



Auditor of Public Accounts  
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: **Michael Goins**  
[Michael.Goins@ky.gov](mailto:Michael.Goins@ky.gov)  
502.564.5841  
502.209.2867

### Harmon Releases Audit of Greenup County Sheriff's Tax Settlement

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2019 taxes for Greenup County Sheriff Matt Smith. 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, 2019 through May 15, 2020 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 sheriff's office does not have adequate segregation of duties:** This is a repeat finding and was included in the prior year audit report as Finding 2018-001. The sheriff's office does not have adequate segregation of duties. The sheriff allowed the bookkeeper to collect taxes, prepare deposits, prepare monthly tax reports, write checks to taxing districts, and reconcile the bank account. There are some reviews of the bookkeeper's work, but not enough documentation of the reviews to determine oversight is in place.

The sheriff has not structured his office in a way that adequately segregates duties among employees, and has not provided sufficient oversight of the bookkeeper's work. Inadequate segregation of duties increases the risk of undetected misappropriation of assets or incorrect reporting. Internal controls and proper segregation of duties protects employees in the normal course of performing their daily responsibilities. Good internal controls dictate the same employee should not collect and deposit receipts and also should not process, report and reconcile disbursements.

We recommend the sheriff's office adequately segregate duties. A proper segregation of duties may not be possible with a limited number of employees, and in that case, the sheriff could take on the responsibility of reviewing the daily deposits, receipts and disbursements ledgers, monthly reports, and bank reconciliations prepared by another employee. These reviews must be documented in a way that indicates what was reviewed, by whom, and when, because signing off on inaccurate information does not provide internal control. The sheriff could also choose to prepare the bank reconciliations and other reports himself.

*County Sheriff's Response: In response to inadequate segregation of duties, the Greenup County Sheriff's Office is limited in the number of employees that we can employ due to our budget. In an effort to address the comment we have implemented internal controls that will hopefully prevent any fraud or misappropriated funds. The clerks check out their own cash drawers on a daily basis. The bookkeeper adds the daily totals to make sure that the deposit is correct and accurate according to the total collections of the day.*

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](#).

###

*The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.*

*Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.*

