



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 Grayson County Sheriff's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2019 financial statement of Grayson County Sheriff Norman Chaffins. 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 Grayson 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 comments:

**The sheriff's office lacked adequate segregation of duties and did not implement compensating controls:** The Grayson County Sheriff's Office lacks adequate segregation of duties. The bookkeeper prepares all checks, records receipts and disbursements on ledgers, reconciles accounts, and prepares financial statements with no oversight.

While this condition, according to the sheriff, is caused by the diversity of operations with a limited number of staff, the sheriff failed to implement compensating controls to offset this deficiency in

internal controls. The lack of segregation of duties or strong oversight caused a materially misstated financial statement to be submitted to the Department for Local Government (DLG).

Segregation of duties or the implementation of compensating controls, when limited by the number of staff, is essential for providing protection against the misappropriation of assets and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the sheriff segregate the duties noted above by allowing different deputies to perform these functions. For those duties that cannot be segregated, strong management oversight and documented review processes should be implemented by the sheriff.

*County Sheriff's Response: We do the best we can with the staff we have. We will continue to double check our work to ensure accountability and responsibilities.*

**The sheriff's fourth quarter financial report was materially misstated:** This is a repeat finding and was included in prior year audit report as Finding 2018-001. The quarterly financial report for calendar year 2019 was materially misstated. This was due to a combination of receivables and unpaid liabilities not being included on the financial statements. In order to have the quarterly report agree to the receipts and disbursements ledgers, adjustments of \$161,968 were made to the receipts ledger and adjustments of \$65,650 were made to the disbursements ledger due to numerous bookkeeping errors on the quarterly report. In addition, multiple other adjustments were needed in order to reconcile ledger totals to actual receipts and disbursements for the period totaling \$1,575 for receipts and \$9,090 for disbursements.

There was no oversight by the sheriff to ensure accurate financial statement reporting performed by the bookkeeper. Internal controls failed to catch these omissions on the quarterly financial report, resulting in receipts of \$161,968 and \$65,650 in disbursements being omitted from the quarterly report due to error and additional adjustments of \$1,575 to receipts and \$9,090 to disbursements for other items.

Good internal controls promote good business practices providing reasonable assurance that financial records and reports are accurate. The lack of effective internal controls increases the risk that errors and fraud are detected late or possibly remain undetected. KRS 64.100 requires accurate records of receipts.

We recommend the Grayson County Sheriff's Office strengthen internal controls in order to ensure accurate financial reporting.

*County Sheriff's Response: Upon conference with office manager, we will take necessary steps to ensure that receipts and disbursements are properly recorded and placed in the appropriate column on the financial report.*

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.*

