



Auditor of Public Accounts  
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: **Michael Goins**  
[Michael.Goins@ky.gov](mailto:Michael.Goins@ky.gov)  
**502.564.5841**  
**502.209.2867**

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

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2019 taxes for Christian County Sheriff Tyler DeArmond. 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, 2019 through May 15, 2020 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 the internal control over financial operations and reporting.

The audit contains the following comment:

**The sheriff's office had weak internal controls over the tax collection process:** Internal controls at the Christian County Sheriff's Office were not working effectively. There was a lack of segregation of duties over the tax collection process and compensating controls do not appear to have been effective when accounting for tax collections. The sheriff's former bookkeeper collected taxes, prepared daily deposits and collection reports, prepared monthly tax reports, issued

and signed tax distributions checks, posted transactions to the ledgers, and reconciled the tax account.

According to the sheriff, the former bookkeeper lacked sufficient understanding of all accounting concepts and responsibilities related to the tax collection process. Also, the former bookkeeper did not let the sheriff know she was struggling with accounting for the tax collections.

Due to the weakness in internal control the following issues were noted:

- Tax commissions due the sheriff's fee account were not remitted timely. The tax account owes the sheriff's fee account \$147,524 in tax commissions earned on October 2019 tax collections.
- Refunds were miscalculated; resulting in one taxpayer receiving overpayment of more than \$15,000. The sheriff filed a claim with the former bookkeeper's bond for \$15,000.
- The sheriff has a deficit of \$479 in his 2019 tax account.

Good internal controls dictate that procedures be in place to ensure tax collections are accurately accounted for and distributed.

We recommend that the Christian County Sheriff segregate duties over the tax collection process, to the extent possible, and implement compensating controls to ensure tax collections are accurately accounted for.

*County Sheriff's Response: With 2019 being the first year of my term, it proved to be both challenging and educational. The previous administration bookkeeper retired with the former Sheriff, leaving my administration with a lot of questions. Although we had cooperation and contacts with outside state and county offices, we were often faced with not knowing what questions to ask. Halfway through 2019 I discovered my bookkeeper was overwhelmed and under qualified to handle such a position. Fortunately, I was able to hire our current bookkeeper who has proven to be both capable and qualified to guide our office back to the correct path and keep us going in the right direction. My office has now implemented a 3-step internal process to ensure accurate accounting records are maintained, we properly account for tax commissions, ensure that we properly remit fees to the Christian County 75/25% Accounts, and ensure we have an internal control over disbursements. The process, which had already been implemented, includes myself, my bookkeeper, and my Chief Deputy. The 3 of us will continue to monitor, verify, oversee, and ensure that recommendations made in this audit report are followed to the best of our ability. We will continue to work with our Auditors and County Treasurer to ensure all areas of our office held, and kept, to the highest of standards.*

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](#).

###

*The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.*

*Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.*

