



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Trimble County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2015 financial statement of Trimble County Sheriff Tim Coons. 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 Trimble 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 non-compliance 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 had \$267 in disallowed disbursements.** During testing of disbursements we noted \$267 in disallowed disbursements, which included:

- One credit card charge with no supporting documentation:
 

No documentation	\$242
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- Late fee paid on bank loan (due October 18, 2015 and paid on November 2, 2015):
 

Late fee	\$25
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The sheriff's office policies do not have effective controls in place to ensure that all credit card charges have original supporting documentation to describe items purchased, and they do not ensure all payments are made to vendors timely. Without these internal control procedures working effectively, disbursements may be made for unallowable items and payments may be made late resulting in late fees assessed by vendors. Good internal controls dictate that the sheriff should monitor disbursements to ensure compliance with state laws and regulations and that bills are paid timely.

In Funk v. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court reaffirmed the rule that county fee officials' expenditure of public funds will be allowable only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal expenses. We recommend the sheriff implement procedures to ensure that all disbursements of the fee account, including credit card charges are necessary, adequately supported, reasonable, for the benefit of the public, not personal in nature, and that all payments are made to vendors timely. We also recommend the sheriff pay the \$267 in disallowed disbursements back to the fee account, then pay the funds to the fiscal court as excess fees.

*Sheriff's response: None.*

**The sheriff's office lacks segregation of duties over receipts.** The sheriff's office lacks segregation of duties over receipts due to one employee collecting receipts, recording receipts in the ledger, preparing the deposit, taking the deposit to the bank, and reconciling the bank account. The sheriff has not implemented segregation of duties as part of the internal controls for his office. The lack of segregation of duties significantly increases the risk of misstatements in reporting due to errors or fraud, such as theft of funds. Good internal controls dictate that adequate segregation of duties would prevent the same person from having a significant role in these incompatible functions. We recommend the sheriff segregate the duties in collecting receipts, recording receipts, preparing deposits, taking the deposits to the bank and performing the bank reconciliations. If the duties cannot be segregated, strong oversight should be provided over the employee responsible for these functions. The employee providing oversight should document oversight procedures by initialing source documents.

*Sheriff's response: None.*

**The sheriff's office was not in compliance with state bid law.** The sheriff purchased a Ford F150 pickup truck in June 2015 for a total purchase of \$34,900; with a trade-in valued at \$19,000, the resulting cash price was \$15,900. The sheriff's bookkeeper indicated that there was no bid done for the vehicle purchase, and she did not know if it was on state price contract. The sheriff does not have procedures in place to ensure that large purchases are made in accordance with state bid laws, resulting in a noncompliance. KRS 424.260 requires purchases over \$20,000 to be advertised for bid. In lieu of bidding, the state price contract can be used, and all supporting documentation should be maintained that shows the vendor included in the state price contract. We recommend for future purchases over \$20,000 that the sheriff either advertise for bids in accordance with KRS 424.260 or use the state price contract. If the purchase is bid, the sheriff should maintain all bid related documents including: advertisements, bid specifications, bids received stamped with date received, bid review criteria, results of reviews by all bid committee

members, and award/denial letters to all vendors who submitted bids. If the purchase is done using state price contract, the sheriff should maintain the state price contract used, showing the vendor and price per the contract.

*Sheriff's response: None.*

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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