



Auditor of Public Accounts
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FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Lincoln County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2020 taxes for Lincoln County Sheriff Curt Folger. 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 Lincoln County Sheriff's Office does not have adequate segregation of duties over receipts, disbursements, and reconciliations: The sheriff's office does not have adequate segregation of duties. This condition primarily exists because the sheriff's bookkeeper opens mail, collects payments from customers, prepares deposits, writes and signs checks, prepare monthly reports, and prepares bank reconciliations. The sheriff has implemented some compensating

controls; however, these controls were not always documented with proper supporting documentation.

According to the sheriff, the sheriff's office has a limited number of employees that prevents the segregation of duties over most accounting functions of the office. The lack of adequate segregation of duties increases the risk that undetected errors could occur. The lack of oversight could result in misappropriation of assets and inaccurate financial reporting to external agencies, such as the Department for Local Government (DLG). The segregation of duties over various accounting functions such as opening mail, preparing deposits, recording receipts and disbursements, and preparing monthly reports and reconciliations, or the implementation of compensating controls is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the Lincoln County Sheriff's Office separate duties involved collection of receipts, preparing deposits, preparing checks, and preparation of bank reconciliations. If this is not feasible due to a limited budget, additional cross-checking procedures should be implemented and documented by the individual performing the review procedure.

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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