

**REPORT OF THE AUDIT OF THE
CRITTENDEN COUNTY
SHERIFF'S SETTLEMENT - 2020 TAXES**

**For The Period
May 16, 2020 Through April 15, 2021**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE 502.564.5841
FACSIMILE 502.564.2912**

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Perry Newcom, Crittenden County Judge/Executive

The Honorable Wayne Agent, Crittenden County Sheriff

Members of the Crittenden County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the Crittenden County Sheriff's Settlement - 2020 Taxes for the period May 16, 2020 through April 15, 2021 - Regulatory Basis, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our 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 Sheriff's Tax Settlements*, issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Perry Newcom, Crittenden County Judge/Executive

The Honorable Wayne Agent, Crittenden County Sheriff

Members of the Crittenden County Fiscal Court

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Crittenden County Sheriff on the basis of accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the taxes charged, credited, and paid of the Crittenden County Sheriff, for the period May 16, 2020 through April 15, 2021.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the taxes charged, credited, and paid for the period May 16, 2020 through April 15, 2021 of the Crittenden County Sheriff, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated, September 2, 2021, on our consideration of the Crittenden County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Crittenden County Sheriff's internal control over financial reporting and compliance.

Based on the results of our audit, we have presented the accompanying Schedule of Findings and Responses, included herein, which discusses the following report comments:

- 2020-001 The Crittenden County Sheriff Has Failed To Settle Taxes For The Past Four Years
- 2020-002 The Crittenden County Sheriff Lacks Adequate Segregation Of Duties

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

September 2, 2021

CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SHERIFF'S SETTLEMENT - 2020 TAXES

For The Period May 16, 2020 Through April 15, 2021

	Special Taxing			
	County	Districts	School	State
<u>Charges</u>				
Real Estate	\$ 430,112	\$ 535,161	\$ 1,794,084	\$ 450,365
Tangible	24,240	25,656	90,802	83,169
Total Per Sheriff's Official Receipt	454,352	560,817	1,884,886	533,534
<u>Other Taxes & Charges</u>				
Franchise Taxes	40,446	42,659	159,636	
Additional Billings	92	96	369	246
Limestone, Sand, and Gravel Reserves	642	656	2,689	675
Penalties	2,738	3,601	11,410	2,993
Gross Chargeable to Sheriff	498,270	607,829	2,058,990	537,448
<u>Credits</u>				
Exonerations	2,253	1,409	5,773	1,449
Discounts	7,374	8,977	30,656	8,759
Delinquent Real Estate	5,647	5,766	23,626	5,931
Delinquent Tangible	482	3,750	1,889	1,178
Total Credits	15,756	19,902	61,944	17,317
Taxes Collected	482,514	587,927	1,997,046	520,131
Less: Sheriff's Commissions*	20,507	22,943	79,882	22,106
Taxes Due Districts	462,007	564,984	1,917,164	498,025
Taxes Paid	461,285	564,494	1,915,169	497,493
Refunds (Current and Prior Year)	516	551	2,150	540
Taxes Due Districts (Refund Due Sheriff)	\$ 206	\$ (61)	\$ (155)	\$ (8)
		**		

* and ** See next page.

The accompanying notes are an integral part of this financial statement.

CRITTENDEN COUNTY
 WAYNE AGENT, SHERIFF
 SHERIFF'S SETTLEMENT - 2020 TAXES
 For The Period May 16, 2020 Through April 15, 2021
 (Continued)

* Commissions:

4.25% on \$ 1,499,735

4% on \$ 1,997,046

2% on \$ 90,837

** Special Taxing Districts:

Library District \$ (33)

Health District (15)

Extension District (43)

Caldwell Springs VFD 30

Due District or
 (Refunds Due Sheriff) \$ (61)

CRITTENDEN COUNTY
NOTES TO FINANCIAL STATEMENT

April 15, 2021

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

KRS 66.480 authorizes the sheriff's office to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

D. Preparation of State Settlement

The Kentucky Department of Revenue prepares the settlement relating to taxes collected for the state under the provision of KRS 134.192(2)(a). This is reported as the "State Taxes" column on the financial statement.

