



Auditor of Public Accounts  
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### **Harmon Releases Audit of Hart County Sheriff's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2020 financial statement of Hart County Sheriff Jeff Wilson. 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 Hart 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 Hart County Sheriff did not maintain adequate controls over the receipt collection process:** The Hart County Sheriff's Office did not prepare a receipt for all collections. Daily check-out sheets for the week of December 7 to December 11, 2020, noted that pre-numbered receipts are prepared for all collections, with the exception when checks are received by mail or from the tax accounts. A copy of the checks are attached to the daily check-out sheets, but no receipt was prepared. Additionally, on two daily check-out sheets no initials were noted indicating that they were reviewed.

The bookkeeper was not aware that she should prepare a receipt for the payments received by mail and from the tax accounts. By not preparing a receipt for all the collections, the county official

cannot determine if the proper amount of receipts were collected, and this could result in the undetected misappropriation of assets or incorrect reporting.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* establishes several procedures to institute a strong internal control environment, including issuing pre-numbered three-part receipts, utilization of daily check-out sheets, and ensuring that deposits are made intact daily.

KRS 64.840(1) states, in part, "all county officials shall, upon the receipt of any fine, forfeiture, tax, or fee, prepare a receipt that meets the specifications of the state local finance officer[.]" Good internal controls also dictate that monies received be documented by issuing a receipt to maintain sufficient documentation for recordkeeping. They also require that all review controls be done on a regular basis in order to be effective.

We recommend the sheriff develop internal controls to ensure all daily check-out sheets are reviewed. Additionally, we recommend receipts be prepared for all the collections in order to comply with DLG's *County Budget Preparation & State Local Finance Officer Policy Manual*.

*County Sheriff's Response: The official did not provide a 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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