



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2018 taxes for Bullitt County Sheriff Walt Sholar. 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 January 7, 2019 through April 15, 2019 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 Bullitt County Sheriff's Office has a lack of adequate segregation of duties:** Employees of the sheriff's office collect taxes and prepare the daily deposit for their drawer. A different employee record the receipts and disbursements into the ledger, reconcile the bank accounts, prepare the monthly tax reports, and prepare and sign the disbursements checks.

The sheriff's office did not have enough funds to hire additional personnel to segregate duties. Without segregation of duties, the risk of misstatements in receipts and disbursements significantly increases because errors and theft can go undetected. Segregation of duties over receipt procedures, disbursement processing, report preparation, and bank reconciliations is essential for providing protection from fraud 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 prevent inaccurate financial reporting or misappropriation of assets, the sheriff's office should implement strong oversight over these areas, either by an employee independent of those functions or by the sheriff, such as:

- The sheriff should compare the daily bank deposit to the daily checkout sheet and then compare to the bank deposit receipt. This should be documented by initialing the bank deposit, daily checkout sheet, and bank deposit receipt.
- The sheriff should compare the monthly receipts and disbursements ledger to the monthly tax reports. This should be documented by initialing the receipts and disbursements ledger.
- The sheriff should compare the bank reconciliation to the balance in the checkbook. Any differences should be reconciled. The sheriff could document this by initialing the bank reconciliation.

*Sheriff's Response: The Sheriff's office agrees to the audit findings. To address audit finding #1 we will implement a procedure for comparing the daily bank deposit to the daily checkout sheet and bank deposit receipt. This will be accomplished by having the individual who completes the daily deposit initial the deposit slip before it goes to the bank. Then the individual who enters the daily deposit information into the accounting software will initial on the daily check out sheet to indicate the deposit has been reviewed. Once the bank deposit receipt arrives back to the office after the deposit is processed it will be attached to the daily checkout sheet and initialed by the Sheriff or his designee to confirm the amounts match.*

*In addition, the Sheriff or his designee will compare the monthly receipts and disbursements ledger to the monthly tax reports and initial them. The Sheriff or his designee will compare the bank reconciliation to the balance in the checkbook and reconcile any differences and document this by initialing the bank reconciliation.*

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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