



Auditor of Public Accounts
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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 – 2018 taxes for former Metcalfe County Sheriff Ricky Brooks. 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 former 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 former sheriff's settlement is prepared on the regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the former sheriff's settlement is an acceptable reporting methodology, and this reporting methodology is followed for all 120 sheriff settlements in Kentucky.

The former sheriff's financial statement fairly presents the taxes charged, credited and paid for the period January 1, 2019 through April 15, 2019 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 over receipts and reconciliations: The former Metcalfe County Sheriff's Office lacked adequate segregation of duties over receipts and reconciliations. 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.

Incompatible duties created a lack of segregation of duties over receipts and reconciliations. Documented compensating controls were not sufficient to offset this control deficiency over receipts. The former chief deputy signed the county tax settlements prepared by other employees. However, no review of the bank reconciliations, monthly deposit reports, daily checkouts, or daily deposits were documented.

According to the former chief deputy, 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 to external agencies such as the taxing districts. Segregation of duties over receipts and the reconciliation or implementation of compensating controls, when needed because the number of staff is limited, 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 sheriff's office separate duties over the receipts and reconciliation functions. If these duties cannot be separated due to limited staff or limited budget, then strong oversight over those areas should occur and involve the sheriff or an employee not currently performing any of those functions. The individual providing this oversight should initial source documents as evidence of review.

Former Sheriff's Response: The representative for the former sheriff 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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