



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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**Harmon Releases Audit of Menifee County Sheriff's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2017 financial statement of Menifee County Sheriff Toby Wells. 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 Menifee County Sheriff in accordance with accounting principles generally accepted in the United States of America. The clerk's financial statement did not follow this format. However, the clerk'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 clerk 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 comments:

**The sheriff's fourth quarter report did not accurately reflect receipts and disbursements:** The sheriff's fourth quarter report, which serves as the sheriff's annual settlement, reflected discrepancies in receipts and disbursements for calendar year 2017, requiring material audit adjustments. Controls were not in place to ensure that all receipts and disbursements were posted correctly to the sheriff's ledgers. As a result, the sheriff's fourth quarter report was materially misstated. KRS 134.192(11) states that, in counties with population of less than 70,000, the sheriff's annual settlement shall include: "[a] complete statement of all funds received by his or her office for official services, showing separately the total income received by his or her office

for services rendered, exclusive of his or her commissions for collecting taxes, and the total funds received as commissions for collecting state, county, and school taxes[.]” and “[a] complete statement of all expenditures of his or her office[.]” We recommend the sheriff ensure a complete and accurate fourth quarterly report is prepared in order to ensure all receipts and disbursements are accounted for properly.

*Sheriff's Response: In the future, I will be sure to see that all monies be shown in the proper line items.*

**The sheriff's office lacks adequate segregation of duties:** This is a repeat finding and was included in the prior year audit report as Finding 2016-001. The sheriff's office lacks adequate segregation of duties. The sheriff's bookkeeper collects payments from customers, records transactions in the ledgers, prepares deposits, and reconciles bank accounts. According to the sheriff, this is caused by a limited budget which restricts the number of employees the sheriff can hire and delegate duties to. Inadequate segregation of duties allows for 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. 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 had implemented some compensating controls such as comparing the daily check-out sheet to the receipts ledger and the bank deposit, these controls did not eliminate the lack of adequate segregation of duties. However, compensating controls 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: Due to a small amount of employees working in the office, we were not able to have a proper segregation of duties. We will continue to work on this issue.*

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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