



Auditor of Public Accounts
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FOR IMMEDIATE RELEASE

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Harmon Releases Audit of McLean County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2015 taxes for McLean County Sheriff Ken Frizzell. 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, 2015 through April 15, 2016 in conformity with the regulatory basis of accounting.

As part of the audit process, the auditor must comment on non-compliance 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 sheriff's office lacks adequate segregation of duties over receipts and reconciliations: The McLean County Sheriff's office has not segregated the financial responsibilities between various individuals for the receipts and reconciliation processes. The bookkeeper is responsible for the collection of cash and preparation of the daily deposit and daily tax collection journal. She is also responsible for preparing the monthly reports and the monthly bank reconciliations. The sheriff failed to segregate duties or implement compensating internal controls over incompatible

duties. Lack of segregation of incompatible duties or strong oversight increases the risk of undetected errors.

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

We recommend the sheriff segregate duties in the receipts and reconciliations processes or implement compensating internal controls whenever possible.

Sheriff's Response: The following corrections were made as soon as it was brought to my attention by the auditor April 2016 and signed by clerks in our compensating control book.

The bank statements each month are reconciled by a deputy clerk and signed and then I review and sign. The daily deposits are initialed by two clerks each day. If only one clerk is working the Sheriff, Chief Deputy or Sergeant will co-sign.

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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