



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2015 taxes for Wayne County Sheriff Tim Catron. 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, 2015 through April 15, 2016 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 lacked adequate segregation of duties over receipts. A lack of segregation of duties existed over the receipts of the sheriff's office because a limited number of employees were available to properly segregate these job duties. The sheriff's office employed two deputies who rotated duties. However, both office deputies open mail, received cash from customers, prepared the daily checkout sheets, posted to the receipts ledger, and prepared the

daily bank deposit. We did note the daily checkout sheets are reviewed by someone each day. Although this is a compensating control and is acceptable, it does not offset the lack of adequate segregation of duties over receipts.

The lack of segregation of duties increases the risk of undetected misappropriation of assets, errors, and inaccurate financial reporting. To adequately protect employees in the normal course of performing their duties and prevent inaccurate financial reporting or misappropriation of assets, the sheriff should separate the duties involving collection of cash, deposit of cash, and posting of receipts. If this is not feasible due to a limited number of staff, strong oversight over those areas should occur and involved an employee not currently performing any of those functions. The individual providing this oversight should initial the source documents as evidence of this review. The sheriff could provide this oversight.

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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