



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

FRANKFORT, Ky. – State Auditor Adam Edelen today released the audit of the 2014 financial statement of former Rowan County Sheriff Jack Carter. 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 Rowan 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. Inadequate segregation of duties allows for one 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. 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. The Sheriff's office should implement compensating controls such as the Sheriff reviewing the daily checkouts, bank deposits, and monthly bank statements and documenting this review.

Former Sheriff's response: Ok.

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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