



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

**Contact: Michael Goins**  
[Michael.Goins@ky.gov](mailto:Michael.Goins@ky.gov)  
**502.564.5841**  
**502.209.2867**

**Harmon Releases Audit of Scott County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2020 taxes for Scott County Sheriff Tony Hampton. 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 Scott County Sheriff does not have adequate segregation of duties over receipts and reconciliations:** The sheriff's bookkeeper prepares daily checkout sheets, post to the ledgers, prepares monthly reports, prepares checks, signs checks, and is in charge of bank reconciliations. For the 2020 tax season, the sheriff's office failed to reconcile the tax bank account to the receipts and disbursement ledgers on a monthly basis. The bookkeeper downloads and reviews the bank account's activity, and uses that to review non-sufficient funds (NSFs) and mark checks as cleared

once they have cleared the bank. The bookkeeper prepares the daily checkout sheet and posts to the ledgers which is reviewed by another person, but there is no signature for proof of review.

According to the sheriff's office, the lack of segregation of duties is due to not having the budget for adequate office staff. Also, with the volume of activity coming into the tax account, it is difficult to complete a monthly reconcile with staff limitations.

A lack of segregation of duties could result in the misappropriation of assets or inaccurate financial reporting to external agencies such as the Department of Revenue or taxing districts, which could occur and go undetected. The lack of a monthly bank reconciliation led to the following errors.

- An NSF check on November 22, 2020, in the amount of \$13,321, was not discovered in time for monthly disbursements, and led to an overpayment of the districts for November. Once the NSF was discovered, the sheriff's office reached out to the taxpayer, and the money was redeposited on July 21, 2021.
- The sheriff's office did not disburse all overpayment refunds owed to tax payers for 2020. There are 28 refunds owed to taxpayers, with a cumulative total of \$12,558 owed.
- There was an online credit card payment on November 21, 2020, that was not posted to the taxpayer's account or ledgers until February 9, 2021.
- There were three cash/check deposits for the week of February 8 through February 12, which did not get deposited in the bank until February 17.

Segregation of duties or the implementation of compensating controls, when needed because of the number of staff is limited, is essential for providing protection to employees in the normal course of performing their duties and can also help prevent inaccurate financial reporting or misappropriation of assets. In addition, reconciling bank accounts back to the ledgers is essential to limit errors and fraud.

We are recommending the following:

- The sheriff or designee should reconcile the bank statement back to the receipt and disbursement ledgers on a monthly basis.
- The sheriff or designee (separate of the bank reconcile process) should review the bank reconcile and sign off to document review.
- All deposits should be taken to the bank and deposited by the following business day.
- All deposits should be reviewed by a second person and the review should be documented by a signature.

*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](#).

###

*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.*

