



Auditor of Public Accounts
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FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Rockcastle County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2015 financial statement of Rockcastle County Sheriff Michael Peters. 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 Rockcastle County Sheriff in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statement did not follow this format. However, the 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 non-compliance 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 sheriff's office lacks adequate segregation of duties. While reviewing the sheriff's internal control structure, we noted a lack of adequate segregation of duties over receipts, reconciliations, and disbursements. This weakness exists because two employees are primarily responsible for most operating functions of the office, including opening incoming mail, issuing receipts, preparing bank deposits, preparing daily checkout sheets, maintaining and preparing checks, posting to the receipts and disbursements ledgers, preparing bank reconciliations, and preparing the financial reports. Inadequate segregation of duties could result in asset misappropriation and inaccurate financial reporting. Proper segregation of duties is essential to protect against asset

misappropriation and inaccurate financial reporting, while also protecting employees in the normal course of performing their responsibilities. We recommend the sheriff segregate duties within his office. If it is not feasible for the sheriff to segregate duties because of the limited number of staff and budget restrictions, the sheriff should implement compensating controls to offset the effects of the lack of segregation of duties, including:

- The sheriff could recount cash and checks collected at the end of each day and compare it to the deposit ticket. The sheriff should initial the deposit ticket to document agreement.
- The sheriff could compare the receipts and disbursements ledgers to the bank reconciliation. The sheriff should initial the receipts and disbursements ledgers, along with the bank reconciliation to document agreement.
- The sheriff could compare all checks to the accompanying supporting documentation. The sheriff should initial the supporting documentation to document agreement.

Sheriff's response: No 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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