



Auditor of Public Accounts
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FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Montgomery County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2019 financial statement of Montgomery County Sheriff David Charles. 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 Montgomery 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 sheriff's office does not have adequate segregation duties: The sheriff's office does not have adequate segregation of duties over receipts, disbursements, and reconciliation functions. One employee is primarily responsible for posting receipts and disbursements to ledgers, preparing checks, and reconciling the ledgers to the bank. According to the sheriff, the office has a limited number of employees in the office that prevents adequate segregation of duties over accounting functions of the office. The lack of adequate segregation of duties increases the risk of undetected errors. Proper segregation of duties, or the implementation of compensating controls, is essential for providing protection from asset misappropriation and inaccurate financial reporting, while also

protecting employees in the normal course of performing their responsibilities. To adequately protect against misappropriation of assets and inaccurate financial reporting, the sheriff should implement compensating controls to offset this internal control deficiency.

We recommend the sheriff's office segregate duties over receipts, disbursements, and reconciliation functions. If segregation of duties is not possible, the sheriff's office should implement and document compensating controls to offset this internal control deficiency.

County Sheriff's Response: Due to budgetary and personnel constraints it is not feasible to add enough personnel to adequately meet these expectations. Our office complies with all accepted policies such as dual signatures, purchase orders, purchase verification, purchase reviews, deposit verifications, bank reconciliations, etc.

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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