



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

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

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2016 taxes for Wayne County Sheriff Tim Catron. 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 16, 2016 through April 17, 2017 in conformity with the regulatory basis of accounting.

As part of the audit process, the auditor must comment on non-compliance 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 Wayne County 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 2015-001. The Wayne County Sheriff's Office employs two full-time deputies who rotate duties. Both deputies open mail, receive cash from customers, prepare daily checkout sheets, post to the receipts ledger, and prepare the daily bank deposit. The lack of segregation of duties occurs because the

sheriff has failed to segregate incompatible duties. The sheriff stated he cannot hire additional employees to allow segregation of duties due to budget limitations.

The lack of segregation of duties increases the risk misappropriation of assets, errors, and inaccurate financial reporting. Segregation of duties over accounting functions or the implementation of compensating controls is essential for providing protection from asset misappropriation or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

To adequately protect employees in the normal course of performing their duties and to prevent inaccurate financial reporting or misappropriation of assets, we recommend the sheriff separate the duties involving collection of cash, depositing cash, and posting of receipts. If this is not feasible due to a limited number of staff, strong oversight over those areas should occur and involve an employee not currently performing any of those functions. The individual providing this oversight should initial the source documents as evidence of this review. The sheriff could provide this oversight.

*Sheriff's response: The 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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