



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

**Contact: Michael Goins**  
[Michael.Goins@ky.gov](mailto:Michael.Goins@ky.gov)  
**502.564.5841**  
**502.209.2867**

**Harmon Releases Audit of Grant County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2021 taxes for Grant County Sheriff Brian Maines. 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 April 16, 2021 through August 31, 2022 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 finding:

**The Grant County Sheriff's Office lacks adequate segregation of duties over receipts and reconciliations:** The Grant County Sheriff's Office lacks adequate segregation of duties over receipts and reconciliations and did not document compensating controls. The office manager prepares the daily checkout sheet and deposit ticket, posts to the ledger, prepares the monthly reports and disbursement checks, prepares the bank reconciliation, but may also have the responsibility of collecting cash at times. During testing, we noted there was no documentation of

review on documents prepared by the office manager and an accurate bank reconciliation was not prepared monthly.

The sheriff has not segregated duties in regard to tax collections as part of the internal controls in the office due to limited staff and budget. The lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies such as the Department of Revenue or the Department for Local Government (DLG) could occur.

The segregation of duties over various accounting functions such as opening mail, preparing deposits, recording receipts and disbursements, preparing monthly reports, and preparing monthly bank reconciliations, or the implementation of compensating controls is essential for providing protection from asset misappropriation and/or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the sheriff segregate duties, and if that's not possible, we recommend the sheriff implement effective compensating controls provided by evidence of initials on daily checkouts, sheets, deposit tickets, ledgers, and bank reconciliations. An accurate bank reconciliation should be prepared monthly to properly reconcile the account to a zero balance.

*Sheriff's Response: Compensating controls in place.*

Auditor's Reply: When testing compensating controls throughout the audit, there was no documentation or evidence that compensating controls were in place and operating effectively.

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](#).

###

*The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.*

*Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.*

