



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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**Harmon Releases Audit of Whitley County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2016 financial statement of Whitley County Sheriff Colan Harrell. 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 Whitley 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.** The sheriff's bookkeeper collects payments from customers, posts transactions to the receipts ledger, writes checks, posts checks to the disbursements ledger, and prepares monthly and quarterly reports. The lack of adequate segregation of duties or sufficient oversight has allowed errors to go unnoticed or uncorrected. The Fourth Quarter Report submitted to the Whitley County Fiscal Court was not properly balanced. The balance sheet indicated payroll liabilities still due causing the disbursement to be overstated.

The lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies such as the Department for Local Government.

This condition is a result of a limited budget, which restricts the number of employees the sheriff can hire or delegate duties to. In addition, this is the bookkeeper's first year working as the sheriff's bookkeeper.

The segregation of duties over various accounting functions such as opening mail, preparing deposits, recording receipts and disbursements, and preparing monthly reports, or the implementation of compensating controls, is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the sheriff separate the duties involved in receiving cash, preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliations, and comparing financial reports to ledgers. If this is not feasible due to a limited budget, cross checking procedures should be implemented and documented by the individuals performing the procedures.

*Sheriff's response: Cross checking procedures have been initiated between the bookkeeper and the front line clerks.*

The audit report can be found on the [auditor's website](#).

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