



Auditor of Public Accounts
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Harmon Releases Audit of Ballard County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2018 taxes for Ballard County Sheriff Ronnie Giles. 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 January 1, 2019 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 comments:

The Ballard County Sheriff's office lacks adequate segregation of duties: The sheriff's bookkeeper performs all the accounting functions of the office. The bookkeeper collects tax payments, prepares deposits, prints monthly reports, prepare tax distributions (checks are sometimes signed by using a signature stamp), monthly bank reconciliations, and the annual tax settlement. These tasks are performed with little to no supervisory review. A lack of segregation of duties increases the risk of misappropriation of assets and inaccurate financial reporting.

Segregation of duties is essential for providing protection from asset misappropriation and helping to prevent inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. According to the sheriff, the bookkeeper performed all of these duties because he was unable to hire another secretary due to a limited budget.

We recommend the sheriff segregate the duties noted above by allowing different employees to perform these functions. If this is not feasible due to a lack of staff, then we recommend the sheriff implement controls that include management oversight by the sheriff or a designee. Any review procedures performed should be clearly documented when performed.

Sheriff's Response: Unfortunately, every small sheriff's office usually gets written up for this due to the inability to hire more office staff. We will try to delegate some responsibilities to the daytime deputies to help resolve 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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