



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: **Michael Goins**
Michael.Goins@ky.gov
502.564.5841
502.209.2867

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-2013 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 16, 2013 through April 15, 2014 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 \$964 of interest in his 2013 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 \$525 to the school district and \$439 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.

Certificates of delinquency should be promptly turned over to the county clerk. KRS 134.122(1)(a) states that the sheriff shall file all delinquent tax claims remaining in his possession with the county clerk within three months and fifteen days from the date the taxes were due. The delinquent unmined coal tax transfer was not completed until February 23, 2015; however, collections began in May of 2014. The bookkeeper had concerns with the unmined coal tax collections and the corresponding tax account and postponed disbursing final reports and transferring delinquent tax bills. The resulting delay put the sheriff's office in non-compliance with KRS 134.122(1)(a). According to KRS 134.122(1)(d), the non-compliance also holds the sheriff liable on his bond for the aggregate amount of the tax claims not filed with the clerk. It is recommended that the sheriff's office adhere to KRS 134.122(1)(a) by following the time frame stated for the transfer of delinquent taxes.

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](#).

###

The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.

