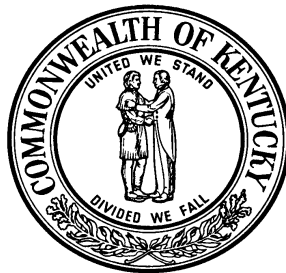


**REPORT OF THE AUDIT OF THE  
LAWRENCE COUNTY  
SHERIFF'S SETTLEMENT - 2014 TAXES**

**For The Period  
April 16, 2014 Through April 15, 2015**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
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**EXECUTIVE SUMMARY**  
**AUDIT OF THE**  
**LAWRENCE COUNTY**  
**SHERIFF'S SETTLEMENT - 2014 TAXES**

**For The Period**  
**April 16, 2014 Through April 15, 2015**

The Auditor of Public Accounts has completed the audit of the Sheriff's Settlement - 2014 Taxes for the Lawrence County Sheriff for the period April 16, 2014 through April 15, 2015. We have issued an unmodified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The sheriff collected 2014 taxes of \$7,816,492 for the districts, retaining commissions of \$284,917 to operate the sheriff's office. The sheriff distributed 2014 taxes of \$7,521,481 to the districts. Taxes of \$1,150 are due to the districts from the sheriff and refunds of \$1,781 are due to the sheriff from the taxing districts.

**Report Comments:**

- 2014-001 Receipts Were Not Deposited Daily
- 2014-002 Certificates Of Delinquency Were Not Promptly Transferred To The County Clerk's Office
- 2014-003 The Sheriff Did Not Remit Payments To Taxing Districts Timely
- 2014-004 The Sheriff Did Not Remit Interest Payments To The School And Fee Account Monthly
- 2014-005 The Sheriff's Office Lacks Adequate Segregation Of Duties

**Deposits:**

The sheriff's deposits as of November 7, 2014 were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$352,748

The sheriff's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the sheriff's deposits in accordance with the security agreement.



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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
Honorable John Osborne, Lawrence County Judge/Executive  
Honorable Garrett Roberts, Lawrence County Sheriff  
Members of the Lawrence County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statement**

We have audited the Lawrence County Sheriff's Settlement - 2014 Taxes for the period April 16, 2014 through April 15, 2015 - Regulatory Basis, and the related notes to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Audit Guide for Sheriff's Tax Settlements* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.



To the People of Kentucky  
Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
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Honorable Garrett Roberts, Lawrence County Sheriff  
Members of the Lawrence County Fiscal Court

### **Auditor's Responsibility (Continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by the Lawrence County Sheriff on the basis of the accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Lawrence County Sheriff, as of April 15, 2015, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the taxes charged, credited, and paid for the period April 16, 2014 through April 15, 2015 of the Lawrence County Sheriff, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2016 on our consideration of the Lawrence County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lawrence County Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lawrence County Sheriff's internal control over financial reporting and compliance.



To the People of Kentucky  
Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
Honorable John Osborne, Lawrence County Judge/Executive  
Honorable Garrett Roberts, Lawrence County Sheriff  
Members of the Lawrence County Fiscal Court

**Other Reporting Required by *Government Auditing Standards* (Continued)**

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discuss the following report comments:

- 2014-001 Receipts Were Not Deposited Daily
- 2014-002 Certificates Of Delinquency Were Not Promptly Transferred To The County Clerk's Office
- 2014-003 The Sheriff Did Not Remit Payments To Taxing Districts Timely
- 2014-004 The Sheriff Did Not Remit Interest Payments To The School And Fee Account Monthly
- 2014-005 The Sheriff's Office Lacks Adequate Segregation Of Duties

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal flourish extending to the right.

Mike Harmon  
Auditor of Public Accounts

July 12, 2016

LAWRENCE COUNTY  
GARRETT ROBERTS, SHERIFF  
SHERIFF'S SETTLEMENT - 2014 TAXES

For The Period April 16, 2014 Through April 15, 2015

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 747,982	\$ 1,421,700	\$ 2,274,564	\$ 533,648
Tangible Personal Property	93,800	184,144	282,925	183,011
Fire Protection	5,618			
Increases Through Exonerations	248	418	741	174
Franchise Taxes	411,999	752,617	1,246,284	
Additional Billings	36	91	108	25
Unmined Coal - 2014 Taxes	24,868	42,610	75,622	17,742
Unmined Coal - 2013 Taxes	299	469	873	213
Penalties	6,919	13,096	20,920	5,079
Adjusted to Sheriff's Receipt	(260)	(10,613)	(221)	(129)
Gross Chargeable to Sheriff	<u>1,291,509</u>	<u>2,404,532</u>	<u>3,901,816</u>	<u>739,763</u>
 <u>Credits</u>				
Exonerations	6,514	12,396	19,759	4,740
Discounts	12,262	22,979	37,016	9,867
Delinquents:				
Real Estate	43,522	87,940	131,249	30,793
Tangible Personal Property	9,142	17,947	27,800	22,263
Unmined Coal - 2014 Taxes	3,856	6,607	11,725	2,751
Total Credits	<u>75,296</u>	<u>147,869</u>	<u>227,549</u>	<u>70,414</u>
Taxes Collected	1,216,213	2,256,663	3,674,267	669,349
Less: Commissions *	<u>51,689</u>	<u>94,553</u>	<u>110,228</u>	<u>28,447</u>
Taxes Due	1,164,524	2,162,110	3,564,039	640,902
Taxes Paid	1,162,988	2,158,627	3,559,859	640,007
Refunds (Current and Prior Year)	<u>1,690</u>	<u>2,903</u>	<u>5,054</u>	<u>1,078</u>
Due Districts or (Refunds Due Sheriff) as of Completion of Audit	<u>\$ (154)</u>	<u>\$ 580</u>	<u>\$ (874)</u>	<u>\$ (183)</u>

