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Harmon Releases Audit of Lawrence County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2020 financial statement of Lawrence County Sheriff Chuck T. Jackson. 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 Lawrence 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 comments:

The sheriff overspent his approved budget: The Lawrence County Sheriff's operating expenditures exceeded the budget approved by the Lawrence County Fiscal Court. The sheriff had more receipts than budgeted for allowing for an increase in operating expenditures. He was unaware that a budget amendment was necessary in this instance. The Lawrence County Fiscal Court approved the sheriff's budget for operating expenditures at \$597,009; however, the sheriff expended \$635,001.

The state local finance officer requires the fiscal court to approve a calendar year budget for each fee office as a component of the county's budget preparation process by January 15 each year. KRS 68.210 states, “[t]he administration of the county uniform budget system shall be under the supervision of the state local finance officer who may inspect and shall supervise the administration of accounts and financial operations and shall prescribe a system of uniform accounts for all counties and county officials.”

We recommend the Lawrence County Sheriff monitor his budget throughout the year and request budget amendments as necessary from the fiscal court, before year end.

County Sheriff's Response: We were not aware that a budget amendment was required since the account was never in a deficit. In the future we will continue to monitor the budget and do an amendment when it is necessary.

The sheriff's financial statement was materially misstated: The Lawrence County Sheriff's financial statement was materially misstated due to an error made by the bookkeeper. When ordering checks and deposit tickets for the 2021 fee account the 2020 fee account number was used by mistake. The error was caught and corrected in January of 2021. However, the postings meant for the 2021 fee account and the correcting transactions were all posted to the 2020 receipts and disbursements ledgers. This overstated the receipts and disbursements ledgers by \$82,699.

The error made when ordering the checks and deposit tickets for the 2021 fee account allowed 2021 fee account activity to process through the 2020 fee account.

Once the error was noted, the bookkeeper processed checks to each account to correct the mistake. These corrections were posted to the ledgers in an effort to be transparent. The result was an overstatement to the receipts ledger of \$82,699 and an overstatement to the disbursements ledger of \$82,699.

Generally accepted accounting practices state that an entity should report all of its financial information within a set period. The sheriff's fee account is separated by calendar year and any activity should be recorded in the ledgers of the year it belonged to. According to KRS 68.210 the state local finance officer will determine if it [the county uniform budget system] is consistent with state law and generally accepted accounting practices.

We recommend the Lawrence County Sheriff monitor transactions to ensure the correct account information is being used. In addition, activity for other fee years and their corrections should not be posted to the ledgers.

County Sheriff's Response: This error was corrected immediately after being discovered. The amounts were entered into the 2020 ledger to show the correction was made. We will no longer post anything to the ledger that does not pertain to that year. We will also verify account numbers when ordering checks to ensure the correct account number was used.

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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