Auditor of
Public Accounts
Allison Ball

Menifee County Sheriff's
Office Audit

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the 2023 financial statement of Menifee County Sheriff Roger Smallwood. 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 statements present fairly the receipts and disbursements of the Menifee County Sheriff and the receipts, disbursements, and fund balances of the Menifee County Sheriff's operating fund and county fund in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statements did not follow this format. However, the sheriff's financial statements are 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.

The audit contains the following finding:

Finding: Does not have adequate segregation of duties.

The sheriff's office does not have adequate segregation of duties. The Sheriff's bookkeeper collected payments from customers, recorded transactions in the ledgers, prepared deposits, processed disbursements, and reconciled bank accounts.

Recommendations

We recommend the same person not perform multiple accounting functions and, if the duties cannot be segregated, then strong oversight over the employee's work should be implemented and documented.

County Officials Response

Sheriff's Response: This office has hired additional assistance to help alleviative this issue. We are going to be more cautious with checking our deposits, bank entries, etc. to correct the problem.

Finding: Fourth quarter financial report was inaccurate.

The sheriff's fourth quarter financial report submitted to DLG was inaccurate. The financial report had posting discrepancies that required multiple audit reclassifications and adjustments.

- Adjustments were made in the amount of $18,545 to correct the receipts ledger and $18,200 to correct the disbursements ledger.
- In addition, payroll expenditures required adjustments as net amounts were reported on the financial statement for payroll expenditures instead of gross amounts. Salaries per payroll records were $438,206; however, salaries per the fourth quarter financial statement were $404,257. This resulted in a variance of $33,949.
- Further, the financial report did not calculate correctly with a variance of $285.

Recommendations

We recommend the sheriff ensure that he is complying with applicable state laws and the Department for Local Government's manual. We also recommend the sheriff reconcile the ledgers monthly, review reclassifications and adjustments, and develop policies for posting transactions to ensure that receipts and disbursements are categorized correctly on the ledgers and quarterly report.

County Officials Response

Sheriff's Response: Myself & office staff are going to work diligently to check our work, making sure everything is classified in proper categories. More emphasis will be taken for correct classification.

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.