



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Washington County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2019 financial statement of Washington County Sheriff Jerry Pinkston. 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 Washington County Sheriff in accordance with accounting principles generally accepted in the United States of America. 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 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 comment:

The Washington County Sheriff's Office did not batch receipts or make deposits daily: The Washington County Sheriff did not batch receipts or make deposits daily as required. Between March 18, 2019 and March 22, 2019, there were two checkout sheets and two bank deposits. The checkout sheet for March 18th included receipts collected for March 14th and 15th, as well as the 18th. The checkout sheet for March 22nd included receipts collected for March 18th, 20th, and 21st, as well as the 22nd. This is a repeat finding and was included in the prior year audit report as finding 2018-002.

The sheriff's office lacked internal control policies to ensure receipts are batched and deposited daily. By not making daily deposits, the sheriff's office could create the opportunity for undetected misappropriation of assets. The practice of making daily deposits reduces the risk of misappropriation of cash, which is the asset most subject to possible theft. In addition, the Department for Local Government (DLG) was given the authority by KRS 68.210 to prescribe a uniform system of accounts. The minimum requirements for handling public funds as stated in the *County Budget Preparation and State Local Finance Officer Policy Manual* include performing daily check-out procedures and deposits to be made intact daily into a federal insured banking institution.

We recommend the sheriff implement procedures to ensure receipts are batched, posted to a daily checkout sheet, and are deposited daily to comply with state law.

Sheriff's Response: Some days we only have 1 receipt of maybe \$5 so we hold til next day's deposit due to cost.

Auditor's Reply: As stated, the minimum requirements set out by DLG require the daily deposit of all receipts.

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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