



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

Contact: **Michael Goins**  
[Michael.Goins@ky.gov](mailto:Michael.Goins@ky.gov)  
**502.564.5841**  
**502.209.2867**

### **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 – 2016 taxes for Ballard County Sheriff Carey Batts. 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, 2016 through April 17, 2017 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 failed to perform daily checkout procedures or make daily deposits:** This is a repeat finding and was included in the prior year audit report as Finding 2015-001. During tax year 2016, the Ballard County Sheriff did not perform daily checkout procedures or make daily deposits for tax collections. Instead, the sheriff batched tax receipts and made deposits approximately one or two times a week.

According to the staff of the sheriff's office, daily checkout procedures would not be performed due to the small amount of daily tax collections. Also, according to the staff of the sheriff's office, because of a limited staff, sometimes the bookkeeper would be the only person working in the sheriff's office and would not be able to leave the office to take deposits to the bank. Failure to perform daily checkout procedures and make daily deposits leaves tax collections vulnerable to misappropriation and loss.

KRS 68.210 gives the state local finance officer the authority to establish minimum accounting requirements, which includes performing daily check-out procedures and making daily deposits intact to a federally insured financial institution.

We recommend that the sheriff perform daily checkout procedures and deposit tax collections intact daily accordance with the accounting practices established by the state local finance officer pursuant to KRS 68.210.

*Sheriff's Response: The Ballard County Sheriff's Office operates on a limited office staff due to limited finances. The office staff is also subject to answering emergency calls, which occasionally leaves only one person in the office. This makes it difficult to make daily deposits. During heavy collection time, daily deposits are a priority. In the future, our goal will be to increase office staff if finances allow.*

**The Ballard County Sheriff's office lacks adequate segregation of duties:** This is a repeat finding and was included in the prior year audit report as Finding 2015-002. During tax year 2016, the Ballard County Sheriff's office lacked adequate segregation of duties. The bookkeeper was required to perform multiple tasks such as the collection of cash from customers, deposit preparation, bookkeeping, bank reconciliations, preparation of monthly reports, the preparation of checks for disbursements, and the preparation of the annual tax settlement.

According to the sheriff, this condition was the result of a limited budget, which restricted the number of employees the sheriff could hire or delegate duties to. A lack of segregation of duties or strong oversight could result in undetected misappropriation of assets and incorrect financial reporting.

Segregation of duties over these tasks, or the implementation of compensating controls when limited by staff, 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.

To adequately protect against the misappropriation of assets, we recommend the sheriff segregate the duties noted above by allowing different deputies to perform these functions. If this is not feasible due to a lack of staff, then strong management oversight by the sheriff or designee should be implemented. This oversight should include reviewing the deposits, comparing the daily checkout sheets to the monthly reports, and reviewing the monthly bank reconciliations. Documentation, such as the sheriff's or designee's initials or signature, should be provided on those items that are reviewed.

*Sheriff's Response: The Ballard County Sheriff's Office operates on a limited office staff due to limited finances. In the future, my goal will be to employ more office staff if finances allow. In the meantime, I will make efforts to review and double check deposits and monthly bank reconciliations.*

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.*

