



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Former Muhlenberg County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the January 1 – September 29, 2020 financial statement of former Muhlenberg County Sheriff Ricki Allen. 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 Muhlenberg County Sheriff in accordance with accounting principles generally accepted in the United States of America.

Our responsibility is to express an opinion on the financial statement based on conducting an audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Audit Guide for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Our basis for disclaiming is that we were unable to obtain required written management representation from the former Muhlenberg County Sheriff, which results in a management-imposed scope limitation. Management is required to provide written representations to assert that they have fulfilled their responsibility for the preparation and fair presentation of the financial statements and that the information provided to the auditor is complete. Due to the former Muhlenberg County Sheriff passing away, we were unable to place appropriate reliance on the information provided during the audit and, therefore, cannot reduce the audit risk to an acceptable level.

Because of the significance of the matter described in the Basis of Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

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 former Muhlenberg County Sheriff's fourth quarter financial statement was materially misstated: The former Muhlenberg County Sheriff's fourth quarter financial statement, for the period January 1, 2020 through September 29, 2020, was materially inaccurate. The receipts were overstated by \$313,876. Adjustments were required so that the fourth quarter financial statement would agree to the former 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 the entire calendar year of 2020, instead of just the time period the former sheriff was in office. The first, second, and third quarter receipts were accurate, but because the financial statement included the last quarter of the year, 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.

Current 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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