



Auditor of Public Accounts
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Harmon Releases Audit of Former Owen County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2022 taxes for former Owen County Sheriff Mark Bess. 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 former 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 former sheriff's settlement is prepared on the regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the former sheriff's settlement is an acceptable reporting methodology, and this reporting methodology is followed for all 120 sheriff settlements in Kentucky.

The former sheriff's financial statement fairly presents the taxes charged, credited and paid for the period September 1, 2022 through December 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 former Owen County Sheriff did not have adequate segregation of duties over receipt processing: The former Owen County Sheriff did not have adequate segregation of duties over receipts. The former sheriff's bookkeeper took receipts from customers, prepared daily check-out sheets, prepared daily deposits, took daily deposits to the bank, and posted transactions to the receipts ledger. There was no documentation of review of daily checkout sheets or deposit slips.

The former sheriff had a small administrative staff, and the bookkeeper was delegated to execute most accounting functions. The former sheriff did not implement 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/or 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's office implement segregation of duties over receipts processing. If these duties cannot be segregated, then compensating controls should be implemented 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.

Former Sheriff's Response: The former 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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