



Auditor of Public Accounts
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Harmon Releases Audit of Lawrence County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement-2012 taxes for Lawrence County Sheriff Garrett Roberts. 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 sheriff's settlement presents fairly the taxes charged, credited and paid in accordance with accounting principles generally accepted in the United States of America. The sheriff's settlement is prepared on the regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the sheriff's settlement is an acceptable reporting methodology, and this reporting methodology is followed for all 120 sheriff settlements in Kentucky.

The sheriff's financial statement fairly presents the taxes charged, credited and paid, for the period, April 17, 2012 through April 15, 2013 in conformity with the regulatory basis of accounting.

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 lacks adequate segregation of duties. The sheriff's office lacks adequate segregation of duties. The bookkeeper collects and deposits tax receipts, records all transactions, prepares the monthly report, and reconciles the bank account. By not segregating these duties, there is an increased risk of misappropriation of assets either by error or fraud. Good internal controls dictate the same employee should not handle, record, and reconcile receipts. If these

duties cannot be segregated, the sheriff should perform the following compensating controls to help offset this weakness:

- Recount and make the daily deposits.
- Agree daily tax collection total to the receipts ledger and deposit slip.
- Agree monthly tax reports to receipts ledger and disbursements ledger.
- Review the monthly bank reconciliations.

Sheriff's response: No response.

The sheriff did not remit interest payments to the school and fee account monthly. The sheriff did not distribute interest earned on tax collections to the school or the fee account on a monthly basis. The sheriff earned \$2,269 of interest in his 2012 tax account. KRS 134.140(2) requires the sheriff to pay monthly "...that part of the investment earnings for the month which are attributable to the investment of school taxes." According to KRS 134.140(4), the balance of investment income should be paid to the sheriff's operating account. The sheriff should distribute the investment earnings at the same time as monthly tax collections. Based on the amount of interest earned, the sheriff owes \$1,025 to the school district and \$1,244 to the fee account. We recommend the sheriff comply with KRS 134.140 by remitting the interest due to the school and fee account on a monthly basis.

Sheriff's response: No response.

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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