



Auditor of Public Accounts
Allison Ball

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Contact: Joy P. Markland
Joy.Markland@ky.gov
502.352.5216
502.564.5841

Ball Releases Audit of Former Jackson County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the sheriff's settlement – 2022 taxes for former Jackson County Sheriff Paul Hays. 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 former 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 former sheriff's settlement is prepared on a regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the former sheriff's settlement is an acceptable reporting methodology, and this reporting methodology is followed for all 120 sheriff settlements in Kentucky.

The former sheriff's financial statement fairly presents the taxes charged, credited, and paid for the period, September 1, 2022, through December 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 internal control over financial operations and reporting.

The audit contains the following finding:

The Former Jackson County Sheriff's Office Did Not Have Adequate Segregation of Duties Over Receipts, Financial Reporting, and Bank Reconciliations: This is a repeat finding and was included in the prior year's audit report as Finding 2021-001. The former sheriff's office bookkeeper collected payments from customers and prepared daily collection reports, deposits, and monthly tax reports. Upon completion of the monthly reports, the former bookkeeper prepared and signed the checks and performed the monthly bank reconciliations. In addition, the former bookkeeper also had administrative rights to the tax program used to collect taxes.

The former sheriff had implemented some compensating controls; however, they were not sufficient to mitigate the lack of segregation of duties. Segregation of duties over these tasks is essential for providing protection from asset misappropriation and helping prevent inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. Good internal controls dictate that the same employee should not handle, record, and reconcile receipts and disbursements.

We recommend the sheriff's office separate the duties of collecting taxes, preparing financial reports, and bank reconciliations. If these duties cannot be segregated, then strong oversight should be provided to the employee responsible for these duties and this oversight should be documented to mitigate the lack of segregation of duties.

Former Sheriff's Response: The former 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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