SHERIFF OF KENT COUNTY
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 1998
SEPTEMBER 2000

DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
ONE CAPITOL HILL
PROVIDENCE, RI 02908-5889

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUREAU OF AUDITS
One Capitol Hill
Providence, R.I. 02908-5889
TDD #: 222-2726
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Sheriff of Kent County

AGENCY FUNDS

Fiscal Year Ended June 30, 1998

September 2000

EXECUTIVE SUMMARY

Our audit report, issued July 1996, contained 10 recommendations. The status of those recommendations are as follows:

Implemented	6
Not Implemented	2
No Longer Applicable	2
Total	10

Our audit, for the fiscal year ended June 30, 1998, identified the following as areas for management's attention.

- Management should develop a policy and procedures manual.
- Implement the use of an accounts receivable control account to accommodate the reconciliation of subsidiary account balances.
- Perform monthly reconciliation between the accounts receivable subsidiary ledger and the control account.

SHERIFF OF KENT COUNTY

AGENCY FUNDS

FISCAL YEAR ENDED JUNE 30, 1998

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Department of Administration
BUREAU OF AUDITS
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September 13, 2000

Mr. Normand Defosse
High Sheriff of Kent County
200 Quaker Lane
West Warwick, RI 02893

Dear Sheriff Defosse:

We have completed an audit of the Sheriff of Kent County for fiscal year ended June 30, 1998 in accordance with Sections 35-7-3 and 35-7-4 of the General Laws.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Section 35-7-4 of the General Laws requires the director of the department audited to respond in writing within 60 days to all recommendations made by the Bureau of Audits. A copy of your reply should also be sent directly to Robert L. Carl, Jr., Ph.D., Director, Department of Administration; Honorable Antonio J. Pires, Chairman of the House Finance Committee; and to the Honorable J. Michael Lenihan, Chairman of the Senate Finance Committee.

Sincerely,

Stephen M. Cooper

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pb

SHERIFF OF KENT COUNTY

AGENCY FUNDS

FISCAL YEAR ENDED JUNE 30, 1998

BACKGROUND

The state constitution provides that the governor appoint a sheriff for each county. The sheriffs or their deputies, as attaches of the courts, attend all sessions of the supreme, superior, family, and district courts. The sheriffs also attend the General Assembly when it is in session. Additionally, they execute all civil writs of process, summon witnesses to appear in court; transport prisoners and defendants to court and to state institutions; collect fees for services performed as officers of the courts; and perform all other duties assigned to them by law.

All sheriffs shall hold office for a period of ten years. Deputy sheriffs shall be appointed and/or promoted with the approval of the Governor. Each sheriff operates independently within their jurisdiction and reports directly to the Governor.

Summary of Selected Pertinent General Laws of Rhode Island

Title	Chapter	
42	29	Sheriffs
9	5	Writs, Summons and Process
9	26	Levy and Sale on Execution
9	29	Fees
10	5	Attachment
12	20	Costs
35	6	Accounts and Control

SHERIFF OF KENT COUNTY

AGENCY FUNDS

FISCAL YEAR ENDED JUNE 30, 1998

AUDIT SCOPE AND PURPOSE

We conducted an audit of the operating practice in place at June 30, 1998 and an audit of the financial transactions and records for the agency funds of the Kent County Sheriff's Office for the fiscal year ended June 30, 1998.

Our audit extended to the following funds:

- Service Fee Fund
- Witness Fee Fund

The purpose of our audit was to determine whether:

- The Kent County Sheriffs Office complied with applicable state laws and established rules and regulations.

- The accounting systems and procedures were adequate, efficient, and effective.

- The operating procedures were conducted in economical and efficient manner.

- Cash transactions were properly accounted for within a state authorized agency fund.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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Mr. Norman DeFosse
High Sheriff of Kent County
State of Rhode Island

We have audited the accompanying financial statements of the Sheriff of Kent County as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the Sheriff of Kent County. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects the financial position of the agency funds of the Sheriff of Kent County at June 30, 1998, and the cash receipts and disbursements for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the statements taken as a whole. The other financial information included in Schedules 1 and 2 of the report are presented for purposes of additional analysis and are not a required part of the combining financial statements of the agency funds of the Sheriff of Kent County. Such information has been subjected to the auditing procedure applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the combining financial statements taken as a whole.

Stephen M. Cooper

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pb

September 29, 1998

EXHIBIT A

SHERIFF OF KENT COUNTY
AGENCY FUNDS
BALANCE SHEET
June 30, 1998

	SERVICE FEE FUND	WITNESS FEE FUND	TOTAL
ASSETS			
Cash	$ 2,855.37	58.78	2,914.15
Imprest Cash	100.00		100.00
TOTAL ASSETS	$ 2,955.37	58.78	3,014.15
LIABILITIES			
Advance From General Fund	$ 100.00		100.00
Advance From Superior Court		58.78	58.78
Deferred Liabilities	2,855.37		2,855.37
TOTAL LIABILITIES	$ 2,955.37	58.78	3,014.15

See accompanying notes to financial statements.

