



Auditor of Public Accounts
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FOR IMMEDIATE RELEASE

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Ball Releases Audit of Owen County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the sheriff's settlement – 2022 taxes for Owen County Sheriff Brent Caldwell. 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 a 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, January 1, 2023, through August 31, 2023, in conformity with the regulatory basis of accounting.

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

The audit contains the following finding:

The Owen County Sheriff's Office does not have adequate segregation of duties over receipts processing: The sheriff's office bookkeeper collects payments from customers, prepares receipts, prepares deposits, and reconciles bank statements. There was no documentation of review of daily checkout sheets or deposit slips. These incompatible duties create a lack of segregation of duties over receipts, disbursements, and the reconciliation process.

The sheriff's office has a small administrative staff, and the bookkeeper was delegated to execute most accounting functions. The sheriff's office did not implement compensating controls sufficient to offset the control weakness noted. A lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies such as the Department of Revenue.

The segregation of duties over various accounting functions such as preparing deposits, recording receipts and disbursements, and preparing monthly reports, or the implementation of compensating controls is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the sheriff's office ensure accounting duties are properly segregated in the future. If this is not feasible, the sheriff's office should implement adequate compensating controls that would limit the severity of this deficiency in internal controls. Additionally, evidence of the compensating controls implemented should be maintained.

Sheriff's Response: The official 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](#).

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