Estill County Sheriff's
Tax Settlement Audit

Auditor of Public Accounts
Allison Ball

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement – 2024 taxes for Estill County Sheriff Chris Flynn. 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, 2024 through August 31, 2025 in conformity with the regulatory basis of accounting.

Finding: The Sheriff's Office Lacks Adequate Segregation Of Duties Over Receipts And Bank Reconciliations

The sheriff's office lacks adequate segregation of duties over receipts and reconciliations. The sheriff's bookkeeper is responsible for collecting taxes, recording transactions in the ledgers, preparing daily checkout sheets and bank deposits, preparing checks, and performing monthly bank reconciliations and tax distribution reports. The sheriff stated that compensating controls had been implemented to mitigate the lack of segregation of duties. However, deposits, bank reconciliations, and other supporting documentation did not contain evidence of supervisory review, such as initials or signatures. As a result, auditors could not determine whether the compensating controls were performed and operated effectively throughout the year.

Recommendations

We recommend the sheriff's office segregate duties over receipts and bank reconciliations where possible. If adequate segregation of duties is not practical, the sheriff should implement and document effective compensating controls, including independent supervisory reviews of deposits, bank reconciliations, and monthly settlement reports to offset internal control deficiencies.

County Officials Response

Sheriff's Response: The sheriff did not provide a response.

Finding: The Sheriff Did Not Make Daily Deposits

This is a repeat finding and was included in the prior year audit report as finding 2023-001. During testing of daily receipts for January 2025, we noted the sheriff did not make deposits daily as required. Although all receipts tested were properly documented on daily checkout sheets and ultimately deposited, deposits were not made timely.

Recommendations

We recommend the sheriff's office make daily deposits on a timely basis and process refunds through the normal disbursement process to improve accountability over public funds and ensure accounting records remain accurate.

County Officials Response

Former 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.

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