



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

FRANKFORT, Ky. – State Auditor Adam Edelen today released the audit of the 2014 financial statement of former Pulaski County Sheriff Todd Wood. 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 Pulaski 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 over receipts. The former Sheriff's office lacked adequate segregation of duties over receipts because the bookkeeper received receipts, posted to the receipts ledger, and completed the bank reconciliation process. To adequately protect assets from misappropriation of assets or inaccurate financial reporting, duties involving the preparation of receipts and the receipts ledger should be separated.

Segregation of duties or implementation of compensating controls is essential for providing protection to employees in the normal course of performing their duties and can also help prevent inaccurate financial reporting or misappropriation of assets. However, the former Sheriff's office

had limited staff, which prevented a proper segregation of duties. In an effort to strengthen internal controls, the former Sheriff should have delegated receipt duties to other employees within the office. If, due to a limited number of staff, that was not feasible, the former Sheriff should have implemented the following compensating controls to offset the lack of segregation of duties:

- Delegated the responsibility of balancing and preparing deposits each day by different employees.
- Sheriff should have recounted daily cash receipts and daily checkout sheets and documented his review on the deposit ticket.

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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