



**Auditor of
Public Accounts
Allison Ball**

Martin County Sheriff's Tax Settlement Audit

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement – 2023 taxes for Martin County Sheriff John Kirk. 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 Does 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 Martin County Sheriff's Office does not have adequate segregation of duties over tax receipts and disbursements. One deputy clerk collects tax payments from customers and prepares daily bank deposits. The bookkeeper prepares monthly tax reports, writes checks for distribution and the sheriff signs the checks. The bookkeeper posts the receipts and disbursement ledger and prepares monthly bank reconciliations. According to the sheriff, due to a limited staff and budget, the sheriff's office cannot adequately segregate duties. By not segregating these duties, there was an increased risk of misappropriation of assets either by undetected error or fraud. Internal controls and proper segregation of duties protect employees and the sheriff in the normal course of performing their daily responsibilities.

Recommendations

We recommend the sheriff's office implement internal controls and segregate duties as much as possible. Employees receiving payments and preparing deposits should not be posting to the receipts ledger and preparing bank reconciliations. Employees preparing and signing checks should not be posting to the disbursements ledger and preparing bank reconciliations. Proper segregation of duties may not be possible with a limited number of employees, and in that case, the sheriff could take on the responsibility of preparing or reviewing the daily deposits, receipts, and disbursements ledgers, monthly reports, and bank reconciliations. These reviews must be documented in a way that indicates what was reviewed, by whom, and when, because signing off on inaccurate information does not provide internal control.

County Officials Response

Sheriff's Response: Due to a limited budget, we are unable to separate duties any further. We will continue compensating controls as we are able to.

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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