



**Auditor of
Public Accounts
Allison Ball**

Johnson County Sheriff's Tax Settlement Audit

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement – 2023 taxes for Johnson County Sheriff Scott Hazlette. 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: The Sheriff's Office Did Not Have Adequate Segregation Of Duties

This is a repeat finding and was included in the prior year audit report as finding 2022-001. The sheriff's office did not have adequate segregation of duties over receipts, disbursements, and bank reconciliations. The bookkeeper may collect tax payments, prepare the daily checkout sheet, deposits, and monthly tax reports. Upon completion of the monthly tax reports, the bookkeeper prepared and signed checks, and performed bank reconciliations. These incompatible duties create a lack of segregation of duties over receipts, disbursements, and the reconciliation process. The sheriff indicated that this was caused by a limited number of employees that were available to segregate these job duties. By not segregating these duties, there is a risk that undetected errors or fraud could occur.

Recommendations

We recommend that if these duties cannot be segregated, the sheriff's office should implement and document compensating controls to help offset this weakness.

County Officials Response

Sheriff's Response: When staffing limits prevent full segregation, the sheriff will independently review and approve all things. This rule/policy is already in place.

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](#).

