



**Auditor of
Public Accounts
Allison Ball**

Boyd County Sheriff's Tax Settlement Audit

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement 2023 taxes for Boyd County Sheriff James Reihs. 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 September 1, 2023 through August 31, 2024 in conformity with the regulatory basis of accounting.

Finding: Lacks adequate segregation of duties.

The Boyd County Sheriff's Office lacks adequate segregation of duties over various accounting functions. The county bookkeeper collects receipts, posts to ledgers, and performs bank reconciliations. The sheriff implemented some compensating controls – comparing the daily checkout sheet to the receipts ledger and the bank deposit – but the controls were not documented frequently or thoroughly. Although compensating controls mitigate the effects of a control deficiency, they do not eliminate the control deficiency. The lack of adequate segregation of duties and compensating controls increases the risk of misappropriation of assets, errors, and inaccurate financial reporting.

Recommendations

We recommend the county sheriff segregate duties involving the collection and reporting of receipts, the preparation and recording of disbursements, and bank reconciliation. If segregation of duties is not feasible due to a lack of staff, we recommend the county sheriff implement and document compensating controls to offset this control deficiency in the form of strong oversight from an employee not performing any of those functions.

County Officials Response

Sheriff's Response: The sheriff 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](https://www.auditor.ky.gov).