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EXHIBIT B

SHERIFF OF KENT COUNTY
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 1998

	SERVICE FEE FUND	WITNESS FEE FUND	TOTAL
CASH RECEIPTS			
Service Fees	$ 39,329.50		39,329.50
Insurance Settlements	70.00		70.00
Refunds	4,137.50		4,137.50
Receipts from Superior Court		4,302.60	4,302.60
Prior Years Stale Dated Checks		223.50	223.50
Total Cash Receipts	$ 43,537.00	4,526.10	48,063.10
CASH DISBURSEMENTS			
Due to General Fund	$ 39,104.34		39,104.34
Refunds	4,200.50		4,200.50
Miscellaneous Expenses	1,302.10		1,302.10
Witness Fees		6,427.00	6,427.00
Bank Charges	92.75	206.96	299.71
Total Cash Disbursements	$ 44,699.69	6,633.96	51,333.65
Excess (Deficiency) of Cash Receipts Over Cash Disbursements	(1,162.69)	(2,107.86)	(3,270.55)
Cash Balance, July 1	4,018.06	2,166.64	6,184.70
Cash Balance, June 30	$ 2,855.37	58.78	2,914.15

See accompanying notes to financial statements.

:J-22b

SHERIFF OF KENT COUNTY

AGENCY FUNDS

FISCAL YEAR ENDED JUN 30, 1998

NOTES TO FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies

Fund Accounting

The accounts of the Sheriff of Kent County are organized on the basis of funds, each of which is considered to be a separate accounting entity. Only the Agency Funds of the Sheriff's Office are presented in the accompanying financial statements, and a description of these funds follows:

Agency Funds - are used to account for assets held by the Sheriff as an agent for individuals, private organizations, the general fund, and/or other funds. The two types of agency funds maintained are:

- Service Fee Fund which is used to account for monies received for the execution of writs, services performed as an officer of the court, and other duties assigned by law.

- Witness Fee Fund which disburses fees to witnesses for daily attendance before supreme or superior court, or before any other tribunal or magistrate, including attendance in giving depositions.

Basis of Accounting

The accompanying financial statements are presented on the modified accrual basis of accounting as prescribed by generally accepted accounting principles. Agency Funds are custodial in nature, accordingly; at any given point in time, total assets are equally offset by related liabilities including amounts due to the parties for whom the assets are being held.

Note 2 - Accounts Receivable

The accounts receivable balance is comprised of various fees due from attorneys and others. The present accounting system does not generate an accounts receivable control which precludes allocating the changes in the account between balance sheet dates.

Note 3 - Advance From General Fund

The account represents a non-current liability established to provide the necessary working capital to operate the Service Fees Fund.

Note 4 - Advances From Superior Court

This balance represents the unexpended balance of monies advanced from the Superior Court to pay witnesses fees.

Note 5 - Deferred Liabilities

For the purpose of financial statement presentation, this account represents a contra account to accounts receivable.

SCHEDULE 1

SHERIFF OF KENT COUNTY
SERVICE FEE FUND
COMPARATIVE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FISCAL YEARS ENDED JUNE 30, 1998, 1997, AND 1996

	1998	1997	1996
CASH RECEIPTS			
Service Fees	$ 39,329.50	42,292.50	42,490.23
Refunds	4,137.50	4,431.50	3,481.50
Insurance Settlements	70.00		
Moving Fees		3,600.00	
TOTAL RECEIPTS	43,537.00	50,324.00	45,971.73
CASH DISBURSEMENTS			
Due to General Fund	39,104.34	36,757.00	40,870.37
Refunds	4,200.50	5,005.39	3,751.50
Bank Charges	92.75	53.94	45.52
Moving Expenses		3,196.11	
Miscellaneous Expenses	1,302.10	1,289.06	1,304.42
TOTAL DISBURSEMENTS	44,699.69	46,301.50	45,971.81
Excess (Deficiency) of Cash Receipts Over Cash Disbursements	(1,162.69)	4,022.50	(0.08)
Cash Balance, July 1	4,018.06	(4.44)	(4.36)
Cash Balance, June 30	$ 2,855.37	4,018.06	(4.44)

:J-22s1

SCHEDULE 2

SHERIFF OF KENT COUNTY
WITNESS FEE FUND
COMPARATIVE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FISCAL YEARS ENDED JUNE 30, 1998, 1997 AND 1996