Note 2. Deposits

The Crittenden County Sheriff maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

CRITTENDEN COUNTY
NOTES TO FINANCIAL STATEMENT
April 15, 2021
(Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The Crittenden County Sheriff does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of April 15, 2021, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2020. Property taxes were billed to finance governmental services for the fiscal year ending June 30, 2021. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 26, 2020 through April 15, 2021.

B. Limestone, Sand, and Gravel Reserves

The limestone, sand, and gravel property tax assessments were levied as of January 1, 2020. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 23, 2020 through April 15, 2021.

C. Franchise Taxes

The franchise tax assessments were levied by the Department of Revenue for various tax years. Franchise taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was May 16, 2020 through April 15, 2021.

Note 4. Interest Income

The Crittenden County Sheriff earned \$512 as interest income on 2020 taxes. The sheriff was in substantial compliance with his statutory responsibilities.

Note 5. Sheriff's 10% Add-On Fee

The Crittenden County Sheriff collected \$17,888 of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the sheriff's office. As of September 2, 2021, the sheriff owed \$4,194 in 10% add-on fees to his fee account.

Note 6. Escrow Account

The sheriff deposited unrefundable payments in an interest-bearing account. The sheriff's escrowed beginning balance was \$4,060. The sheriff received \$116 and disbursed \$2,196 resulting in a total ending balance as of April 15, 2021 of \$1,980. The ending balance consists of \$110 of 2016 tax money and \$1,853 due to the county treasurer. The remaining \$17 was interest earned on the account.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Perry Newcom, Crittenden County Judge/Executive
The Honorable Wayne Agent, Crittenden County Sheriff
Members of the Crittenden County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Crittenden County Sheriff's Settlement - 2020 Taxes for the period May 16, 2020 through April 15, 2021 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated September 2, 2021. The Crittenden County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Crittenden County Sheriff's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Crittenden County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Crittenden County Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2020-001 and 2020-002 to be material weaknesses.



Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Crittenden County Sheriff's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Views of Responsible Official and Planned Corrective Action

The Crittenden County Sheriff's views and planned corrective action for the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Crittenden County Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal flourish extending to the right.

Mike Harmon
Auditor of Public Accounts

September 2, 2021

SCHEDULE OF FINDINGS AND RESPONSES

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CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES

For The Period May 16, 2020 Through April 15, 2021

INTERNAL CONTROL - MATERIAL WEAKNESSES:

2020-001 The Crittenden County Sheriff Has Failed To Settle Taxes For The Past Four Years

This is a repeat finding and was included in the prior year audit report as finding 2019-005. The Crittenden County Sheriff has failed to settle the prior four years of tax collections in a timely manner. At the conclusion of each audit, auditors provided the sheriff a detailed breakdown of the amounts due to the sheriff and amounts the sheriff owes in order to close out each tax year; however, the sheriff has not taken proper action to settle these accounts. The following table summarizes the total amount of receivables and liabilities of the sheriff's tax accounts:

	Tax Year 2016	Tax Year 2017	Tax Year 2018	Tax Year 2019	Totals
Bank Balance April 15,2021	\$	\$ 3,759	\$ 4,201	\$ 8,378	\$ 16,338
<u>Receivables:</u>					
2016 Tax Account	6,740				6,740
2017 Tax Account		2,420			2,420
2018 Tax Account			4,806		4,806
2019 Tax Account				4,183	4,183
Total Assets:	6,740	6,179	9,007	12,561	34,487
<u>Liabilities:</u>					
2016 Tax Account	6,526				6,526
2017 Tax Account		6,377			6,377
2018 Tax Account			5,803		5,803
2019 Tax Account				11,726	11,726
Total Liabilities:	6,526	6,377	5,803	11,726	30,432
Total Fund Balance (Deficit) as of April 15, 2021	<u>\$ 214</u>	<u>\$ (198)</u>	<u>\$ 3,204</u>	<u>\$ 835</u>	<u>\$ 4,055</u>

CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For The Period May 16, 2020 Through April 15, 2021
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESSES: (Continued)

2020-001 The Crittenden County Sheriff Has Failed To Settle Taxes For The Past Four Years (Continued)

The amounts that make up the receivables and liabilities of the individual tax accounts are listed in the following tables:

2016 Tax Account

Assets

Uncollected Receivables:

Receivables Per Draft:

State	\$	900	
County		52	
School		3,315	
2018 Franchise Account		<u>2,196</u>	\$ 6,463
Due From 2017 Tax - Commissions			138
Due From 2017 Tax - 2016 Minimum Account Balance			80
Due From 17/18 Franchise			<u>59</u>

Total Assets 6,740

Liabilities

Unpaid Obligations:

Interest Due School	44
Commissions Due Fee	4,416
Add on Fees Due Fee	2,033
Due 2015 Tax Account - To Fiscal Court	28
Due Fee Account	1
Interest Due Fee Account	<u>4</u>

Total Unpaid Obligations 6,526

Total Liabilities 6,526

Total Fund Balance as of April 15, 2021 \$ 214

CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For The Period May 16, 2020 Through April 15, 2021
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESSES: (Continued)

2020-001 The Crittenden County Sheriff Has Failed To Settle Taxes For The Past Four Years (Continued)

2017 Tax Account

Assets

Cash in Bank			
Property	\$	2,353	
Franchise		<u>1,406</u>	\$ 3,759
Uncollected Receivables:			
Due From Fee:			
Check Order Reimbursement		117	
Overdraft Fee Reimbursement		34	
Add-On Fees - Overpaid		1,088	
Dormant Account Fees		<u>190</u>	1,429
Receivables Per Draft:			
State			3
School			901
Crittenden VFD			29
Salem VFD			<u>58</u>
Total Assets			<u>6,179</u>

Liabilities

Unpaid Obligations:			
Taxing Districts:			
Due To Fee Account:			
Tax Commissions		721	
Interest Due		26	
Commission Reimbursement Error		<u>5,323</u>	6,070
Interest Due School			7
Due 2016 Tax Account (Commissions)			138
Due 2016 Tax Account (Mineral Acct Balance)			80
Due 2016 Tax Account			59
Interest Earned Due County			<u>23</u>
Total Unpaid Obligations			6,377
Total Liabilities			<u>6,377</u>
Total Fund Deficit as of April 15, 2021			<u>\$ (198)</u>

CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For The Period May 16, 2020 Through April 15, 2021
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESSES: (Continued)

2020-001 The Crittenden County Sheriff Has Failed To Settle Taxes For The Past Four Years (Continued)

2018 Tax Account

Assets

Cash in Bank			
Property	\$	2,176	
Franchise		<u>2,025</u>	\$ 4,201
Uncollected Receivables:			
Due From Fee:			
Commissions		3,894	
Check Charges		63	
Dormant Account Fees		<u>20</u>	3,977
Receivables Per Draft:			
School			795
State			<u>34</u>
Total Assets			9,007

Liabilities

Unpaid Obligations:			
Taxing Districts:			
Library		181	
Health		1,408	
Extension		<u>1,814</u>	3,403
Interest Due School		59	
Interest Due Fee		52	
Interest Due County		93	
2016 money due back to escrow		<u>2,196</u>	
Total Unpaid Obligations			5,803
Total Liabilities			<u>5,803</u>
Total Fund Balance as of April 15, 2021			<u>\$ 3,204</u>

CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For The Period May 16, 2020 Through April 15, 2021
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESSES: (Continued)

