



**Auditor of
Public Accounts
Allison Ball**

Pendleton County Sheriff's Tax Settlement Audit

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement 20--taxes for Pendleton County Sheriff Jared Brewer. 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: Lacks adequate internal controls over receipts, disbursements, and reconciliations.

The Pendleton County Sheriff's Office lacks adequate internal controls over tax receipts, disbursements, and reconciliations. The office manager, sheriff, and deputies receive tax payments from the public. The sheriff prepares deposit slips and related reports, records transactions in a deposit journal, and prepares monthly distribution reports and disbursement checks. Deposits are made by the sheriff, office manager, or a sworn deputy. No documentation exists to show independent review of receipt reports, deposit slips, monthly reports, or disbursement checks. The office does not maintain a general ledger or perform monthly bank reconciliations, although the sheriff does monitor activity online. Additionally, tax receipts are not consistently batched daily.

Recommendations

We recommend the Pendleton County Sheriff's Office strengthen internal controls over receipts, disbursements, and reconciliations by:

- Segregating the duties of collecting receipts, preparing deposits, posting transactions, preparing reports and disbursement checks, and performing reconciliations.
- If segregation of duties is not possible, implement and document compensating controls, such as independent review of deposit slips, daily reports, monthly reports, and disbursements.
- Maintaining a general ledger to track receipts, disbursements, and cash balances, and reconciling this ledger to bank statements monthly.
- Batching daily tax receipts and depositing them intact on a daily basis

County Officials Response

Sheriff's Response: Enhanced compensating controls have been implemented going forward. Multiple office members are now responsible for independently reviewing and verifying all receipts, disbursements, and reconciliations to ensure accuracy and correctness. Daily tax receipts are being batched and deposited daily. A general ledger will be maintained to track receipts, disbursements, and cash balances, and will be reconciled to the monthly bank statement. These review processes are being documented accordingly.

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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