



Auditor of Public Accounts  
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FOR IMMEDIATE RELEASE

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### **Harmon Releases Audit of Scott County Sheriff's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2020 financial statement of Scott County Sheriff Tony Hampton. 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 Scott 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 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 Scott County Sheriff's Office did not complete bank reconciliations for donation, state drug, and federal forfeiture bank accounts:** No bank reconciliations were completed for any of the 12 months of calendar year 2020 on the donation, state drug, or federal forfeiture accounts. Due to a lack of oversight from sheriff's staff, bank reconciliations were not completed. When bank reconciliations are not regularly completed, the risk of fraud due to theft and reporting errors significantly increases because receipts can go undeposited and disbursements can go without being made. Without proper oversight over bank account activity, these problems can go undetected.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires bank reconciliations to be done monthly. Strong internal controls dictate monthly bank reconciliations to be completed on all bank accounts.

We recommend the sheriff implement procedures to ensure that monthly bank reconciliations are performed and documented for the donation, state drug, and federal forfeiture accounts.

*County Sheriff's Response: After reviewing the previous procedures in place for this comment, and after discussing corrective actions with the involved parties, I have corrected any future oversights by doing the following:*

*-Removal of the employee responsible, from all financial accounts, for the lack of reconciliations and organization.*

*-Closed accounts at the banking institution who previously held the accounts, and opened them with another banking institution used by my office for fee and tax collections. This will allow for 24/7 monitoring with online banking already being available to our office. I have also been added to these accounts to ensure the utmost accountability with my employees.*

*-Reassigned responsibilities & duties to the Bookkeeper. This transition will provide a transparent approach in recording, filing and reconciling of these accounts.*

**The Scott County Sheriff's Office did not have adequate oversight over state drug account receipts and disbursements:** A list of state drug account receipts to the sheriff's office which was supported by court orders and property receipts for calendar year 2020 was provided, totaling \$6,557. Of that total \$502 was deposited during calendar year 2020. The remaining total, \$6,055, was not deposited. Upon inquiry the \$6,055 was found, by the chief deputy, in his desk and had not been taken to the bank for deposit. Since our inquiry, these funds have been deposited on August 27, 2021.

Also, the sheriff was accumulating amounts due to the Prosecutors Advisory Council (PAC) and was not paying them to PAC when received in the sheriff's office. From the receipts list provided the disbursement amounts due to PAC, were documented, totaling \$1,168, for payments due from April 2020 to May 2021. The \$1,168 was paid to PAC by the sheriff on August 19, 2021. Deposits and disbursements were not made timely due to lack of oversight from sheriff or his staff.

When deposits are not made timely the risk of fraud due to theft or errors in reporting significantly increases. When disbursements are not made timely to PAC for the commonwealth attorney's office, the risk that funds are not available in the bank account to pay PAC significantly increases.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires daily deposits intact into a federally insured banking institution. Also, strong internal controls dictate oversight and procedures to ensure that funds forfeited per court orders are deposited to the

bank account timely and disbursements due to the commonwealth attorney or other agencies per the court orders are disbursed timely.

We recommend the sheriff implement procedures to improve and document oversight for the state drug account receipts and disbursements to ensure timely deposits and disbursements are made to comply with state law.

*County Sheriff's Response: After reviewing the previous procedures in place for this comment, and after discussing corrective actions with the involved parties, I have corrected any future oversights by doing the following:*

*-Removal of the employee responsible, from all financial accounts, for the lack of reconciliations and organization.*

*-Closed accounts at the banking institution who previously held the accounts, and opened them with another banking institution used by my office for fee and tax collections. This will allow for 24/7 monitoring with online banking already being available to our office. I have also been added to these accounts to ensure the utmost accountability with my employees.*

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**The Scott County Sheriff's Office did not prepare an asset forfeiture report timely for Fiscal Year 2020:** The sheriff did not prepare an asset forfeiture report for Fiscal Year 2020, until we inquired about the report. After we requested the forfeiture report, we were informed by the sheriff's staff that it had not been completed. Soon after the inquiry, the sheriff's staff provided an asset forfeiture report. Due to a lack of oversight with sheriff's staff, the asset forfeiture report was not completed for the fiscal year, resulting in noncompliance with state law. When the report is not prepared and submitted timely the risk of fraud due to theft and reporting errors significantly increases.

KRS 218A.440 states,“(1) Each law enforcement agency seizing money or property pursuant to KRS 218A.415 shall, at the close of each fiscal year, file a statement with the Auditor of Public Accounts, and with the secretary of justice and public safety containing, a detailed listing of all money and property seized in that fiscal year and the disposition thereof. The listing shall identify all property so seized. (2) Any agency failing to report as required by this section shall be liable to the state for the full value of all property and money so seized. The Attorney General shall institute civil actions for recovery of money or property obtained or retained in violation of KRS 218A.405 to 218A.460. (3) The Auditor of Public Accounts, the secretary of justice and public safety or the Attorney General may at any time initiate an inquiry to determine that property is being forfeited as required by KRS 218A.405 to 218A.460.”

Strong internal controls dictate management should maintain records to support and prepare an asset forfeiture report to submit to the state Justice Cabinet. We recommend that the sheriff implement procedures to ensure the asset forfeiture report is submitted timely at the end of each fiscal year.

*County Sheriff's Response: After reviewing the previous procedures in place for this comment, and after discussing corrective actions with the involved parties, I have corrected any future oversights by doing the following:*

*-Removal of the employee responsible, from all financial accounts, for the lack of reconciliations and organization.*

*-Closed accounts at the banking institution who previously held the accounts, and opened them with another banking institution used by my office for fee and tax collections. This will allow for 24/7 monitoring with online banking already being available to our office. I have also been added to these accounts to ensure the utmost accountability with my employees.*

*-Reassigned responsibilities & duties to the Bookkeeper. This transition will provide a transparent approach in recording, filing and reconciling of these accounts.*

*-All future reporting for these accounts, have been reassigned to the Bookkeeper.*

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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