



Auditor of Public Accounts Allison Ball

FOR IMMEDIATE RELEASE

Contact: Joy Pidgorodetska Markland
Joy.Markland@ky.gov
502.352.5216
502.209.2867

Ball Releases Audit of Knox County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2023 financial statement of Knox County Sheriff Mike Smith. 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 Knox 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.

The audit contains the following findings:

The Knox County Sheriff did not segregate accounting duties or document compensating controls: The sheriff's office manager collects payments from customers, prepares bank deposits, issues checks, and posts to the receipts and disbursements ledgers. The sheriff's part-time bookkeeper prepares bank reconciliations, prepares payroll, and occasionally collects payments from customers. Front-line office personnel prepare their own deposits, but the office manager takes them to the bank. Neither the office manager nor the bookkeeper are authorized check signers, but both are responsible for preparing monthly and quarterly reports.

We recommend the sheriff separate the duties involved in receiving cash, posting to ledgers, and preparing reports. If this is not feasible due to a limited budget, cross-checking procedures could be implemented and documented.

Sheriff's Response: The sheriff did not provide a response.

The Knox County Sheriff did not comply with bidding requirements set forth in KRS 424.260 or *The Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies*: The sheriff's office remitted \$99,080 of federal forfeiture funds for Operation UNITE's purchase of two vehicles totaling \$99,080. These vehicles are not in the possession of the sheriff's office and were obtained without obtaining bids. The sheriff serves as a member and/or fiduciary agency of with the Operation UNITE task force and was unaware of the bidding requirement. The sheriff was unaware the vehicles were to be in the sheriff's office's possession.

We recommend the sheriff comply with KRS 424.260 by obtaining bids for all purchases involving expenditures of \$40,000 or more except for the items exempted in the statute. We also recommend compliance with the *Guide To Equitable Sharing For State, Local, And Tribal Law Enforcement Agencies* by titling the vehicles to the sheriff's office or fiscal court.

Sheriff's Response: The sheriff 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. 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.

