



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Daviess County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2016 financial statements of Daviess County Sheriff Keith Cain. 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 statements present fairly the receipts and disbursements of the Daviess County Sheriff and the receipts, disbursements, and fund balances of the Daviess County Sheriff's operating fund and county fund in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statements did not follow this format. However, the sheriff's financial statements are 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 internal control over financial operations and reporting.

The audit contains the following comment:

Deposits were not made on a daily basis: During calendar year 2016, deposits for the Daviess County Sheriff's Office were not deposited on a daily basis. Auditors tested deposits for the period of September 19, 2016 through September 23, 2016. Receipts were batched daily, but deposits were only taken to the bank three times for the period tested. The receipts for September 19, 2016 were held and left in the night deposit box on September 20, 2016. Receipts for September 23, 2016 were held and left in the night deposit box on September 27, 2016.

The Chief Financial Officer didn't realize deposits had to be made daily; he thought as long as receipts were being batched daily that this was sufficient. By not making deposits on a daily basis, the opportunity for misappropriation or theft of receipts is increased.

Per KRS 68.210, the State Local Finance Officer shall prescribe minimum standards for the fee officials, including performing daily check-out procedures and making daily deposits intact into a federally insured banking institution. By following these procedures, the sheriff limits the opportunity for misappropriation or theft of receipts.

We recommend that the sheriff comply with KRS 68.210 and ensure deposits are being made on a daily basis.

Sheriff's Response: Our Office believes that we are in practical and substantial compliance of the requirement to make bank deposits on a daily basis. Our transactions are balanced daily by one employee and checked by another. Due to limited office personnel, our deposits may be taken to the bank or many times placed in the night depository the next day. The issue has been compounded with the fact that our bank closed a branch across the street from our office. The nearest branch is now a considerable distance from our office. During the busy tax season we have adequate personnel on hand; however, other times of the year employees may be on vacation, training, etc. thus making it difficult to leave the office shorthanded to go to the bank with a small deposit.

Auditor's Reply: Auditors must determine compliance with standards promulgated by the Department for Local Government under KRS 68.210. Those standards require daily deposits.

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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