



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Hardin County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2017 financial statement of Hardin County Sheriff John Ward. 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 statements present fairly the receipts and disbursements of the Hardin County Sheriff and the receipts, disbursements, and fund balances of the Hardin County Sheriff's operating fund and county fund in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statements did not follow this format. However, the sheriff's financial statements are 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 noncompliance with laws, regulations, contracts, and grants. The auditor must also comment on material weaknesses involving internal control over financial operations and reporting.

The audit contains the following comment:

The Hardin County Sheriff's Office lacks adequate segregation of duties over receipts and bank reconciliations: The sheriff's bookkeeper collects payments from customers, issues receipts, posts transactions to the receipts ledger, performs the monthly bank reconciliations, and prepares quarterly reports. Daily checkout sheets are prepared by a deputy clerk who also collects payments from customers and prepares the deposit tickets. The sheriff or another employee did not document oversight of any of these activities. The sheriff indicated that this condition is a result of a limited budget, which restricts the number of employees the sheriff can hire or delegate duties

to. The lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies such as Department for Local Government.

The segregation of duties over various accounting functions such as opening mail, preparing deposits, recording receipts and disbursements, and preparing monthly reports, or the implementation of compensating controls is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the sheriff separate the duties involved in receiving cash, preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliations, and comparing financial reports to ledgers. If this is not feasible due to a limited budget, cross checking procedures could be implemented and documented by the individual performing the procedure.

Sheriff's Response: Cross checking procedures will be implemented and documented.

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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