



**Auditor of
Public Accounts
Allison Ball**

Harrison County Sheriff's Tax Settlement Audit

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement 2023 taxes for Harrison County Sheriff Shain Stephens. 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: Did not have adequate segregation of duties over reconciliation.

The Harrison County Sheriff did not have adequate segregation of duties over reconciliations. The sheriff's office manager performed daily accounting functions and the reconciliation of the bank statements. There was no documentation of supervisory review of bank statements or reconciliations. The sheriff had a small administrative staff, and the office manager was delegated to execute most accounting functions. The sheriff did not implement compensating controls sufficient to offset the control weakness noted. The lack of segregation of duties increases the risk of misappropriation of assets, errors, and inaccurate financial reporting. By the same employee primarily performing related functions without sufficient oversight and review, the risk increases that errors or fraud may go undetected. Additionally, proper segregation of duties and/or oversight and review protects employees in the course of performing their daily responsibilities.

Recommendations

We recommend the sheriff implement the segregation of duties over reconciliations. If these duties cannot be segregated, then the sheriff should implement compensating controls to strengthen oversight of duties performed by the same person. This could include but is not limited to the sheriff (or designee) reviewing and initialing the monthly bank statements and reconciliations.

County Officials Response

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

