



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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**Harmon Releases Audit of Former Ohio County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2014 financial statement of former Ohio County Sheriff David Thompson. 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 Ohio 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 the bank reconciliation process.** The former Sheriff's office lacked adequate segregation of duties over the bank reconciliation process. The former Sheriff's bookkeeper performed the monthly bank reconciliations; she maintained the receipts and disbursements ledgers as well. Good internal controls dictate that the collection of receipts, disbursing of cash, purchasing authority, recording of transactions, and bank reconciling duties be segregated. By not segregating these duties, the former Sheriff increases the opportunity for the misappropriation of cash to occur. Documented

compensating controls were not in place to offset this deficiency. We make the following recommendations to implement compensating controls:

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:

- Compared the bank reconciliation to the balance in the checkbook.
- Prepared the monthly bank reconciliation.
- Prepared the list of outstanding checks.

By implementing the above compensating controls, the former Sheriff would have reduced the opportunity for the misappropriation of cash to occur. Any compensating control implemented should be documented.

*Former Sheriff's response: None.*

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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