



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2018 taxes for Washington County Sheriff Jerry Pinkston. 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 17, 2018 through April 15, 2019 in conformity with the regulatory basis of accounting.

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 the internal control over financial operations and reporting.

The audit contains the following comment:

**The Washington County Sheriff's Office lacks of segregation of duties over receipts and reconciliations:** The Washington County Sheriff's Office has two employees, including the bookkeeper, that collect taxes. The bookkeeper prepares deposits, post to the ledger, prepares monthly tax reports, completes the monthly bank reconciliations, and writes and signs disbursement checks. There was not sufficient evidence available that would show that the sheriff

or another employee reviews the daily checkout sheets, deposit tickets, ledgers, or the bank reconciliations to offset the risk caused by the lack of segregation of duties.

The sheriff stated he does not have enough funds to hire additional personnel to segregate duties. Without segregation of duties, the risk of misstatements significantly increases because undetected errors and theft can occur. Segregation of duties is essential for providing protection from fraud or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend that the sheriff's office implement strong oversight over these areas, either by an employee independent of those functions or by the sheriff, such as:

- The sheriff should compare the daily bank deposit to the daily checkout sheet and then compare to the bank deposit receipt. This should be documented by initialing the bank deposit, daily checkout sheet and bank deposit receipt.
- The sheriff should compare the monthly receipts and disbursements ledger to the monthly tax reports. This should be documented by initialing the receipts and disbursements ledger.
- The sheriff should compare the bank reconciliation to the ledger and bank balance. This should be documented by initialing the bank reconciliation and ledger.

*Sheriff's Response: We do not have enough funding to hire more personnel.*

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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