



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Muhlenberg County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the October 5 – December 31, 2020 financial statement of Muhlenberg County Sheriff William Ward. 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 Muhlenberg 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 the internal control over financial operations and reporting.

The audit contains the following comment:

The Muhlenberg County Sheriff's fourth quarter financial statement was materially misstated: The Muhlenberg County Sheriff's fourth quarter financial statement for the period October 5, 2020 through December 31, 2020, was materially inaccurate. The receipts were overstated by \$389,625. Adjustments were required so that the fourth quarter financial statement would agree to the sheriff's ledgers.

This was due to an error when preparing the fourth quarter financial statement that was presented to fiscal court. The financial statement that was approved by the fiscal court included January

through September 2020 of the year. The last quarter receipts were accurate, but because the financial statement included the first, second, and third quarter of the former sheriff's receipts the financial statement was materially misstated.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* requires accurate financial reporting. Fee official use a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws. Each period stands alone in accounting for receipts and disbursements and should be accounted for accordingly in each audit period. Furthermore, strong internal controls over the financial process are essential to ensure all receipts and disbursements are properly accounted for and classified on the financial statement.

We recommend the Muhlenberg County Sheriff's Office maintain accurate financial reports and separate receipts by audit period in the future.

County Sheriff's Response: Due to the sudden and unexpected death of former Muhlenberg County Sheriff Ricki Allen on September 29, 2020, all financial accounts of the Muhlenberg County Sheriff were immediately halted; the only exceptions being the Fee and Franchise Tax Accounts. Sheriff's office personnel immediately sought guidance and accounting direction from employees within the State Auditor's office. The advice and recommendations received on how to properly proceed with the quarterly reports and accounting was precisely followed by the Muhlenberg County Sheriff's Office. Notwithstanding, the Muhlenberg County Sheriff's Office agrees with the recommendations of this finding and will continue to maintain accurate financial reports and separate receipts by audit period in the future.

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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