



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: Michael Goins
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 – 2020 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 May 16, 2020 through April 15, 2021 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'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 2019-001. 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 are 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 the sheriff and bookkeeper, they are trying to segregate duties where they can with their limited staff.

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

County Sheriff's Response: In February 2020 we hired another fulltime office worker as an assistant to the office manager to further segregate duties. As an office, we will now incorporate more of our existing employees such as deputies and court security to double check the office work while documenting it as proof thereof.

The Ballard County Sheriff's Office collected taxes prepared using an incorrect tax rate: The Ballard County Clerk's office prepared the property tax bills for the 2020 tax year using the rate of .0357 for the extension district instead of the correct rate of .03057. The sheriff's office did not discover the error until after the tax year had concluded. This resulted in the sheriff's office collecting a combined \$26,666 in extra taxes. Though the sheriff's office was not responsible for creating the tax bills, due to a lack of control over the collections process, the error was not caught when the sheriff's office reviewed the bills.

Due to this error, the extension district and the sheriff's fee account were overpaid, and taxpayers were overcharged. Strong internal controls over the collections process require the sheriff to ensure tax bills collected by the office are correct. Having multiple employees check tax bills and comparing the bills to the original tax rate letters from the districts will prevent errors before the bills are paid.

We recommend the Ballard County Sheriff collect the amount overpaid to the extension district and fee account and refund the taxpayers for their overpayments. In addition, we recommend the sheriff have multiple employees check the tax bills once they are prepared and compare the rates to the forms sent in by the districts to ensure they are free from errors.

County Sheriff's Response: Around mid-June of 2021 the Office Manager of the Sheriff's Office discovered a mistake in the 2020 tax bills that we received, a discrepancy of .00513. Due to the integrity of this office, we started making calls to County and State Officials to find out how to make this right for the tax payers of our community. We have spent countless hours researching and finally writing checks to each individual tax payer. The mistake was laid at our feet so we put it on our shoulders and moved forward to right this wrong. No matter how many checks and balances you have in place, there will inevitably be mistakes now and then when calculating, printing, mailing, and collecting over 6,800 tax bills every year with 4 different offices handling them.

The rate was entered incorrectly on the bills, as was the rate sheet the Sheriff's Office was provided to check the tax bills. It appeared right to our office because both the bills and the rate sheets reflected the same incorrect amount.

With the aforementioned discrepancy and tax refund checks being sent out in the amount of stated discrepancy, we have started getting each district's rates to compare with the bills being sent out starting with the 2021 tax year. Every year is a learning experience along with the curve of each fiscal year, we endeavor to educate ourselves and do our best with the abilities that the Lord has blessed us with to better serve our community. We are imperfect people living in an imperfect world and mistakes do happen, we are not going to throw another office under the bus to make us look better. A mistake was made, but we will stand out front and shoulder the load with them and for them. The wrongs have been made right, so thus ends this 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](#).

###

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.

