



Auditor of Public Accounts  
Adam H. Edelen

FOR IMMEDIATE RELEASE

Contact: **Stephenie Hoelscher**  
[stephenie.hoelscher.ky.gov](mailto:stephenie.hoelscher.ky.gov)  
**502.564.5841**  
**502.209.2867**

### **Edelen Releases Audit of Former Boyd County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Adam Edelen today released the audit of the sheriff's settlement – 2014 taxes for 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 sheriff's settlement presents fairly the taxes charged, credited and paid of the former Boyd County Sheriff 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 audit found that the sheriff's financial statement fairly presents the taxes charged, credited and paid, for the period, April 16, 2014 through December 31, 2014 in conformity with the modified cash 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 comment:

**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 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](#).

###

*The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.*

*Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.*