\*\*

\* and \*\* See next page.

The accompanying notes are an integral part of this financial statement.

LAWRENCE COUNTY  
GARRETT ROBERTS, SHERIFF  
SHERIFF'S SETTLEMENT - 2014 TAXES  
For The Period April 16, 2014 Through April 15, 2015  
(Continued)

\* Commissions:

4.25% on	\$ 4,100,521
3% on	\$ 3,674,267
1% on	\$ 41,704

\*\* Special Taxing Districts:

Library District	\$ (513)
Health District	(16)
Extension District	(41)
Soil Conservation District	23
Fire & Rescue District	191
Fire Fee	<u>936</u>

Due Districts or (Refunds Due Sheriff)	<u>\$ 580</u>
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LAWRENCE COUNTY  
NOTES TO FINANCIAL STATEMENT

April 15, 2015

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

KRS 66.480 authorizes the sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Lawrence County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

LAWRENCE COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 April 15, 2015  
 (Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The Lawrence County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of April 15, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of November 7, 2014, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured      \$352,748

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2014. Property taxes were billed to finance governmental services for the fiscal year ended June 30, 2015. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 10, 2014 through April 15, 2015.

B. Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 2014. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was February 25, 2015 through February 23, 2016.

Note 4. Interest Income

The Lawrence County Sheriff earned \$2,547 as interest income on 2014 taxes. The sheriff distributed \$255 to the school district as required by statute, and \$325 to the fee account to operate the sheriff's office. As of June 8, 2016, the sheriff owed \$942 in interest to the school district and \$1,024 in interest to his fee account.

Note 5. Sheriff's 10% Add-On Fee

The Lawrence County Sheriff collected \$31,346 of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the sheriff's office.

Note 6. Unrefundable Duplicate Payments And Unexplained Receipts

The sheriff deposited unrefundable duplicate payments and unexplained receipts in an interest-bearing account. The sheriff's escrowed amount was as follows:

2011	\$6,350
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KRS 393.090 states that after three years, if the funds have not been claimed, they are presumed abandoned. Abandoned funds are required to be sent to the Kentucky State Treasurer pursuant to KRS 393.110.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*







**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable John Osborne, Lawrence County Judge/Executive  
Honorable Garrett Roberts, Lawrence County Sheriff  
Members of the Lawrence County Fiscal Court

Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Lawrence County Sheriff's Settlement - 2014 Taxes for the period April 16, 2014 through April 15, 2015 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated July 12, 2016. The Lawrence County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Lawrence County Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Lawrence County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lawrence County Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying comments and recommendations, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying comments and recommendations as item 2014-005 to be a material weakness.



Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*  
(Continued)

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Lawrence County Sheriff's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2014-001, 2014-002, 2014-003, and 2014-004.

### **Sheriff's Response to Findings**

The Lawrence County Sheriff's response to the findings identified in our audit is described in the accompanying comments and recommendations. The Lawrence County Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

July 12, 2016

COMMENTS AND RECOMMENDATIONS



LAWRENCE COUNTY  
GARRETT ROBERTS, SHERIFF  
COMMENTS AND RECOMMENDATIONS

For The Period April 16, 2014 Through April 15, 2015

**STATE LAWS AND REGULATIONS:**

2014-001 Receipts Were Not Deposited Daily

---

Funds are not deposited daily. For example, during the month of January, deposits were made on five days of the month. Also, we discovered two instances of late unmined coal deposits. An unmined coal deposit in the amount of \$8,395 dated May 29, 2015 was not deposited until July 7, 2015, and another unmined coal deposit in the amount of \$86,013 dated October 16, 2015 was not deposited until November 3, 2015. It appears the sheriff often holds several deposits and then takes them to the bank rather than making daily deposits. Further, policies and procedures are not in place to ensure that tax receipts are deposited daily. Un-deposited receipts are susceptible to misappropriation or theft. Such occurrences could materially affect the financial statements. Under the authority of KRS 68.210, the Department for Local Government has established requirements for all local government officials handling public funds. These requirements include “daily deposits intact into a federally insured banking institution.” We recommend that the sheriff implement policies and procedures to ensure that tax receipts are deposited intact daily.

