



Auditor of Public Accounts
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Harmon Releases Audit of Former Lawrence County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2017 financial statement of former Lawrence County Sheriff Garrett Roberts. 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 former Lawrence County Sheriff in accordance with accounting principles generally accepted in the United States of America. The former sheriff's financial statement did not follow this format. However, the former 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 former Lawrence County Sheriff's quarterly financial report was not properly classified, materially accurate, or submitted to the Department for Local Government: This is a repeat finding and was included in the prior year audit report as Finding 2016-002. In order for the former sheriff's fourth quarter financial report to be accurately stated, numerous material audit adjustments to both receipts and disbursements were necessary. Also, the former sheriff did not submit quarterly reports to the Department for Local Government (DLG). The former sheriff failed to ensure the fourth quarter financial reports were complete and accurate. By not having an accurate financial statement, the former sheriff's quarterly financial report did not accurately report

the financial activities of the former sheriff's office for the calendar year 2017. KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The DLG's *County Budget Preparation & State Local Finance Officer Policy Manual* requires the former sheriff to prepare a quarterly report which includes all receipts and disbursements the sheriff collected and paid during the calendar year. Also, the DLG's *County Budget Preparation & State Local Finance Officer Policy Manual* requires the quarterly report be submitted no later than 30 days following the close of the quarter. We recommend the sheriff's office ensure all receipts and disbursements on the ledgers be properly reported on the quarterly financial reports and that the sheriff's office submit it to DLG.

Former Sheriff's Response: The former sheriff did not provide a response.

The former sheriff's office did not make deposits daily: This is a repeat finding and was included in the prior year audit report as Finding 2016-003. The former sheriff did not always deposit receipts daily. Auditors tested one week of receipts and found there were two to five days between date of receipt and date of deposit. The former sheriff did not have procedures in place to ensure deposits are made daily. As a result, there is a risk of misstatements due to error, as well as misappropriation of receipts. The state local finance officer, under the authority of KRS 68.210, has established minimum accounting requirements, which include depositing receipts intact on a daily basis and reconciling receipts to a daily check out sheet. We recommend the sheriff's office deposit receipts daily as required by the state local finance officer.

Former Sheriff's Response: The former sheriff did not provide a response.

The former sheriff's office lacked adequate segregation of duties: This is a repeat finding and was included in the prior year audit report as Finding 2016-001. The former sheriff's office lacked adequate segregation of duties. The former sheriff's bookkeeper collected payments from customers, recorded transactions in the ledgers, prepared deposits, and reconciled the bank account. Inadequate segregation of duties allows for one person to have a significant role in processing and recording receipts and disbursements, which increases the risk of undetected misappropriation of assets and inaccurate financial reporting. Internal control duties should be segregated to decrease the risk of misappropriation of assets, undetected errors, and inaccurate financial reporting to external agencies. Compensating controls such as comparing the daily checkout sheet to the receipts ledger and the bank deposit can be implemented to decrease the risk present in the absence of proper segregation of duties, but they don't eliminate the lack of adequate segregation of duties. We recommend the sheriff's office segregate duties so the same person does not perform multiple accounting functions, and if the duties cannot be segregated, then compensating controls such as strong oversight over the employee's work should be provided and documented.

Former Sheriff's Response: The former sheriff 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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