



Auditor of Public Accounts
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Harmon Releases Audit of Former Casey County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2018 financial statement of former Casey County Sheriff Jerry Coffman. 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 Casey 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 comment:

The former Casey County Sheriff's Office lacked adequate segregation of duties: A lack of segregation of duties exists over receipts, disbursements, and the reconciliation process. The former sheriff's bookkeeper collects payments from customers, prepares deposits, writes disbursement checks, posts transactions to both the receipts and disbursements ledgers, reconciles the monthly bank statements, and prepares all monthly and quarterly reports.

According to the former sheriff, a lack of segregation of duties existed because a limited number of employees were available to properly segregate job duties.

This weakness increases the risk of misappropriation of assets, undetected errors occurring, and inaccurate financial reporting to external agencies, such as the Department for Local Government (DLG). Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

Segregation of duties over receipts, disbursements, and the reconciliation process is essential for providing protection to employees in the normal course of performing their duties and can also prevent inaccurate financial reporting and misappropriation of assets.

We recommend the Casey County Sheriff's Office separate the duties involved in receiving cash, 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 should be implemented and documented by the individual performing the procedure.

Former Sheriff's Response: This is an issue because of a limited number of employees were available to properly segregate job duties.

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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