



Auditor of Public Accounts
Allison Ball

FOR IMMEDIATE RELEASE

Contact: Joy Pidgorodetska Markland
Joy.Markland@ky.gov
502.352.5216
502.209.2867

Ball Releases Audit of Ohio County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement – 2022 taxes for Ohio County Sheriff Adam Wright. 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, 2023, through August 31, 2023, in conformity with the regulatory basis of accounting.

The audit contains the following findings:

The Ohio County Sheriff's franchise tax settlement was materially misstated: The sheriff's 2022 franchise tax settlement was materially understated by \$74,357. This resulted from the sheriff's office omitting a franchise bill collected in March 2023 but not disbursed until November 2023. By not including these totals on the sheriff's tax settlement, the financial statement presented to the fiscal court and available to the public was materially incorrect and did not present a fair and accurate representation of the financial status of the 2022 tax collections.

We recommend that the sheriff's office ensure all financial activity related to the franchise tax collections are reported on the franchise tax settlement.

Sheriff's Response: We received payment from the [name redacted] on March 10, 2023 for \$74,357.19. According to the Franchise Bill the amount due was \$74,705.55. I requested that this Franchise Bill to be reviewed by the Ohio County Clerk's Office since I was short \$348.36. After receiving the corrected Franchise Bill from the Clerk's Office, making the amount due \$74,357.19, I then disbursed the funds to the taxing districts in November 2023. We prepare our settlements based off of our monthly disbursement reports.

The Ohio County Sheriff's Office did not turn over delinquent franchise bills: The sheriff did not turn over five delinquent franchise bills, totaling \$256,573, an oversight by the sheriff's office. By not turning over delinquent tax bills to the county clerk, delinquent tax bills are not being collected and result in less taxes being given to the taxing districts.

We recommend that all delinquent tax bills be turned over to the clerk's office at the appropriate time.

Sheriff's Response: All delinquent franchise tax bills will now be turned over to the Ohio County Clerk's Office on the fifteenth day of the fourth month after the initial thirty-day time period allowed for payment has expired.

The Ohio County Sheriff's Office does not have adequate segregation of duties: The Ohio County Sheriff's Office does not segregate the financial responsibilities between various individuals for the tax collection processes. The bookkeeper is required to perform multiple tasks such as deposit preparation, bookkeeping, bank reconciliations, writing checks for disbursements, and preparing the annual tax settlements.

We recommend the sheriff's office segregate the duties noted above to the extent possible. For those duties that cannot be segregated due to a limited number of staff, we recommend the sheriff implement compensating controls.

Sheriff's Response: The Ohio County Sheriff's Office works on a small budget which limits our staff size. Sheriff Wright has controls in place that cross trains all office employees and has all financial reports reviewed by two or more employees, other than the bookkeeper, monthly. All bank statements, monthly reports and disbursement checks are reviewed by Sheriff Wright and at least one other tax clerk, other than the bookkeeper, before sending out monthly disbursements. Sheriff Wright has multiple cameras in the tax office for monitoring transactions involving money between the public and employees during the collection process. Sheriff Wright has also transitioned his bookkeeper's office to the back, allowing all other clerks to collect the money first, only allowing the bookkeeper to collect money if she has to go up front to help. This change should help with the monthly disbursements and tax settlements.

Auditor's Response: The sheriff should continue to implement compensating controls that will be effective to reduce the risk and issues noted in findings 2022-001 and 2022-002.

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](#).

###

The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.

