



Auditor of Public Accounts
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Harmon Releases Audit of Breckinridge County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2016 financial statement of Breckinridge County Sheriff Todd Pate. 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 Breckinridge 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 disbursements and reconciliations. This is a repeat finding and was included in the prior year audit report as Finding 2015-001. The Breckinridge County Sheriff's Office does not have proper segregation of duties over disbursements and reconciliations. The sheriff's bookkeeper is responsible for preparing and signing checks, posting to the disbursements ledgers, and preparing monthly bank reconciliations. According to the sheriff, this lack of segregation of duties is due to a limited number of employees available to properly segregate these job duties. A lack of segregation of duties with no documented compensating controls could result in the undetected

misappropriation of assets and inaccurate financial report to external agencies such as the Department for Local Government.

A segregation of duties over accounting functions or implementation of compensating controls, when needed because 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 and misappropriation of assets. To adequately protect employees in the normal course of performing their duties and to help prevent inaccurate financial reporting and misappropriation of assets, we recommend the sheriff separate the duties over the disbursement and reconciliation functions listed above. If this is not possible due to limited staff, then strong oversight over those areas should occur and involve the sheriff or an employee not currently performing any of those functions. The individual providing this oversight should initial source documents as evidence of this review.

Sheriff's response: The previous office manager who retired June 30, 2017 implemented additional segregation of duties during the first half of 2017, and the previous warrant clerk retired July 31, 2017. Additional segregation and documentation of duties have been implemented since then. Although there are few office employees to segregate duties, efforts are being taken to ensure a standard process of duties and that they are overseen to prevent any possible misappropriation of fund. Procedures are being implemented in segregation to help ensure no one person has complete control over checks, bank statements, and bank reconciliations for the Sheriff's office.

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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