



Auditor of Public Accounts Allison Ball

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Ball Releases Audit of Former Scott County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2023 financial statement of Former 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 financial statement presents fairly the receipts, disbursements, and excess fees of the Former Scott 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 Former Scott County Sheriff's Office did not have adequate segregation of duties: The former sheriff's bookkeeper prepared daily checkout sheets, prepared daily deposits, prepared and signed disbursements checks, posted transactions to the receipts and disbursements ledger, reconciled monthly bank statements, and prepared quarterly reports. Occasionally the bookkeeper would also collect payments from customers when front line staff coverage was inadequate. Deposits are taken to the bank by someone other than the bookkeeper, although there is no documentation of who made the deposits. Further, there was no documentation of the review of daily checkout sheets, deposit slips, receipts and disbursements ledger, bank statements, or bank reconciliations. The former sheriff had a small administrative staff, and the bookkeeper was delegated to execute most accounting functions.

We recommend the sheriff's office implement the segregation of duties over custody of assets, recording function, authorization of disbursements, and reconciliation of books to the bank. If these duties cannot be segregated, the sheriff's office should implement compensating controls to strengthen oversight of duties performed by the same person. This could include but is not limited to the following:

Former Sheriff's Response: The Scott County Sheriff's Office has corrected our segregation of duties. Once checkout sheets are created by our bookkeeper, she initials them and hands them to a designated employee to review and initial. A second designated employee then takes the deposit to our bank and returns the deposit ticket after he signs it. The deposit ticket is then attached to the checkout sheet. Monthly reports are reviewed and signed by the bookkeeper, Sheriff and Chief Deputy. The bookkeeper and the Sheriff or Chief Deputy signs checks. Bank statements and reconciliations are reviewed and initialed by the bookkeeper and Chief Deputy. The Sheriff and/or Chief Deputy reviews and signs each quarterly financial statement and annual settlement.

The Former Scott County Sheriff materially misstated the fourth quarter financial statement: The former sheriff's office required adjustments and reclassifications totaling \$259,251 including: adjustment to include \$174,549 for December 2023 tax commissions; adjustment to include \$15,989 for add-on fees; adjustment to include \$6,706 for

February 2023 tax commission; and reclassification of \$62,007 of sheriff's add-on fees incorrectly posted as tax commissions.

We recommend the sheriff's office ensure compliance with applicable statutes and DLG's manual. We recommend updating internal controls to properly monitor posting to the receipt ledger.

Former Sheriff's Response: The Scott County Sheriff's Office will contact DLG to ensure we are properly posting receipts in the 4th quarter financial statement.

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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