



**Auditor of  
Public Accounts  
Allison Ball**

## **Jackson County Sheriff's Fee Account Audit**

**FRANKFORT, Ky.** – State Auditor Allison Ball released the audit of the 2024 financial statement of Jackson County Sheriff Daniel Isaacs. 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 financial statement presents fairly the receipts, disbursements, and excess fees of the Jackson County Sheriff in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statement did not follow this format. However, the sheriff's financial statement is fairly presented in conformity with the regulatory basis of accounting, which is an acceptable reporting methodology. This reporting methodology is followed for all 120 sheriff audits in Kentucky.

### **Finding: Did not have adequate segregation of duties over receipts, bank reconciliations, and disbursements**

The sheriff's office bookkeeper was responsible for collecting receipts, preparing deposits, preparing daily checkout sheets, posting to ledgers, and performing bank reconciliations. The sheriff or another employee did not document oversight of bank reconciliations. The sheriff's bookkeeper was also responsible for preparing purchase orders, preparing checks, and signing checks. The sheriff had implemented compensating controls, including dual signing all deposits and checks after comparison to daily checkout sheets and invoices. However, these controls do not address the lack of segregation of duties of the same employee collecting receipts, making deposits, posting to ledgers, preparing purchase orders, and preparing checks.

### **Recommendations**

We recommend the sheriff's office segregate the duties over receipts, bank reconciliations, and disbursements. If segregation of duties is not feasible due to lack of staff, the sheriff's office should continue with and establish compensating controls to help mitigate any weakness.

### **County Officials Response**

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

### **Finding: Did not properly handle receipts.**

The Jackson County Sheriff's Office did not properly handle receipts. The following deficiencies were noted during our test of daily checkouts and test of commissions:

- All seven checkout sheets tested contained receipts from multiple days.
- Four of the seven checkout sheets tested contained receipts that were not deposited timely.

## Recommendations

We recommend the sheriff comply with KRS 68.210 by implementing internal controls and appropriate oversight over the receipt and deposit process in his office to ensure all deposits are made intact daily as required by the Department for Local Government. For example, vehicle inspections could be paid in advance at the sheriff's office before the sheriff or deputy performs the inspections. Also, additional reviews of bank deposits assuring they agree to the correct daily deposit and correct year fee account ledger can be instituted. These reviews should be completed by an individual not responsible for the initial deposit and posting to the ledgers and be evidenced by the signature or initials of the preparer and reviewer. Further, we recommend the sheriff collect the outstanding receivable from Kentucky State Treasurer and pay over to the fiscal court as excess fees.

## County Officials Response

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

### Finding: Did not have proper controls over the payroll process.

The sheriff lacked adequate controls over the payroll process. The following deficiencies were noted during payroll testing:

- For the pay period tested, timesheets were not completed for one employee.
- Of the 15 employees tested, three employee's hours listed on their timesheets did not support the hours paid.
- One employee's timesheet for the period tested did not specify hours worked in excess of 40 as being compensatory time.
- Compensatory time used by three employees could not be agreed to a compensatory balance report.
- Deputies, assistant, and other employee salaries were set by the fiscal court in January 2024 at \$471,044. No amendments were noted. The sheriff exceeded the fiscal court salary limit by \$17,937.

## Recommendations

We recommend the sheriff's office implement stronger controls over the payroll process to ensure amounts are reported accurately and to ensure timesheets are being properly completed for all employees. Stronger controls over the payroll process would also ensure the sheriff's office does not exceed the salary limit for deputies set by the fiscal court.

## 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](#).

