



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2017 taxes for former Metcalfe County Sheriff Rondal Shirley. 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 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 former Metcalfe County Sheriff's Office lacked adequate segregation of duties:** This is a repeat finding and was included in the prior year audit report as Finding 2016-001. The former Metcalfe County Sheriff's office lacked adequate segregation of duties over all accounting functions. The former sheriff's bookkeeper opened incoming mail, collected tax payments, prepared deposits, prepared daily tax collection journals, prepared bank reconciliations, prepared and signed checks, and prepared monthly tax 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.

A lack of segregation of duties increases the risk of misappropriation of assets, errors, and inaccurate financial reporting. 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.

The former sheriff could have separated the duties of collecting taxes, preparing daily deposits, preparing and mailing disbursements, and preparing financial reports. If these duties could not have been segregated due to limited staff or limited budget, then strong oversight could have been provided over the employee responsible for these duties. The former sheriff could have implemented compensating controls such as periodically performing surprise cash counts, reviewing the bank reconciliations, and comparing the daily deposits to the daily collection report and the receipts ledger, reconciling any differences. In addition, the former sheriff could have compared the monthly reports to the receipts and disbursements ledgers for accuracy. Compensating controls should have been documented by initialing and dating the bank reconciliations, bank deposits, daily collection reports, receipts and disbursements ledgers, and monthly tax reports. We recommend the sheriff's office segregate duties to the extent possible.

*Former Sheriff's Response: For the size of our staff, we are taking as many measures as possible.*

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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