



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2014 financial statement of former Grayson County Sheriff Rick Clemons. 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 former Grayson County Sheriff in accordance with accounting principles generally accepted in the United States. 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 former Sheriff's office lacked adequate segregation of duties over receipts and reconciliations. The bookkeeper collected receipts for the office in addition to preparing deposits and preparing daily checkout sheets. A lack of segregation of incompatible duties or strong oversight could result in the undetected misappropriation of assets. It could also lead to inaccurate financial reporting to external agencies such as the Department for Local Government. Good internal controls dictate that the collection of receipts, recording of transactions, and bank reconciling duties be segregated among different employees. Additionally, properly segregated duties protect employees in the normal course of performing

their daily responsibilities. Documented compensating controls were not in place to offset this control deficiency. Since the former Sheriff could not properly segregate duties, the following compensating controls should have been implemented:

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

- Examined the daily checkout sheet and agreed to the deposit ticket, receipts, cash receipts ledger, and bank statement.
- Compared the receipts and disbursements ledger to the monthly and quarterly reports and documented comparisons.
- Reviewed monthly bank reconciliations.
- Performed occasional surprise cash counts.

All compensating controls could have been documented by dating and signing or initialing the documents reviewed.

Former 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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