



Auditor of Public Accounts
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Harmon Releases Audit of Madison County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2022 financial statement of Madison County Sheriff Mike Coyle. 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 statements present fairly the receipts and disbursements of the Madison County Sheriff and the receipts, disbursements, and fund balances of the Madison County Sheriff's operating fund and county fund in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statements did not follow this format. However, the sheriff's financial statements are 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 finding:

The Madison County Sheriff materially misstated payroll on the fourth quarter financial statement: The Madison County Sheriff's Office materially misstated their fourth quarter financial statement by \$276,950. The overage was a result of payroll expenses that included, \$121,574 that was previously report in the prior year financials, double posting overtime salaries for a total of \$104,526, posting highway safety grant salaries three times for a total of \$25,650, and other payroll expenses included in errors totaling \$25,200. The auditor proposed these \$276,950 of adjustments to the financial statement which were accepted by the sheriff.

The office has multiple people posting the payroll expenses and this resulted in the same amounts being posted multiple times. The failure to identify these errors resulted from the lack of internal controls over review and oversight.

By not having adequate internal controls over ledgers to detect or correct posting errors, the sheriff materially misstated his fourth quarter by \$276,950 and required auditor adjustments to correctly agree with EMARS.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. This system of accounts requires the fee official quarterly financial report be submitted by the 30th day following the close of each quarter. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department of Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The manual requires the sheriff to prepare a quarterly report which includes total receipts and total disbursements on a cash basis per line-item category. In addition, good internal control procedures would detect errors in daily posting to ledgers, reducing the risk of misappropriation and inaccurate financial reporting.

We recommend the Madison County Sheriff ensure that he is complying with applicable statutes and DLG's manual. We recommend updating internal controls to properly monitor posting to ledgers for all payroll expenditures.

Sheriff's Response: The corrections have already been made. These were clerical errors pertaining to postings by two different individuals which resulted in double posting and the salary reported for the 4th quarter was reported in a prior year. The 2022 Fee Audit was the last year reported in a four-year term. We have also implemented a new bookkeeping program that we hope will nullify these issues. These were only clerical errors; no monies were reported missing.

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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