



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Former Ballard County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2014 taxes for former Ballard County Sheriff Todd Cooper. 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 generally accepted accounting principles in the United States. 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, April 17, 2014 through January 4, 2015 in conformity with the regulatory basis of accounting.

As part of the audit process, the auditor must comment on non-compliance with laws, regulations, contracts and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

**The former Ballard County Sheriff did not complete his 2014 tax settlement by March 15<sup>th</sup>.** The former Ballard County Sheriff did not complete his 2014 tax settlement by March 15<sup>th</sup> due to a lack of oversight on the part of the former Sheriff. As a result, the former Sheriff's 2014 tax settlement was not presented to fiscal court for approval as required by KRS 134.215(3). KRS

134.215(3) states, “Each outgoing sheriff shall make a final settlement with the department, the fiscal court, and all districts for which his or her office collected taxes by March 15 immediately following the expiration of his or her term of office. The settlement shall address all charges of taxes made against the sheriff and all money received by him or her as sheriff, and shall include all of the information required for the annual settlement pursuant to KRS 134.192...” Auditors recommend that the former Ballard County Sheriff prepare his 2014 tax settlement and present it to fiscal court for approval.

*Former Sheriff’s response: I was told by tax mgr that it was complete + had been presented to the F/Court. It was oversight on my part.*

**The former Ballard County Sheriff’s office lacked adequate segregation of duties.** The former Ballard County Sheriff’s office had a lack of adequate segregation of duties. Due to a limited number of staff and the diversity of operations, the bookkeeper was required to perform multiple tasks such as the collection of cash from customers, bookkeeping, bank reconciliations, the preparation of monthly reports, and the preparation of checks for disbursements.

A lack of segregation of duties or strong oversight increases the risk that fraud or errors could occur and not be detected. This condition was the result of a limited budget, which restricted the number of employees the Sheriff could hire or delegate duties to.

Segregation of duties over these tasks, or the implementation of compensating controls when limited by staff, is essential for providing protection from asset misappropriation and helping prevent inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

To adequately protect against the misappropriation of assets, the former Sheriff should have segregated the duties noted above by allowing different deputies to perform these functions. For those duties that could not be segregated due to a limited number of staff, then strong oversight should have been provided to the employee or employees responsible for those duties. This oversight should have included the former Sheriff, or a designee, reviewing the daily collection report and comparing it to the daily deposit. It should have also included reviewing the monthly tax reports and comparing them to the monthly bank reconciliations and tax distributions. Documentation, such as the former Sheriff’s or designee’s initials or signature, should have been provided on those items that had been reviewed.

*Former Sheriff’s response: The Sheriff did not respond.*

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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