



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 – 2021 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 April 16, 2021 through August 31, 2022 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 findings:

The Ballard County Sheriff's Office does not have adequate segregation of duties: This is a repeat finding and was reported in the prior year audit report as Finding 2020-001. The Ballard County Sheriff's Office does not have adequate segregation of duties over tax collections. The sheriff's bookkeeper and the bookkeeper's assistant perform all of the accounting functions of the office. Part of the office's financial functions are segregated. However, since the bookkeeper is responsible for collecting money, posting to the ledgers, reconciling bank statements, and creating

monthly reports, the segregation of duties is not adequate. The office also has controls in place to mitigate the risk; however, the reports, bank statements, and daily checkout sheets did not have documentation of who reviewed them, so those controls could not be verified. According to staff, duties are segregated to the extent possible, however due to a limited staff, complete segregation of duties is not possible.

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.

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 the sheriff should implement compensating controls that include management oversight by the sheriff or a designee. Any review procedures performed should be clearly documented when carried out.

Sheriff's Response: Due to being a small department, this will probably always be an issue. We will provide more written documentation of the checks and balances in the office.

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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