



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2017 taxes for Allen County Sheriff Jeff Cooke. 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 April 18, 2017 through April 16, 2018 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 internal control over financial operations and reporting.

The audit contains the following comment:

The Allen County Sheriff's Office did not deposit collections daily: During tax year 2017, the Allen County Sheriff's office did not deposit receipts daily as indicated by five of 38 franchise tax deposits taking four to ten business days to clear the bank, and one daily regular tax deposit taking four days to clear the bank.

This deficiency in internal control over the deposit process was allowed to occur because proper controls and oversight over the deposit process were not put in place by the sheriff.

Failure to deposit taxes collected intact or delaying depositing taxes collected increases the risk of fraud and misappropriation of cash.

Proper internal controls over the deposit process are important to ensure deposits are made intact daily. KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The minimum requirement for handling public funds as stated in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* require that deposits be made intact daily to the correct bank account.

We recommend the sheriff implement controls and provide appropriate oversight over the deposit process in his office to assure all deposits are made intact daily to the proper accounts.

Sheriff's Response: This office will immediately start depositing funds on a daily basis.

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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