



Auditor of Public Accounts
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Harmon Releases Audit of Hickman County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2019 taxes for Hickman County Sheriff Ben Natividad. 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 Hickman County Sheriff's Office does not adequate segregation of duties: This is a repeat finding and was included in the prior year audit report as Finding 2018-001. The Hickman County Sheriff's Office does not have adequate segregation of duties over tax collections. The bookkeeper is responsible for all of the accounting functions such as collecting tax bills, performing daily checkout procedures, preparing deposits, writing checks, posting to ledgers, bank reconciliations, and preparing financial reports. This deficiency was present because of the limited number of

office staff and the budget limitations of the sheriff's office. A lack of segregation of duties increases the risk of misappropriation of assets and inaccurate financial reporting.

Segregating accounting functions 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 due to a limited number of staff, strong management oversight by the sheriff or designee should be performed. This oversight should include comparing daily checkout sheets and deposits, comparing all disbursements to supporting documentation, and reviewing monthly bank reconciliations. Oversight procedures should be documented by initialing and dating documents.

Sheriff's Response: The official did not provide a response.

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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