



Auditor of Public Accounts  
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**Harmon Releases Audit of Former Johnson County Sheriff's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2018 financial statement of former Johnson County Sheriff Dwayne Price. 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 receipts, disbursements and excess fees of the former Johnson County Sheriff in accordance with accounting principles generally accepted in the United States of America. The former sheriff's financial statement did not follow this format. However, the former 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 noncompliance 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 comments:

**The former sheriff's office lacked adequate segregation of duties:** This is a repeat finding and was included in the prior year audit report as Finding 2017-001. The former sheriff's office lacked adequate segregation of duties. The former sheriff's bookkeeper prepared deposits, wrote checks, posted transactions to the receipts ledger, and prepared monthly and quarterly reports. The former sheriff or another employee did not document oversight of any of these activities.

According to the former sheriff, this condition was a result of a limited budget, which restricted the number of employees the sheriff can hire or delegate duties to.

A lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies such as Department for Local Government (DLG).

The segregation of duties over various accounting functions such as preparing deposits, recording receipts, 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's office separate the duties involved in preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliations, and comparing financial reports to ledgers. If this is not feasible due to a limited budget, cross checking procedures could be implemented and documented by the individual performing the procedure.

*Former Sheriff's Response: Unable to correct this with funding.*

**The former sheriff did not properly maintain documentation on the sale of surplus property:** Due to the lack of available information, we could not determine whether the former sheriff properly conducted the sale of surplus property. Property was sold by sealed bidding (reverse auction), but copies of bids were not maintained by the former sheriff. Six vehicles were sold, totaling \$32,261. Equipment sold totaled \$4,300.

The lack of oversight and monitoring caused the sale of assets to not be properly documented. It could not be determined if the former sheriff followed procedures for the sale of surplus property by sealed bidding. KRS 45A.365(4) states, "[e]ach written or reverse auction bid, together with the name of the bidder, shall be recorded and be open to public inspection."

We recommend the sheriff's office maintain all documentation for the sale of surplus property to ensure compliance with KRS 45A.365(4).

*Former Sheriff's Response: We had the documentation but in the change of administration it was lost or misplaced.*

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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