



Auditor of Public Accounts
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FOR IMMEDIATE RELEASE

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Edelen Releases Audit of Former Boyd County Sheriff's Office

FRANKFORT, Ky. – State Auditor Adam Edelen today released the audit of the 2014 financial statement of former Boyd County Sheriff Terry Keelin. 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.

Recent changes in auditing standards require the auditor's letter to communicate whether the financial statement presents fairly the revenues, expenditures and excess fees of the former Boyd County Sheriff in accordance with generally accepted accounting principles in the United States. The report found that the financial statement of the Sheriff 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.

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 Sheriff's financial statement was not presented to Fiscal Court. The former Sheriff's financial statement was not presented to fiscal court. By the former Sheriff neglecting to perform this duty, the fiscal court was unaware of the financial condition of the Sheriff's office. KRS 134.192(11) states the Sheriff shall provide to the Fiscal court each year a complete statement for the preceding year of all funds received by his office for services rendered, and of all expenditures, including his salary, compensation of deputies and assistants, and reasonable expenses. We recommend the Sheriff's office present the financial statement to fiscal court in the future.

Former Sheriff's response: None.

The former Sheriff's office lacked adequate segregation of duties. The former Sheriff's office lacked adequate segregation of duties. Inadequate segregation of duties allows for one person to have a significant role in processing and recording receipts and disbursements, which would increase the risk that the misappropriation of assets and/or inaccurate financial reporting will occur and be undetected. The former Sheriff's bookkeeper collected payments from customers, recorded transactions in the ledgers, prepared deposits, and reconciled the bank account. Internal control duties should be segregated to decrease the risk of misappropriation of assets, errors, and inaccurate financial reporting to external agencies. Although the former Sheriff had implemented some compensating controls such as comparing the daily checkout sheet to the receipts ledger and the bank deposit, they did not eliminate the lack of adequate segregation of duties. However, compensating controls do decrease the risk present in the absence of proper segregation of duties. We recommend the same person not perform multiple accounting functions, and if the duties cannot be segregated, then strong oversight over the employee's work should be provided and documented.

Former Sheriff's response: None.

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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