



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Former Carroll County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2016 taxes for former Carroll County Sheriff Jamie Kinman. 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 16, 2016 through April 3, 2017 in conformity with the regulatory basis of accounting.

As part of the audit process, the auditor must comment on non-compliance 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 former sheriff's office lacked adequate segregation of duties over tax receipts:** This is a repeat finding and was included in the prior year audit report as Finding 2015-001. The former sheriff's office lacked adequate segregation of duties over tax receipts. The bookkeeper collected cash, prepared the deposit ticket, took the deposit to the bank, and posted receipts to the ledger. We were informed that another office staff person compared the daily tax collection cash

and check totals to the deposit ticket before it was taken to the bank; however, there was no evidence of this review. The former sheriff did not segregate incompatible accounting functions among office staff or implement documented compensating controls to offset this control deficiency. This provides an increased risk of undetected errors or fraud and possible misappropriation of assets.

Proper segregation of duties over receipts is essential for providing protection of asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. To adequately protect employees in the normal course of performing their assigned functions and to protect the sheriff's office against inaccurate financial reporting, we recommend the sheriff's office separate the duties in preparing and depositing receipts, recording transactions, preparing reports and bank reconciliations. If these duties cannot be segregated, strong oversight in the form of compensating controls should be provided over the employee responsible. The employee providing oversight should document this by initialing source documents.

*Former Bookkeeper's Response: None*

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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