



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: **Michael Goins**
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Grayson County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2019 taxes for 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 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 Grayson County Sheriff's Office lacks adequate segregation of duties: The Grayson County Sheriff's Office lacks adequate segregation of duties over the accounting and reporting functions of the sheriff's office. The sheriff's bookkeeper collects payments from customers, prepares deposits, posts transactions to the receipts and disbursement ledgers, prepares checks, signs checks, prepares monthly bank reconciliations, and prepares monthly tax reports.

According to the sheriff, the lack of segregation of duties is caused by the diversity of operations with a limited number of staff. The bookkeeper performs all accounting functions of the office. A lack of segregation of duties or strong oversight increases the risk that undetected errors could occur.

Segregation of duties, or the implementation of compensating controls when limited by the number of staff, is essential for providing protection from asset misappropriation 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 to the extent allowed by budget restrictions. For those duties that cannot be segregated due to a limited number of staff, we recommend the sheriff implement a strong compensating controls.

County Sheriff's Response: We will take the recommendations of the auditor and continue to strive to improve our segregation of duties by strengthening our compensating controls.

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.

