



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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**Ball Releases Audit of Former Owsley County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Allison Ball released the audit of the sheriff's settlement – 2022 taxes for former Owsley County Sheriff Brent Lynch. 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 Owsley County Sheriff's Office Did Not Have Adequate Segregation of Duties:** This is a repeat finding included in the prior year's audit report as Finding 2021-001. The former sheriff's office bookkeeper collected payments from customers, prepared deposits, wrote checks, posted transactions to the receipt ledger, posted checks to the disbursement ledger, prepared monthly and quarterly reports, and prepared all reconciliations. The bookkeeper did not document oversight of any of these activities.

The former sheriff said the limited budget placed restrictions on the number of employees the sheriff's office could hire. Without adequate segregation of duties, there is an increased risk of misappropriation of assets, errors, and inaccurate financial reporting to external agencies, such as the Department for Local Government.

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. Strong internal controls dictate that the same employee should not handle, record, and reconcile receipts and disbursements.

We recommend the sheriff's office ensure accounting duties are properly segregated in the future. If this is not feasible, the sheriff's office should implement adequate compensating controls that would limit the severity of this deficiency in internal controls. Additionally, evidence of the compensating controls implemented should be maintained.

*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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