sheriff Kenneth Frizzell's Response: See response in 2015-001.

Auditor's Reply: The Auditor of Public Accounts (APA) does not prescribe accounting standards the fee officials are required to follow. However, the APA does audit compliance with those standards. If there are questions about accounting records requirements, the McLean County Sheriff should contact the Department for Local Government, which is the governing body that sets the minimum accounting standards per KRS 68.210.

2015-005 The McLean County Sheriff Failed To Submit The Full Amount Of The Sheriff's Advancement Timely

The McLean County Sheriff failed to pay back the sheriff's advancement timely. The sheriff did not keep proper receipts and disbursements ledgers. Due to a lack of proper accounting records, the sheriff was not aware of the total amount of state advancement that was owed back to the state. The sheriff repaid \$5,270 less than was owed. The sheriff repaid the additional funds owed in August 2016.

KRS 64.140(1) states, "[a]t the end of each calendar year the sum of such advancements shall be deducted from the part of the total of fees and commissions paid into the State Treasury by the sheriff[.]" We recommend the sheriff repay the state advancement timely to be in compliance with KRS 64.140.

Sheriff Kenneth Frizzell's Response: We called the state advancement office to double check that we had paid back all the advancement. At that time they said we had paid in full. They mistakenly overlooked the last portion of \$5,270 and we did as well. Once the error was discovered we immediately paid back the funds and the error was corrected for both parties.

