



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2020 taxes for former Robertson County Sheriff Mark Sutton. 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 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 May 16, 2020 through June 30, 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 former sheriff's office did not have adequate segregation of duties: This is a repeat finding and was included in the prior year audit report as Finding 2019-001. The former sheriff's office did not have adequate segregation of duties. The employee responsible for handling tax receipts also recorded the receipts in the ledger, prepared bank deposits, and performed monthly bank

reconciliations. Furthermore, this same employee prepared the disbursement checks and was responsible for preparing monthly reports that document the amounts to be paid to each taxing district. According to the former sheriff, this condition is a result of a limited budget which restricts the number of employees the former sheriff can hire or delegate duties to. Having the same employee performing these functions increases the risk of undetected errors or fraud.

The segregation of duties over various accounting functions such as opening mail, preparing deposits, recording receipts and disbursements, and preparing monthly reports, 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 sheriff's office segregate the duties for handling receipts, disbursements, and bank reconciliations. If this is not possible, we recommend the sheriff implement compensating controls to help mitigate the lack of adequate segregation of duties to a control deficiency. The sheriff should agree the daily collection report to the deposit and have the bookkeeper cosign all checks. Also, the sheriff should review and sign the bank reconciliations. The sheriff should document each of the above mentioned procedures.

Former 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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