	1998	1997	1996
CASH RECEIPTS			
Advances From Superior Court	$ 4,302.60	4,128.76	4,309.46
Prior Year Stale Dated Checks	223.50	125.50	125.00
TOTAL RECEIPTS	4,526.10	4,254.26	4,434.46
CASH DISBURSEMENTS			
Witness Fees:			
Petit Jury	3,277.50	1,679.50	2,043.50
Kent County Grand Jury	962.50	1,048.00	1,539.00
Statewide Grand Jury	2,187.00	1,770.50	1,353.00
Check Charges	123.66		
Service Charges	83.30	62.54	72.18
TOTAL DISBURSEMENTS	6,633.96	4,560.54	5,007.68
Excess (Deficiency) of Cash Receipts Over Cash Disbursements	(2,107.86)	(306.28)	(573.22)
Cash Balance, June 1	2,166.64	2,472.92	3,046.14
Cash Balance, June 30	$ 58.78	2,166.64	2,472.92

:J-22s2

SHERIFF OF KENT COUNTY

AGENCY FUNDS

FISCAL YEAR ENDED JUNE 30, 1998

FINDINGS AND RECOMMENDATIONS

Status of Prior Year Audit Recommendations - (July 1996)

Accounting System

1. The Kent County Sheriff's Office should develop written policies and procedures covering their fiscal operations. Such a procedural manual will provide employees with the knowledge of what is expected and should be detailed enough to provide specific procedures on how to perform each function. If necessary, training should be given to employees to provide reasonable assurance that the work will be adequately performed.

   Not implemented. (See recommendation 1.)

Imprest Petty Cash Fund

2. The Sheriff's Office should develop written policies and procedures which will include the petty cash form to be approved by an authorized agent and signed by the person receiving the fund. Also, the High Sheriff should spot check the petty cash fund at different intervals during the fiscal year.

   Implemented.

3. The Sheriff's Office should seek reimbursement of the $10 over reimbursement paid to an employee out of the Imprest Petty Cash Fund.

   Implemented.

Accounts Receivable

4. The Sheriff's Office should comply with the above A-16 procedures.

   No longer applicable. Compliance is not required for agency funds.

No Charge (NC Writs

5. The Sheriff's Office should seek clarification on the exempt status of cities and towns from the above-mentioned fees. Once determined written policies and procedures should be developed to comply with the above law.

   Implemented.

Temporary Restraining/Protective Orders

6. The Sheriff's Office should comply with the above guidelines and should also get a legal opinion regarding fees for out-of-state restraining and protective orders.

   Implemented.

Financial Integrity and Accountability Act

7. The Sheriff's Office should comply with Section 35-14-6 of the Rhode Island General Laws which requires a report on the adequacy of the agency's system of internal accounting and administrative control by December 31 of each year.

   No longer applicable. The Central Business Office will address this recommendation.

Witness Fees

8. The Sheriff's Office should comply with the above law and its present practice of not allowing state employees to be paid witness fees while testifying on behalf of their agencies. Also, it should seek reimbursement for check number 1932.

   Implemented.

Leave

9. The Sheriff's Office should develop written policies and procedures to comply with the above law.

   Implemented.

In-State Travel

10. Develop a system so that the mileage on the travel vouchers should reconcile to the Daily Logs on a monthly basis. Any differences should be resolved before the travel vouchers are approved for reimbursement. Also, the Sheriff's Office should develop a filing system that makes it easy to retrieve documents.

    Not implemented. Will be reviewed in an audit of the Central Business Office.

SHERIFF OF KENT COUNTY

AGENCY FUNDS

FISCAL YEAR ENDED JUNE 30, 1998

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Accounting System

The accounting systems for the Service Fee and Witness Fee Funds at the Kent County Sheriff's Office primarily revolve around a checking account for each respective fund. While cash receipts and cash disbursements journals are presently being maintained no general ledger exists. Control over cash for both funds is attempted through monthly bank reconciliation's. No written policies and procedures exist covering the above accounting system. This has led to uncertainty by staff members over knowing what procedures have to be done and how to perform them. Hence, daily and monthly routines include incorrect procedures and/or unnecessary steps which afford little or no control over the safeguarding of cash.

Recommendation

1. The Kent County Sheriff's Office should develop written policies and procedures covering their fiscal operations. Such a procedural manual will provide employees with the knowledge of what is expected and should be detailed enough to provide specific procedures on how to perform each function. If necessary, training should be given to employees to provide reasonable assurance that the work will be adequately performed.

Control Over Accounts Receivable

The Sheriff's Office maintains an accounts receivable subsidiary ledger but does not maintain a formal control account to monitor the balance of receivables. The absence of this basic control mechanism diminishes the effectiveness of the present system. The establishment of a control account for receivables will enhance the existing record keeping and will facilitate the reconciliation of subsidiary balances to a control balance.

Recommendations

2. An accounts receivable control account should be established to enhance the present system used to account for receivable and to facilitate the reconciliation of subsidiary account balances.

3. Perform monthly reconciliation's between the subsidiary ledger and the control account and resolve differences that are discovered.