*Sheriff's Response: Policy will be put in place.*

2014-002 Certificates of Delinquency Were Not Promptly Transferred To The County Clerk's Office

---

Certificates of delinquency for unmined coal taxes were not promptly transferred to the county clerk's office. The sheriff neglected to perform this duty. Unmined coal tax collections began April 1, 2015, and became delinquent May 31, 2015 and should have been transferred on September 15, 2015. However, the delinquent unmined coal transfer was not completed until February 23, 2016. The delay in transferring the delinquent unmined coal certificates to the county clerk meant that the taxpayers were unable to pay the delinquent bills during that time period. The delinquent bills were also incurring interest charges during that time period that the taxpayer would be responsible for paying. KRS 134.122(1)(a) states that the sheriff shall file all delinquent tax claims remaining in his possession with the county clerk within three months and fifteen days from the date the taxes were due. According to KRS 134.122(1)(d), the non-compliance also holds the sheriff liable on his bond for the aggregate amount of the tax claims not filed with the clerk. We recommend the sheriff turn the delinquent unmined coal tax bills over to the county clerk timely.

*Sheriff's Response: No response.*

LAWRENCE COUNTY  
GARRETT ROBERTS, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Period April 16, 2014 Through April 15, 2015  
(Continued)

**STATE LAWS AND REGULATIONS: (Continued)**

2014-003 The Sheriff Did Not Remit Payments To Taxing Districts Timely

The sheriff did not remit payments to taxing districts timely. Unmined coal taxes collected totaling \$137,075 were collected beginning in April 2015. The sheriff collected unmined coal taxes through July 2015 but did not prepare monthly reports as required and did not distribute to the taxing districts until March 2016. Also, franchise taxes in the amount of \$447,392 collected in July 2015, were not paid out to the taxing districts until April 2016. In addition to these late payments, six out of seven months of collections were not delivered to the districts on time. These checks were dated beyond the 10<sup>th</sup> of the month following the month of collections, and it appears they were held and not delivered or mailed until weeks later. By not preparing and delivering checks to the districts on time, the county, school, and other taxing districts were not able to use funds totaling \$584,467. These taxing districts rely on the timely receipt of tax revenues, and their budgets and cash flows were negatively affected. KRS 134.191(1) requires the sheriff to provide monthly reports by the tenth day of each month to the taxing districts. KRS 134.191(3) requires the sheriff to pay the taxing districts all funds that were collected during the period covered by the report. Pursuant to KRS 134.191, any sheriff failing to pay over taxes collected as required by law shall be subject to a penalty of one percent (1%) for each thirty (30) day period or fraction thereof that the payment is not made, plus interest at the tax interest rate provided in KRS 131.183 on such amounts. The governing body of a county, the department, or the other district for which the sheriff collects taxes, in its settlement with the sheriff, shall charge him or her with such penalties and interest. We recommend the sheriff prepare monthly reports for all taxes collected and pay the taxing districts timely in the future.

*Sheriff's Response: No response.*

2014-004 The Sheriff Did Not Remit Interest Payments To The School And Fee Account Monthly

The sheriff did not distribute interest earned on tax collections to the school or the fee account on a monthly basis. The sheriff earned \$2,547 in interest on his 2014 tax account, and only paid it to the school and fee account for the months of October and November. Policies and procedures are not currently in place to ensure that interest earned from tax collection deposits is paid to the school district and fee account timely. Failure to distribute interest earnings monthly results in a noncompliance. Based on the amount of interest earned and after factoring in what the sheriff has already paid for October and November, the sheriff still owes \$942 to the school district and \$1,024 to the fee account. The sheriff should distribute the investment earnings at the same time as monthly tax collections. KRS 134.140(2) requires the sheriff to pay monthly "that part of the investment earnings for the month which are attributable to the investment of school taxes." According to KRS 134.140(4), the balance of investment income should be paid to the sheriff's operating account. We recommend the sheriff comply with KRS 134.140 by remitting the interest due to the school and fee account on a monthly basis.

*Sheriff's Response: No response.*

LAWRENCE COUNTY  
GARRETT ROBERTS, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Period April 16, 2014 Through April 15, 2015  
(Continued)

**INTERNAL CONTROL - MATERIAL WEAKNESS:**

2014-005 The Sheriff's Office Lacks Adequate Segregation Of Duties

---

The sheriff's office lacks adequate segregation of duties. Inadequate segregation of duties allows one person to have a significant role in processing and recording receipts and disbursements which would increase the risk of undetected misappropriation of assets and inaccurate financial reporting. The sheriff's bookkeeper collected payments from customers, recorded transactions in the ledgers, prepared deposits, and reconciled the bank account. Internal control duties should be segregated to decrease the risk of misappropriation of assets, errors, and inaccurate financial reporting to external agencies. The sheriff could implement some compensating controls such as comparing the daily checkout sheet to the receipts ledger and the bank deposit. Although they do not eliminate the lack of adequate segregation of duties, compensating controls do decrease the risk present in the absence of proper segregation of duties. We recommend the same person not perform multiple accounting functions, and if the duties cannot be segregated, then strong oversight over the employee's work should be provided and documented.

*Sheriff's Response: No response.*

