



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2022 financial statement of 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 financial statement presents fairly the receipts, disbursements and excess fees of the Grant 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 finding:

The Grant County Sheriff does not have adequate segregation of duties over receipt processing: The Grant County Sheriff does not have adequate segregation of duties over receipts. The sheriff's bookkeeper takes receipts from customers, prepares daily check-out sheets, prepares daily deposits, and posts transactions to the receipts ledger. Further, the sheriff is not documenting review of daily checkout sheets or deposit slips.

The sheriff has not implemented segregation of duties over financial functions as part of the internal control procedures for the office. Additionally, the sheriff has not implemented compensating controls sufficient to offset the control weakness noted.

The lack of segregation of duties increases the risk of misappropriation of assets, errors, and inaccurate financial reporting. By the same employee primarily performing related functions without sufficient oversight and review, the risk increases that errors or fraud may go undetected. Additionally, proper segregation of duties and oversight and review protects employees in the course of performing their daily responsibilities.

Segregation of duties and the implementation of compensating controls when needed because the number of staff is limited, is essential for providing protection from asset misappropriation and inaccurate financial reporting. Adequate segregation of duties would prevent the same person from having all the significant roles over various accounting functions. Strong internal controls dictate oversight and review procedures to ensure accountability for public funds.

We recommend the sheriff implement segregation of duties over receipt processing. If these duties cannot be segregated due to insufficient staff, then the sheriff should implement compensating controls to strengthen oversight of duties performed by the same person. This could include but is not limited to the sheriff (or designee) reviewing and initialing the daily checkout sheet to agree to the daily deposit and initialing the deposit slip.

Sheriff's Response: This office has begun to have two people sign off on daily check out and deposit. The deposit is then taken to the bank by a third individual.

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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