



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Pike County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2015 financial statements of Pike County Sheriff Rodney Scott. 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.

Auditing standards require the auditor's letter to communicate whether the financial statements present fairly the receipts and disbursements of the Pike County Sheriff and the receipts, disbursements, and fund balances of the Pike County Sheriff's operating fund and county fund in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statements did not follow this format. However, the sheriff's financial statements are 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 noncompliance 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 failed to implement proper controls over financial reporting which resulted in material misstatements of the fourth quarter report. In order for the sheriff's fourth quarter financial report to be accurately stated, material adjustments were necessary. The Pike County Sheriff was a newly elected official in 2015. The sheriff's bookkeeper, also being new, did not report all commissions and fees collected and disbursed for calendar year 2015. Instead, they were posted to the 2016 financial statement. A total of \$530,873 was added to receipts on the sheriff's quarterly report and \$858,978 was added to disbursements.

The bookkeeper believed posting the receipts and disbursements to the 2016 financial statement was correct, and the sheriff did not have proper controls in place to ensure proper financial reporting.

A materially misstated fourth quarter financial report could result in an increased risk of uncorrected errors, theft, loss, or misappropriated assets.

Good internal controls dictate proper training and supervision of a new bookkeeper to ensure accuracy of the fourth quarter report.

We recommend the sheriff ensure that quarterly reports are accurate in the future by implementing proper controls over financial reporting.

Sheriff's response: Due to lack of training, bookkeeper went by bank statement instead of ending the report by end of year.

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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