



Auditor of Public Accounts
Mike Harmon

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Contact: Michael Goins
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Wolfe County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the May 18 – December 31, 2022 financial statement of Wolfe County Sheriff Greg Banks. 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 Wolfe 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.

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 Wolfe County Sheriff's financial statement was materially misstated: The sheriff's financial statement for the period May 18, 2022 through December 31, 2022 was materially misstated. Receipt and disbursement activity for the outgoing sheriff's 2022 fee account that occurred before May 18, 2022 was posted to the incoming sheriff's financial statement, which resulted in an overstatement of \$125,455 in receipts and \$112,914 in disbursements. A materially misstated fourth quarter financial report could result in an increased risk of uncorrected errors, theft, loss, or misappropriated assets. The incoming sheriff combined the outgoing sheriff's

financial statement with his financial statement. The sheriff did not have proper controls in place to ensure the year-end quarterly financial statement was prepared accurately.

KRS 134.192(11) states, "[i]n counties containing a population of less than seventy thousand (70,000), the sheriff shall provide to the fiscal court by March 15 of each year a complete statement for the preceding calendar year, which includes: (a) A complete statement of all funds received by his or her office for official services, showing separately the total income received by his or her office for services rendered, exclusive of his or her commissions for collecting taxes, and the total funds received as commissions for collecting state, county, and school taxes; and (b) A complete statement of all expenditures of his or her office, including his or her salary, compensation of deputies and assistants, and reasonable expenses."

Good internal controls dictate that all transactions should be properly recorded and agree to the ledgers to produce an accurate representation of the financial activity.

We recommend the sheriff improve procedures over financial reporting to ensure all transactions are properly recorded and financial statements are materially stated.

Sheriff's Response: The year-end quarterly financial statement will balance in 2023 before being submitted.

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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