



**Auditor of
Public Accounts
Allison Ball**

Menifee County Sheriff's Tax Settlement Audit

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement 2023 taxes for Menifee County Sheriff Roger Smallwood. 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: Does not have adequate segregation of duties.

The sheriff's office does not have adequate segregation of duties. The employee responsible for handling tax receipts also records the receipts in the ledger and prepares the bank deposits. The sheriff's office also did not follow the correct record retention procedures and disposed of the 2023 tax daily check-out sheets for paid tax bills before two years had passed and before the audit was completed. The sheriff indicated that this was caused by a limited number of employees that were available to segregate these job duties. The bookkeeper also stated that she thought the 2023 audit had been completed and did not know the requirements or best practices of record retention.

Recommendations

We recommend the sheriff segregate duties over accounting functions. If these duties cannot be segregated, the sheriff should implement and document compensating controls to help offset this weakness, such as:

- Recount and make the daily deposits.
- Agree daily tax collections total to the receipts ledger and deposit slip.
- Agree monthly tax reports to receipts ledger and disbursements ledger.
- Review and follow the record retention schedule set by the State Libraries, Archives, and Records Commission and maintain check-out sheets for paid tax bills for at least two years and after the audit.

County Officials Response

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

Finding: Did not sign the official receipt timely.

The sheriff did not sign the official receipt when the tax bills were delivered to his office. Tax collections started on October 1, 2023, but the sheriff did not sign for them until November 17, 2023. The sheriff failed to monitor tax collection dates and provide oversight of the acceptance of property tax bills. Tax collections occurred before the sheriff accepted responsibility for the tax bills.

Recommendations

We recommend the sheriff sign the official receipt for property tax bills before collections start.

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](#).

