



Auditor of Public Accounts
Mike Harmon

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Contact: Michael Goins
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Former Daviess County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the January 1 – November 30, 2021 financial statement of former Daviess County Sheriff Keith Cain. 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 Daviess 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 comment:

The former Daviess County Sheriff's fourth quarter financial report was materially misstated: Disbursements were understated by \$122,747. The former sheriff's chief financial officer failed to include the outstanding liabilities as of November 30, 2021, on the fourth quarter financial report. According to the chief financial officer this was just an oversight on her part. As a result, the fourth quarter financial report was incorrect and did not reflect an accurate and complete financial presentation of the Daviess County Sheriff's Office as reported to the Department for Local Government (DLG) for the period ended November 30, 2021.

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 officials to ensure accurate and complete financial reporting. Good internal controls dictate that the financial report would be accurate and complete.

We recommend the Daviess County Sheriff's office implement internal control procedures to ensure that the fourth quarter financial report is accurate and complete before submitting it to DLG.

Former County Sheriff's Response: The Chief Financial Officer was unsure how to proceed when Sheriff Cain retired. As a result, she reached out to County Fees for guidance. She as told to complete a Quarterly Report for October and November under Sheriff Cain and a separate Quarterly Report for December under Sheriff Smith. The Quarterlys were prepared as directed. She neglected to show the Unpaid Obligations on the October – November Quarterly Report which were forwarded to the state in December. All monies are accounted for. This was an oversight on her part.

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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