



Auditor of Public Accounts
Mike Harmon

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

Harmon Releases Audit of Former Bell County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement-2014 taxes for former Bell County Sheriff Bruce Bennett. 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 from April 16, 2014 through December 31, 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 comment:

The former sheriff's office did not have adequate segregation of duties. While reviewing the former sheriff's internal control procedures, we identified a lack of adequate segregation of duties over receipts and disbursements. During our assessment of the former sheriff's internal control structure, we noted one employee's duties included accepting tax payments, recording taxes paid, preparing monthly tax reports, and reconciling the bank account with limited

activities. In order to achieve a proper segregation of duties, related activities should have been assigned to different individuals or compensating controls should have been implemented to offset the lack of adequate segregation of duties.

The lack of segregation of duties occurred because the former sheriff failed to segregate incompatible duties or implement oversight duties when duties cannot be segregated. Lack of segregation of duties increased the risk of misappropriation of assets, errors, and inaccurate financial reporting. Adequate segregation of duties over receipts and disbursements would have prevented the same person from having a significant role in these incompatible functions.

The former sheriff could have separated duties in collecting taxes, recording taxes paid, preparing monthly reports, and preparing reconciliations. If these duties could not be segregated due to a limited staff or budget, then strong oversight should have been provided over the employee responsible for these duties. The former sheriff or employee providing the oversight should have documented this oversight.

Former Sheriff's response: I made every effort to correct this, but the lack of personnel made this impossible.

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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