



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Former Bullitt County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2017 taxes for former Bullitt County Sheriff Donnie Tinnell. 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 former 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 former sheriff's settlement is prepared on the regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the former 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 18, 2017 through April 16, 2018 in conformity with the regulatory basis of accounting.

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 Bullitt County Sheriff's Office lacks adequate segregation of duties:** This is a repeat finding and was included in the prior year audit as Finding 2016-001. The former sheriff had office employees collect taxes and prepare the daily deposit for their drawer. A different employee recorded the receipts and disbursements into the ledger, reconciled the bank account, prepared the monthly tax reports, and prepared and signed the disbursement checks.

The former sheriff's office did not have enough funds to hire additional personnel to segregate duties. Without segregation of duties, the risk of misstatements in receipts and disbursements increases significantly due to the risk of undetected errors and theft. Segregation of duties over receipt procedures, disbursement processing, report preparation and bank reconciliations is essential for providing protection from fraud or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

To adequately protect employees in the normal course of performing their duties, and prevent inaccurate financial reporting or misappropriation of assets, the sheriff's office should implement strong oversight over these areas, either by an employee independent of those functions or by the official, such as:

- The sheriff's office should compare the daily bank deposit to the daily checkout sheet and then compare to the bank deposit receipt. This should be documented by initialing the bank deposit, daily checkout sheet and bank deposit receipt.
- The sheriff's office should compare the monthly receipts and disbursements ledger to the monthly tax reports. This should be documented by initialing the receipts and disbursements ledger.
- The sheriff's office should compare the bank reconciliation to the balance in the checkbook. Any differences should be reconciled. The official or an employee independent of these functions could document this by initialing the bank reconciliation.

*Former 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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