



Auditor of Public Accounts
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Harmon Releases Audit of Breckinridge County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2014 financial statement of Breckinridge County Sheriff Todd Pate. 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 statement presents fairly the revenues, expenditures and excess fees of the Breckinridge County Sheriff in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statement did not follow this format. However, the sheriff's financial statement is 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.

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 sheriff's office lacks adequate segregation of duties over receipts, disbursements, and reconciliations. The sheriff's office lacks adequate segregation of duties. The sheriff's bookkeeper collects payments from customers, prepares deposits, writes checks, posts transactions to the receipts ledger, posts checks to the disbursements ledger, and prepares monthly and quarterly reports. The sheriff or another employee did not document oversight of any of these activities. Lack of oversight could result in the undetected misappropriation of assets and/or inaccurate financial reporting to external agencies such as the Department for Local Government. This condition is a result of a limited budget, which restricts the number of

employees the sheriff can hire or delegate duties to. The segregation of duties over various accounting functions such as opening mail, preparing deposits, recording receipts and disbursements, and preparing monthly reports, or the implementation of compensating controls is essential for providing protection from asset misappropriation and/or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. We make the following recommendations to implement compensating controls:

The sheriff or another employee who does not have access to bookkeeping records, cash receipts, cash disbursements, bank records, or bank statements should periodically:

- Examine the daily checkout sheet and agree to the deposit ticket, cash receipts ledger, and bank statement. Documentation may be evidenced by the reviewer initialing the aforementioned records noted.
- Compare the receipts and disbursements ledger to the monthly and quarterly reports and document comparisons.
- Review all checks written and compare to invoices, evidencing approval of invoice and checks by initialing document or some other method.
- Review monthly bank reconciliations document the review.
- Perform occasional surprise cash counts.

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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