



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

Contact: **Michael Goins**  
[Michael.Goins@ky.gov](mailto:Michael.Goins@ky.gov)  
**502.564.5841**  
**502.209.2867**

### **Harmon Releases Audit of Rowan County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2015 taxes for Rowan County Sheriff Matt Sparks. 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.** The bookkeeper collects and deposits tax receipts, records all transactions, prepares the monthly report, and reconciles the bank account. Inadequate segregation of duties allows one person to have a significant role in processing and recording receipts and disbursements which increases the risk of undetected misappropriation of assets and inaccurate financial reporting. 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 dual signatures on checks and recounting the daily deposits, they are not sufficient to offset the lack of segregation of duties. If these duties cannot be segregated, the sheriff should implement additional compensating controls to help offset this weakness, such as:

- Recount the daily deposit and verify that it agrees to the daily tax collection totals.
- Agree daily tax collection total to the receipts ledger and deposit slip.
- Review the monthly tax reports and agree them to the receipts ledger and disbursements ledger.
- Agree checks written to taxing districts to the monthly tax reports.
- Review the monthly bank reconciliation and trace transactions to source documents.

The sheriff should initial these documents as proof of his review.

*Sheriff's response: Because of the limited number of personnel in our office it is difficult to segregate all of our daily duties. We are aware of this issue and therefore I conduct unannounced inspections of the daily deposits and daily checkouts.*

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.*

