



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: Michael Goins
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Robertson County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2015 financial statement of Robertson County Sheriff Mark Sutton. 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 Robertson 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 comments:

The sheriff did not present the maximum salary limitation for sheriff's deputies and assistants to the fiscal court for approval. The fiscal court did not set the maximum salary limitation for sheriff's deputies and assistants. The sheriff did not submit the *Annual Order Setting Maximum Amount For Deputies and Assistants* to the fiscal court for approval, and the fiscal court did not request that the sheriff submit the form. The sheriff overspent the maximum salary limitation for deputies and assistants by \$65,576 because the maximum salary limitation was not set. KRS 64.530(3) states: "[t]he fiscal court shall fix annually the reasonable maximum amount, including fringe benefits, which the officer may expend for deputies and assistants, and allow the

officer to determine the number to be hired and the individual compensation of each deputy and assistant.” Even though the fiscal court is paying the sheriff’s employees, this does not eliminate the statutory requirement to set the maximum salary limitation. We recommend the sheriff complete and submit to the fiscal court the form *Annual Order Setting Maximum Amount For Deputies and Assistants* prior to January 1 of each year. The form is available on the Department for Local Government’s website.

Sheriff’s response: Order was prepared and presented to Fiscal Court and was verbally approved and Sheriff’s office was unaware it wasn’t included in court minutes.

The sheriff’s office lacks adequate segregation of duties over receipts and reconciliations. The sheriff’s office lacks adequate segregation of duties over receipts and reconciliations. The employee responsible for handling receipts also records the receipts in the ledger, prepares the bank deposits, performs monthly bank reconciliations, and prepares the monthly financial reports that are agreed to the receipts ledgers. Inadequate segregation of duties allows one person to have a significant role in processing and recording receipts, which increases the risk of misappropriation of assets and inaccurate financial reporting. Internal control duties should be segregated to decrease the risk of misappropriation of assets, errors, and inaccurate financial reporting to external agencies. Although the sheriff has implemented some compensating controls such as comparing the daily checkout sheet to the receipts ledger and the bank deposit, and reviewing the bank reconciliations, these controls were most often not documented, therefore we cannot verify they are consistently occurring. However, compensating controls do decrease the risk present in the absence of proper segregation of duties. We recommend the same person not perform multiple accounting functions, and if the duties cannot be segregated, then strong oversight over the employee’s work should be provided and documented.

Sheriff’s response: Sheriff reviews all monthly disbursements and signs all checks.

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](#).

###

The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.

