



Auditor of Public Accounts
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Harmon Releases Audit of Robertson County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2016 financial statement of Robertson County Sheriff Mark Sutton. 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 Robertson 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 lacks adequate segregation of duties over receipts: This is a repeat finding and was included in the prior year audit report as Finding 2015-002. During our review of internal controls, we discovered the sheriff's office lacks adequate segregation of duties over receipts and disbursements. All employees of the sheriff's office collect receipts. The office manager prepares the daily bank deposit and daily checkout sheet and then posts items to the receipts ledger. The office manager prepares the quarterly financial report and bank reconciliations that are agreed to the receipts and disbursement ledgers. The office manager prepares checks for all disbursements including payroll and posts to the disbursements ledger. The sheriff and office manager are the

only authorized check signers. The sheriff does not require dual signatures on checks; however, the office manager generally signs checks.

According to the sheriff, due to sheriff's office having a small office staff composed of one full-time employee, it is very difficult to segregate duties over receipts in a positive and constructive manner. A lack of segregation of duties over receipts creates an opportunity for misappropriation of assets such as cash. By having the same employee perform these functions, the risk of undetected misappropriation of assets and inaccurate financial reporting to external agencies such as Department of Local Government increases. Good internal controls dictate that the same employee should not handle, record, and reconcile receipts.

We recommend the sheriff implement compensating controls to offset this weakness. The sheriff should periodically compare the daily bank deposit to the daily checkout sheet and then compare the daily checkout sheet to the receipts ledger when prepared by another employee. The sheriff should document this review process by initialing the daily checkout sheets and deposit slips. The sheriff should review the quarterly financial report and compare amounts reported on the receipts ledger. Bank statements should be reconciled regularly and reviewed by another person. This review should be documented the review process by dating/initialing the bank statement, along with the reconciliation sheets.

Sheriff's Response: This is an issue that, due to size and funding of our office, we are unable to remedy.

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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