



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2017 taxes for former Graves County Sheriff Dewayne Redmon. 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 18, 2017 through April 16, 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 former Graves County Sheriff's Office lacked adequate segregation of duties:** This is a repeat finding and was included in the prior year audit report as Finding 2016-002. For the 2017 tax year, the former Graves County Sheriff's Office lacked adequate segregation of duties over the accounting and reporting functions of the sheriff's office. The former sheriff's bookkeeper collected cash from customers, prepared monthly reports, prepared deposits, posted to the receipts and disbursements ledgers, and performed the monthly bank reconciliations.

Rather than segregate the accounting functions of the office, the former sheriff placed reliance on his trust in the bookkeeper. A lack of segregation of duties or strong oversight increases the risk of undetected errors and fraud.

Good internal controls dictate that the segregation of duties over these tasks, or the implementation of compensating controls, is essential for providing protection from asset misappropriation and helping to prevent inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the Graves County Sheriff's Office segregate the duties noted above by allowing different deputies to perform them. For those duties that cannot be segregated due to a limited number staff, strong management oversight by the sheriff or designee could be a cost effective alternative. This oversight should include reviewing the daily deposits, comparing the daily checkout sheets to the monthly reports, and reviewing the monthly bank reconciliations. Documentation, such as the sheriff's or designee's initials or signature, should be provided on those items that are reviewed.

*Current Sheriff's Response: Have other employees sign off on daily check sheets, monthly reports, bank reconciliations, etc.*

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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