



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

**FRANKFORT, Ky.** – State Auditor Adam Edelen today released the audit of the 2014 financial statement of Graves County Sheriff DeWayne Redmon. 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 Graves 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 Graves County Sheriff's Office lacks adequate segregation of duties.** The Graves County Sheriff's Office has a lack of segregation of duties. The Sheriff's bookkeeper is required to perform multiple tasks such as the collection of cash from customers, daily checkout procedures, deposit preparation, record keeping, and bank reconciliations.

Segregation of duties over these tasks or the implementation of compensating controls, when limited by the number of staff, is essential for providing protection against a possible misappropriation of assets and ensuring accuracy of financial reporting. Additionally, a proper

segregation of duties protects employees in the normal course of performing their daily responsibilities.

To ensure accurate financial reporting and adequately protect against the possibility of misappropriation of assets, we recommend the Sheriff segregate the following duties:

- Daily check out procedures should be completed by someone who does not have access to accounting records or makes deposits.
- Daily deposits should be prepared by someone who does not keep the records, receive any money, or reconcile the bank account.
- Recording of receipts/disbursements ledgers by an individual who does not make deposits or sign checks.
- Authorized signatures on checks should be limited to employees having no access to accounting records.
- Purchasing/receiving should be assigned to someone that does not maintain accounting records.
- Bank reconciliations should be prepared monthly and agree to the ledgers by an individual who has no access to accounting records, makes deposits or signs checks.

For those duties that cannot be segregated due to a limited number of staff, strong oversight should be provided to the employee or employees responsible for these duties.

*Sheriff DeWayne Redmon's response: "Hard to do with limited staff."*

**The Graves County Sheriff's Office should strengthen controls over financial reporting.**

Results of auditing procedures revealed the following deficiencies in the financial reporting at the Graves County Sheriff's Office:

- A complete and accurate Quarterly Financial Report should be submitted timely. The Department for Local Government (DLG) requires the quarterly financial report to disclose the status of all funds maintained by the Sheriff's Office and is required to be submitted within 30 days after the end of each quarter. The Sheriff did not file a 4<sup>th</sup> Quarter Financial Report with DLG and is not disclosing the status of all funds on front page of the quarterly report.
- The lease/liability section of the Quarterly Financial Report should report all outstanding debt obligations of the Sheriff's Office at the end of the quarter (DLG guidelines). The Sheriff's Office did not report outstanding debt of \$79,172 as of December 31, 2014.
- Fees received on account should be recorded on the sheriff's ledgers. The Sheriff allows customers to charge for auto inspections but the fees are not properly recorded on the Sheriff's books. These funds are added to the quarterly financial report directly from the paid charged slips.
- The Sheriff's Office should not report funds that are not made payable to the Sheriff's Office. The Graves County Fiscal Court received \$54,591 in insurance reimbursement claims on the Sheriff's vehicles that were 'signed over' to the Sheriff's Office directly.

- The approved budget, including any amendments, should be in balance. The Sheriff requested a budget amendment to increase disbursements by \$108,548 but did not request an increase of any receipts. This caused the budget to be out of balance.
- All transactions should be recorded on the Sheriff's books including the receipt of borrowed funds and expense of purchasing vehicles. During the calendar year, the Sheriff borrowed \$71,172 to finance the purchase of three Sheriff's vehicles. These transactions were not recorded on the Sheriff's books.

We recommend that the Graves County Sheriff develop internal control procedures to ensure complete and accurate reporting of financial information to the Department for Local Government.

*Sheriff DeWayne Redmon's response: "Will try to improve."*

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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