



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2019 financial statement of Wolfe County Sheriff Chris Carson. 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 Wolfe 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 Wolfe County Sheriff's financial statement was materially misstated: The Wolfe County Sheriff's calendar year 2019 financial statement was materially misstated and numerous receipts and disbursements were posted incorrectly. Receipt and disbursement activity of the 2019 fee account that occurred after December 31, 2019, was not posted to the sheriff's financial statement. This resulted in receivables of \$34,292 being omitted from reported receipts and \$45,411 of liabilities being omitted from reported disbursements. Receipt line items for various fees were not handled the same for each quarter causing many reclassifications in order to correct postings.

Salaries were incorrectly posted as net amounts instead of gross. The majority of the issues were caused by errors in bookkeeping.

The bookkeeper was not aware that after December 31, receivables and liabilities needed to be posted to the fee account ledgers and fourth quarter report. The undetected errors resulted in a materially misstated fourth quarter financial report.

Good internal controls dictate that all transactions should be posted to the ledgers to produce an accurate representation of the financial activity. Further, line items on ledgers should be given the same treatment each time a financial statement is produced and salaries should be posted as gross amounts, this gives a clear representation of the year's finances. We recommend the Wolfe County Sheriff improve procedures over financial reporting to ensure transactions are properly recorded and financial statements are materially stated.

Sheriff's Response: I will work to make sure the receivables and liabilities are posted more accurately.

The sheriff ran a charitable account through his office that did not serve a public purpose associated with a regular function of the sheriff's office: The sheriff deposits and expends donations for the "Shop with a Cop" program administered through the special account managed in his office. The sheriff did not know the requirement that special accounts have to further a public purpose of the sheriff's office and that the "Shop with a Cop" program did not qualify. Due to the nature of the program being handled by the sheriff's office, the lack of proper financial oversight could lead to greater opportunity for the misappropriation of funds.

Per KRS 61.310, sheriffs may accept donations to be used for the public purposes of the office. This program does not further a public purpose of the sheriff's office. The sheriff may participate in the "Shop with a Cop" program on personal time, and the program may be operated completely externally and separate from the sheriff's office by a private or not for profit entity. We recommend the sheriff not manage charitable accounts through his office that do not serve a public purpose associated with a regular function of the sheriff's office.

Sheriff's Response: The sheriff's office plans to close out the Shop with a Cop fund account and not continue to run through sheriff's office.

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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