



Auditor of Public Accounts
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Harmon Releases Audit of Former Adair County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2018 taxes for former Adair County Sheriff Harrison Moss. 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 former 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 former sheriff's settlement is prepared on the regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the former sheriff's settlement is an acceptable reporting methodology, and this reporting methodology is followed for all 120 sheriff settlements in Kentucky.

The former sheriff's financial statement fairly presents the taxes charged, credited and paid for the period April 17, 2018 through December 31, 2018 in conformity with the regulatory basis of accounting.

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 did not segregate accounting duties: This is a repeat finding and was included in the prior year audit report as Finding 2017-001. The former sheriff's bookkeeper collected payment from customers, assisted with deposits, posted to the receipts ledger, prepared checks, posted to the disbursement ledger, authorized disbursements checks, and prepared monthly and quarterly reports. The former sheriff stated that he or another employee reviewed daily bank deposits,

checkout sheets, ledgers, and monthly reports to districts. The former sheriff signed the ‘All Bills’ monthly report but no other evidence of oversight was found. The sheriff co-signing checks with the bookkeeper is not considered sufficient oversight over disbursements.

The former sheriff determined this deficiency to be the result of a limited budget, which restricted the number of employees he could hire or delegate duties to. Having one individual responsible for all areas of the accounting cycle increases the risk of error, undetected misappropriation of assets, and inaccurate financial reporting.

A proper segregation of duties over the accounting and reporting functions or implementing compensating controls, when necessary because of a limited number of staff, is essential for providing protection from undetected errors. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the Adair County Sheriff’s Office segregate the duties involved in tax collection, writing checks, posting to ledgers, preparing monthly bank reconciliations, and preparing financial reports. If this not feasible, cross checking procedures should be implemented and documented by the individual performing the procedure. For example, the sheriff or an employee other than the person who prepared the monthly report should compare the total collections per report to the total collections per bank records and receipts ledger. This individual should sign the report, the bank statement, and the receipts ledger to show evidence of the review.

Former Sheriff’s Response: The official did not respond.

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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