



Auditor of Public Accounts
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Ball Releases Audit of Harrison County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the sheriff's settlement – 2022 taxes for Harrison County Sheriff Shain Stephens. 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 a 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 September 1, 2022, through August 31, 2023, 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 controls over financial operations and reporting.

The audit contains the following finding:

The Harrison County Sheriff's Office does not have adequate segregation of duties: The sheriff's office manager took receipts from customers, prepared daily check-out sheets, prepared daily deposits, took daily deposits to the bank, and performed the reconciliation of the bank statements. There was no documentation of supervisory review of daily checkout sheets, deposit slips, bank statements, or reconciliations. The sheriff had a small administrative staff, and the office manager was delegated to execute most accounting functions.

We recommend the sheriff implement the segregation of duties over receipts processing and reconciliations. If these duties cannot be segregated, then the sheriff should implement compensating controls to strengthen oversight of duties performed by the same person. This could

include but is not limited to the sheriff (or designee) reviewing and initialing the daily checkout sheets to agree to the daily deposits and reviewing and initialing the monthly bank statements and reconciliations.

Sheriff's Response: The official did not provide a response.

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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