



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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**Harmon Releases Audit of Livingston County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2017 financial statement of Livingston County Sheriff Bobby Davidson. 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 Livingston 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 internal control over financial operations and reporting.

The audit contains the following comments:

**The Livingston County Sheriff overspent his approved budget:** This is a repeat comment and was included in the prior year audit report as Finding 2016-002. In calendar year 2017, the Livingston County Sheriff overspent his budget by \$35,447. This condition is the result of proper attention not being paid to the budget when making expenditures. The sheriff obtained a budget amendment; however, the amendment was insufficient to cover all operating disbursements. Because the sheriff failed to monitor the budget properly when making expenditures, this caused the office to expend more money than was allowed by the fiscal court, making him noncompliant with KRS 68.210.

The state local finance officer requires the fiscal court to approve a calendar year budget for each fee office as a component of the county's budget preparation process by January 15 of each year. KRS 68.210 states that the administration of the county uniform budget system shall be under the supervision of the state local finance officer who may inspect and shall supervise the administration of accounts and financial operations and shall prescribe a system of uniform accounts for all counties and county officials.

We recommend the Livingston County Sheriff monitor the budget set by the fiscal court to ensure that he does not spend more than what is approved, and if necessary obtain a budget amendment from fiscal court before year-end.

*Sheriff's Response: We collected more money than our budget stated we would, and the excess money was spent without making an amendment to budget and having fiscal court approve before spending.*

**The Livingston County Sheriff's Office lacks adequate segregation of duties:** This is a repeat finding and was included in the prior year audit report as Finding 2016-001. The Livingston County Sheriff's Office lacks adequate segregation of duties. According to the sheriff, due to a limited staff size, the bookkeeper is required to perform multiple tasks such as the collection of cash from customers, the bookkeeping function, monthly reconciliations, the preparation of checks for disbursements, and the preparation of quarterly and annual reports. This condition is the result of a limited budget, which restricts the number of employees the sheriff can hire or delegate duties to. A lack of segregation of duties or strong oversight increases the risk of undetected errors or fraud.

A proper segregation of duties over the accounting and reporting functions, or the implementation of compensating controls, when necessary because of a limited number of staff, is essential for providing protection from undetected errors. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

To adequately protect against the misappropriation of assets and undetected misstatements, we recommend the sheriff segregate the duties noted above by allowing different deputies to perform them. For those duties that cannot be segregated due to a limited number staff, strong management oversight by the sheriff or designee could be a cost effective alternative. This oversight should include reviewing monthly bank reconciliations and the receipts and disbursements ledgers. Documentation, such as the sheriff's or designee's initials or signature, should be provided on those items that were reviewed.

*Sheriff's Response: Our plan is for the sheriff to review our work and initial to have oversight in our work. Receipts, disbursements, and bank reconciliations.*

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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