



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2015 financial statement of Owen County Sheriff Mark Bess. 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 Owen 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 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 Owen County Sheriff's Office lacks segregation of duties over bank reconciliations. The bookkeeper or office staff person performs the bank reconciliations. There is no independent review, i.e. compensating control, in place to offset the deficiency. Both employees are involved in functions related to receipts and disbursements. The bookkeeper collects receipts, batches receipts, posts them to a collection report and to the ledger, and records and makes the deposit. A second office staff member reviews the receipts, collection report, and deposit to ensure receipts are accounted for properly. She initials the collection report and deposit ticket evidencing her review. The bookkeeper or office staff person prepares checks, signs them, and records them in

the disbursements ledger. The sheriff reviews the supporting documentation for each check issued and agrees it to the check issued to ensure the check is prepared accurately. The sheriff signs the check to evidence his review of supporting documentation and the check.

The sheriff does not have segregation of duties over bank reconciliations included in the internal control procedures for the office, which results in increased risk that undetected errors in receipts and disbursements could be made. Strong internal controls dictate that bank reconciliations should be performed by someone independent of the receipts or disbursements functions to reduce risk of misstatements due to errors or fraud. Also, segregation of duties protects employees in their day-to-day activities.

We recommend the sheriff either perform the bank reconciliations himself or designate someone who is not involved in receipts and disbursements controls to do them.

Sheriff's response: No Response.

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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