



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Clay County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2020 taxes for Clay County Sheriff Patrick Robinson. 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 sheriff's settlement presents fairly the taxes charged, credited and paid in accordance with accounting principles generally accepted in the United States of America. The sheriff's settlement is prepared on the regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the sheriff's settlement is an acceptable reporting methodology, and this reporting methodology is followed for all 120 sheriff settlements in Kentucky.

The sheriff's financial statement fairly presents the taxes charged, credited and paid for the period May 16, 2020 through April 15, 2021 in conformity with the regulatory basis of accounting.

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 comment:

The Clay County Sheriff's Office does not have adequate segregation of duties: The Clay County Sheriff's Office does not have adequate segregation of duties over receipts, disbursements, and reconciliations. The bookkeeper reviewed daily deposits, posted to receipt and disbursement ledgers, made corrections to ledgers, prepared monthly tax reports, prepared the monthly payments to taxing districts, prepared the monthly bank reconciliations, and prepared the annual tax

settlement. Documented review of deposits were noted and dual signatures on checks, however no review was noted on the monthly tax reports or the monthly bank statements and reconciliations.

The sheriff stated that this condition is a result of a small office with a limited budget, which restricts the number of employees the sheriff can hire or delegate duties to.

A lack of segregation of duties could result in undetected misappropriation of assets or inaccurate financial reporting to local taxing districts. The segregation of duties over various accounting functions is essential for providing protection from asset misappropriation or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the sheriff's office separate duties over receipts and disbursements. If these duties cannot be separated due to limited staff or limited budget, then strong oversight over those areas should occur and involve the sheriff or an employee not currently performing any of those functions. The individual providing this oversight should initial source documents as evidence of review.

County Sheriff's Response: The official 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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