



Auditor of Public Accounts
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Edelen Releases Audit of Estill County Sheriff's Office

FRANKFORT, Ky. – State Auditor Adam Edelen today released the audit of the 2014 financial statement of Estill County Sheriff Gary Freeman. 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 Estill 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 comment:

The Sheriff's office lacks adequate segregation of duties. The Sheriff's office lacks adequate segregation of duties for receipts, disbursements, and reconciliations. The bookkeeper collects receipts, records transactions, issues checks, posts amounts the receipts and disbursements ledgers, and reconciles each account. Having only one person performing these functions increases the risk that errors will occur and go undetected. Good internal controls dictate the same employee should not handle and record receipts and disbursements and reconcile. The Sheriff should either segregate these duties or perform them and document by initialing. The following compensating controls should be implemented to help offset this weakness:

- Agreeing daily deposits to the daily checkout sheet and the receipts ledger.
- Agreeing quarterly financial reports to the receipts and disbursements ledger.
- Reviewing monthly bank reconciliations.
- Comparing the bank reconciliations to the balance in the checkbook.
- Comparing invoices to payments.
- Performing and documenting surprise cash counts of receipts.

Sheriff's response: No 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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