2020-001 The Crittenden County Sheriff Has Failed To Settle Taxes For The Past Four Years (Continued)

2019 Tax Account

Assets

Cash in Bank

Property	\$ 8,453	
Franchise	(75)	\$ 8,378
Receivables Per Draft:		
Salem VFD 6	32	
Tolu VFD 8	32	
Daily Tax Commissions - Due from 2020 Fee Account	3,927	
Commissions Due from School	192	4,183
Total Assets		<u>12,561</u>

Liabilities

Unpaid Obligations Per Draft -

Other Taxing Districts-

County	\$ 468	
Library	4,469	
Health	119	
Extension	3,341	
Tradewater	5	
Crittenden VFD 1	65	
Caldwell Springs VFD 5	159	
Sheridan VFD 7	32	
School	3,015	
State	16	
Due 2020 Franchise Account	1	
Interest Due School	36	

Total Unpaid Obligations 11,726

Total Fund Balance as of April 15, 2021 \$ 835

CRITTENDEN COUNTY
 WAYNE AGENT, SHERIFF
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Period May 16, 2020 Through April 15, 2021
 (Continued)

INTERNAL CONTROL - MATERIAL WEAKNESSES: (Continued)

2020-001 The Crittenden County Sheriff Has Failed To Settle Taxes For The Past Four Years (Continued)

Because the sheriff has failed to settle property taxes associated with tax years 2016, 2017, 2018, and 2019, amounts due to taxpayers and taxing districts have not been paid, and the sheriff is not in compliance with KRS 134.192. KRS 134.192(2)(b) states, “[t]he sheriff shall settle his or her accounts with the county, the school district, and any other taxing district for which he or she collects taxes.” The proper distribution of prior years’ taxes collected by the Crittenden County Sheriff’s office requires the collection of these receivables, including overpayments to some taxing district, and the payment of these funds to the appropriate taxing districts, fee account, or other taxpayers.

According to the sheriff’s bookkeeper, this is due to districts not responding to the sheriff office’s requests for refunds for overpayments. In addition, this is due to the sheriff’s failure to distribute amounts that have been collected.

We recommend the sheriff settle taxes associated with prior years by collecting all receivables and paying all liabilities. Any uncashed checks should be escrowed, and the remaining surplus should be paid to fiscal court. After taxes associated with prior years have been settled, the sheriff should close the respective tax accounts.

Sheriff’s Response: Due to a couple of districts we have been unable to settle these because we have not received the funds due back from them. We are currently looking into a solution for this with the help of the auditors from the State Auditor’s office.

2020-002 The Crittenden County Sheriff’s Office Lacks Adequate Segregation Of Duties

This is a repeat finding and was included in the prior year audit report as finding 2019-001. The Crittenden County Sheriff lacks adequate segregation of duties and does not have proper internal controls in place over the tax collection process. The bookkeeper is required to perform multiple tasks such as: collecting taxes from customers, preparing deposits, reconciling the bank accounts, processing monthly reports, and preparing and signing checks for disbursements. A lack of segregation of duties or strong oversight increases the risk that undetected errors or fraud could occur.

Segregation of duties, or the implementation of compensating controls when limited by the number of staff, is essential for providing protection against the misappropriation of assets and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. According to the sheriff and bookkeeper, this condition is caused by the diversity of operations with a limited number of staff.

We recommend the sheriff segregate the duties noted above by allowing different deputies to perform these functions. However, if those duties cannot be segregated due to a limited staff, strong management oversight by the sheriff or designee can be a cost effective alternative. This oversight should include reviewing daily checkout sheets and deposits, reviewing monthly tax reports, and the reviewing the monthly bank reconciliations. Documentation, such as the sheriff’s or a designee’s initials or signature should be provided on those items that are reviewed. Dual signatures should also be required on all checks.

Sheriff’s Response: We are a small department and are continuously trying to make changes to adequately rectify this.