



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 Adair County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2016 financial statement of Adair County Sheriff Harrison Moss. 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 Adair 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 comment:

The sheriff's office lacks adequate segregation of duties over accounting functions. This is a repeat finding and was included in the prior year report as Finding 2015-001. The sheriff's bookkeeper collects payment from customers, prepares deposits, posts to the receipts ledger, prepares checks, prepares payroll, posts to the disbursement ledger, authorizes disbursement checks, and prepares monthly and quarterly reports. Another office employee prepares the daily checkouts and deposit tickets. The sheriff or another employee did not document oversight of any of these activities other than the bookkeeper recounting and initialing the daily bank

deposits. Additionally, the sheriff authorizing checks along with the bookkeeper is not considered sufficient oversight over disbursements.

According to the sheriff, this condition is the result of a limited budget which restricts the number of employees the sheriff can hire or delegate duties to. Having one individual with responsibility over all accounting processes without compensating controls increases the risk that undetected errors could occur.

The segregation of duties over various accounting functions such as opening the 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 separate the duties involved in receiving cash, preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliations, and comparing financial reports to ledgers. If this not feasible, cross checking procedures should be implemented and documented by the individual performing the procedure.

Sheriff's response: The sheriff 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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