



Auditor of Public Accounts
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Harmon Releases Audit of Robertson County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2014 taxes for Robertson County Sheriff Mark Sutton. 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, 2014 through April 15, 2015 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 sheriff's office lacks adequate segregation of duties. The sheriff's office lacks adequate segregation of duties. The employee responsible for handling tax receipts also records the receipts in the ledger, prepares the bank deposits, and performs monthly bank reconciliations. In addition, this same employee prepares the disbursement checks, and is also responsible for preparing the monthly reports which document the amount to be paid to each district. Having

the same employee perform these functions increases the risk of undetected errors and fraud. Lack of segregation of duties could result in the misappropriation of assets and 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 inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. We recommend the sheriff segregate the duties of receiving, depositing, disbursing, and reconciling cash or implement compensating controls to help mitigate the lack of adequate segregation of duties. The sheriff could agree the daily collection report to the deposit and have the bookkeeper cosign all checks. Also, the sheriff could review and sign the bank reconciliations. The sheriff should document each of the above mentioned procedures by initialing all documents he reviews.

Sheriff's response: I do look over all copies and sign all checks but did not initial all activities.

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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