



Auditor of Public Accounts
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Harmon Releases Audit of Former Lawrence County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2018 financial statement of former Lawrence County Sheriff Garrett Roberts. 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 statement presents fairly the receipts, disbursements and excess fees of the former Lawrence County Sheriff in accordance with accounting principles generally accepted in the United States of America. The former sheriff's financial statement did not follow this format. However, the former sheriff's financial statement is 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 the internal control over financial operations and reporting.

The audit contains the following comments:

The former sheriff's office did not make deposits daily: This was included in the prior year audit report as Finding 2017-002. The former sheriff did not always deposit receipts daily. One week of receipts was tested and one instance in which there were four days between receipt date and date of deposit was found. The former sheriff did not have procedures in place to ensure that deposits were made daily. As a result, there was a risk of misstatement due to error, as well as misappropriation of receipts. The state local finance officer, under the authority of KRS 68.210, has established minimum accounting requirements, which include depositing receipts intact on a

daily basis and reconciling receipts to a daily check out sheet. We recommend the sheriff's office deposit receipts daily as required by the state local finance officer.

Former Sheriff's Response: The former sheriff did not provide a response.

The former sheriff did not settle the 2017 fee account: The former sheriff needs to collect receivables, and escrow one stale date check in order to settle and close the 2017 fee account. The former sheriff did not collect all receivables before September 1, 2018. The following chart shows what needs to be done in order to settle the 2017 fee account:

Bank balance as of exit date	\$ 14,143
Due from payroll account	3,958
Due from 2016 tax account	744
Outstanding check	<u>(10)</u>
Excess fees due fiscal court	<u>\$ 18,835</u>

KRS 134.192 requires the sheriff to, "annually settle his or her accounts with the department, the county, and any district for which the sheriff collects taxes on or before September 1 of each year." We recommend the former sheriff collect receivables, escrow one stale dated check totaling \$10, and pay \$18,835 to the fiscal court in order to settle and close the 2017 fee account.

Former Sheriff's Response: The former sheriff did not provide a response.

The former sheriff did not settle the 2016 fee account: The former sheriff did not collect receivables and pay liabilities as determined by the 2016 calendar year fee audit. The former sheriff has not ensured recommendations from prior years' audits were followed. The following cumulative amounts remain unresolved as of the end of the 2018 calendar year.

Due from 2015 tax account	\$ 1,047
Due to escrow account	<u>(202)</u>
Excess fees due fiscal court	<u>\$ 845</u>

KRS 134.192 requires the sheriff to, "annually settle his or her accounts with the department, the county, and any district for which the sheriff collects taxes on or before September 1 of each year." We recommend the former sheriff collect receivables and pay liabilities in order to settle and close the 2016 fee account.

Former Sheriff's Response: The former sheriff did not provide a response.

The former sheriff's office lacked adequate segregation of duties: This is a repeat finding and was included in the prior year audit report as Finding 2017-003. The former sheriff's office lacked adequate segregation of duties. The former sheriff's bookkeeper collected payments from customers, recorded transactions in the ledgers, prepared deposits, and reconciled the bank account. Inadequate segregation of duties allows for one person to have a significant role in

processing and recording receipts and disbursements, which increases the risk of undetected misappropriation of assets and inaccurate financial reporting. Internal control duties should be segregated to decrease the risk of misappropriation of assets, undetected errors, and inaccurate financial reporting to external agencies. Compensating controls such as comparing the daily checkout sheet to the receipts ledger and the bank deposit can be implemented to decrease the risk present in the absence of proper segregation of duties, but they don't eliminate the lack of adequate segregation of duties. We recommend the sheriff's office segregate duties by not having the same person perform multiple accounting functions. If the duties cannot be segregated, then compensating controls such as strong oversight over the employee's work should be provided and documented.

Former Sheriff's Response: The former sheriff did not provide a response.

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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