



Auditor of Public Accounts  
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### **Edelen Releases Audit of Former Fleming County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Adam Edelen today released the audit of the 2014 financial statement of former Fleming County Sheriff Scotty Royse. 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 Fleming 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 former Sheriff's office lacked adequate segregation of duties.** The former Sheriff's office lacked adequate segregation of duties. The bookkeeper prepared the daily checkout sheets, prepared and made the daily bank deposits, reconciled the bank statements to the ledgers, as well as prepared, signed, and mailed checks for disbursements. Good internal controls dictate the same employee should not handle, record, and reconcile receipts and disbursements. The former Sheriff should have segregated duties so the same employee did not handle, record, or reconcile receipts and disbursements. If a segregation of duties was not feasible, compensating controls should have been implemented. The former Sheriff could have implemented the following steps to strengthen internal controls:

- The former Sheriff could have signed all checks or required dual signatures on checks.
- The former Sheriff could have periodically compared the daily bank deposit to the daily checkout sheet and then compared the daily checkout sheet to the receipts ledger. Any differences should have been reconciled. This could have been documented by having the former Sheriff initial the bank deposit, daily checkout sheet, and receipts ledger.
- The former Sheriff could have reconciled monthly reports to source documents and receipts and disbursements ledgers.
- The former Sheriff could have periodically compared the bank reconciliation to the balance in the checkbook. Any differences should have been reconciled. This could be documented by having the reviewer initial the bank reconciliation and the balance in the checkbook.

*Former 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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