



Auditor of Public Accounts
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Harmon Releases Audit of Former Robertson County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2020 financial statement of former 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 former Robertson County Sheriff in accordance with accounting principles generally accepted in the United States of America. The former sheriff's financial statement did not follow this format. However, the former 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 former sheriff did not have adequate segregation of duties over receipts and disbursements: This is a repeat finding and was included in the prior year audit report as Finding 2019-001. The former sheriff did not have adequate segregation of duties over receipts and disbursements. The bookkeeper collected receipts, prepared the daily bank deposit, prepared the daily checkout sheet, and posted items to the receipts ledger. The bookkeeper also prepared the quarterly financial reports and bank reconciliations. Per the fee pooling ordinance all excess fees are supposed to be paid over to the fiscal court on a monthly basis, however do to a lack of review and oversight, disbursements were made out of the former sheriff's fee account. According to the

former sheriff, this is caused by the sheriff's office having a small office staff with only one full-time employee.

A lack of segregation of duties over receipts and disbursements 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 the Department for Local Government (DLG) increases. Proper segregation of duties over accounting and reporting functions is essential for providing protection from undetected errors occurring. Additionally, properly segregated duties protects employees in the normal course of performing their daily responsibilities. When staff size is limited, it may be necessary to implement compensating controls to achieve an acceptable level of protection for both the office and individual employees.

We recommend the sheriff's office 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. The sheriff should review the quarterly financial report and compare amounts reported on the receipts ledger. The sheriff should document this review process by initialing the daily checkout sheets, deposit slips, and receipts ledger. The sheriff should also ensure all disbursements be made through the fiscal court per the fee pooling ordinance.

Former Sheriff's Response: The S.O. lacking segregation of duties is unable to be fully reached due to the lack of funds to additional employees. The sheriff does and will continue to follow the auditors recommendations of periodically comparing and reviewing of daily deposits, receipts and ledgers.

The former sheriff did not comply with the county's fee pooling ordinance and the fourth quarter report was materially misstated: The former sheriff had \$9,168 in disbursements for office materials and supplies during 2020 against the fee-pooling ordinance. The bookkeeper posted all disbursements to payments to fiscal court when \$9,168 should have been posted to office materials and supplies. According to the former sheriff, the sheriff's office was moving to a new building and needed the money for office improvements. The former sheriff did not have procedures in place to ensure accurate posting on his fourth quarter financial report.

As a result, the former sheriff's fourth quarter report submitted to the Department for Local Government (DLG) was inaccurate and required a material adjustment. By not submitting monthly excess fees to the fiscal court each month as required by Robertson County Fiscal Court Fee Pooling Ordinance, the former sheriff was not in compliance with the ordinance. In addition, the fiscal court is deprived of these funds for a significant amount of time potentially impacting their budget.

On July 1, 1999, the Robertson County Fiscal Court passed their fee pooling ordinance, which requires the sheriff's office and county clerk's office to participate in fee pooling. Under fee pooling, the sheriff's office and county clerk's office pay net income (excess fees) monthly to the fiscal court, and fiscal court pays all salaries and expenses of those offices. Net income is due monthly.

We recommend the sheriff's office comply with the county's fee pooling ordinance by paying excess fees based on calculations from the sheriff's financial records monthly and that the sheriff ensure that all quarterly financial reports are accurate prior to submission to DLG.

Former Sheriff's Response: As noted in the audit report sheriff fees were used for office improvements in the new sheriff's office building. The fiscal court refused to make necessary updates to the old building. All expenses and receipts were accounted for. Sheriff's office was advised after its completion and submission that the 4th quarter report was prepared incorrectly due to not creating a line item for those receipts. Sheriff's Office is aware that in the future all reports should be completed in this way.

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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