Auditor of Public Accounts Allison Ball

Robertson County Sheriff's
Tax Settlement Audit

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement – 2023 taxes for Former Robertson County Sheriff Terry Gray. 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 Former 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 former sheriff's office did not have adequate segregation of duties. The employee responsible for handling tax receipts also recorded the receipts in the ledger, prepared bank deposits, and performed monthly bank reconciliations. Furthermore, this same employee prepared the disbursement checks and was responsible for preparing monthly reports that document the amounts to be paid to each taxing district. According to the former sheriff, this condition was a result of a limited budget which restricted the number of employees the sheriff could hire or delegate duties to. Having the same employee performing these functions increases the risk of undetected errors or fraud.

Recommendations

The former sheriff should have segregated the duties in his office for handling receipts, disbursements, and bank reconciliations. If this was not possible, the former sheriff should have implemented compensating controls to help mitigate the lack of adequate segregation of duties to a control deficiency. The former sheriff could have agreed the daily collection report to the deposits and have the bookkeeper co-sign all checks. Also, the former sheriff could have reviewed and signed the bank reconciliations.

County Officials Response

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

Finding: The Former Sheriff Did Not Prepare Daily Checkout Sheets And Did Not Make Daily Deposits

The former sheriff did not prepare daily checkout sheets and did not make daily deposits; however, amounts reported on the combined checkout sheets were properly documented and deposited. We tested one week of daily receipts for October 16, 2024 through October 20, 2024, and noted the following exceptions:

- Tax collections for October 16, 2024, were combined with October 17, 2024, and the combined deposit of $15,724 cleared the bank on October 17, 2024.
- Tax collections for October 18, 2024, were combined with October 19, 2024, and the combined deposit

of $48,21 cleared the bank on October 19, 2024..

• One tax bill collected on October 19, 2024, was added to the collections report for October 20, 2024. The combined deposit of $20,478 cleared the bank on October 20, 2024.

Recommendations

We recommend the sheriff's office prepare daily checkout sheets and make daily deposits as required per DLG's guidance.

County Officials Response

Former Sheriff's Response: The former 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.

##