



**Auditor of
Public Accounts
Allison Ball**

Powell County Sheriff's Fee Account Audit

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2024 financial statement of Powell County Sheriff Danny Rogers. 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 statement presents fairly the receipts, disbursements, and excess fees of the Powell County Sheriff in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statement 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.

Finding: The Sheriff's Office Does Not Have Adequate Segregation Of Duties

This is a repeat finding and was included in the prior year audit report as finding 2023-001. The sheriff's office does not have adequate segregation of duties. The sheriff's bookkeeper collects payments from customers, prepares deposits, writes checks, posts transactions to the receipt's ledger, posts checks to the disbursement's ledger, and prepares monthly and quarterly reports. The sheriff or another employee did not document oversight of any of these activities.

Recommendations

We recommend the sheriff separate the duties involved in receiving cash, preparing deposits, posting to ledgers, preparing monthly bank reconciliations, and comparing financial reports to ledgers. If this is not feasible due to a limited budget, cross-checking procedures could be implemented and documented by the individual performing the procedure.

County Officials Response

Sheriff's Response: I am involved in the daily activities performed in the office. I go over all bank statements, receipts and disbursements.

Auditor's Reply: The oversight the sheriff discussed above was not documented; therefore, auditors were unable to verify that oversight occurred.

Finding: The Sheriff's Fourth Quarter Report Was Materially Misstated

This is a repeat finding and was included in the prior year audit report as finding 2023-003. The sheriff's financial statement that was submitted to the Department for Local Government (DLG) and to the fiscal court was materially inaccurate. Receipts were misstated by \$55,043 and disbursements were misstated by \$101,219.

Recommendations

We recommend the sheriff comply with applicable statutes and the Department for Local Government's manual. We also recommend the sheriff ensure that underlying accounting records, such as his receipts and disbursements ledgers, reconcile with his financial reports.

County Officials Response

Sheriff's Response: Noted and this should be corrected.

Finding: The Sheriff Does Not Have Adequate Controls In Place Over Fuel Purchases

This is a repeat finding and was reported in the prior year audit report as finding 2023-004. The sheriff's office does not have adequate controls over fuel purchases. The sheriff utilizes a third-party fuel purchasing system but does not follow the procedures for fuel purchases the system is designed to monitor. The sheriff receives a monthly invoice from its fuel vendor. These invoices list each person purchasing fuel along with the vehicle mileage, quantity, and price. We noted the following issues regarding fuel purchases:

- Fuel card users routinely did not list the correct vehicle mileage when purchasing fuel.
- Periodic use of fuel cards by a special deputy, who although is a sworn officer is not an employee of and does not receive wages from the sheriff's office. The sheriff's office does not have a policy regarding fuel and vehicle use by special deputies.

Recommendations

We recommend the sheriff properly use this third-party fuel purchasing system and ensure that all fuel purchases are properly supported by proper documentation, which includes accurate odometer readings and designation of proper vehicle unit numbers. We also recommend the sheriff review and reconcile the 3rd party fuel reports monthly to note any employees not following proper fuel purchase procedures. Furthermore, we recommend the sheriff establish policies and procedures to address fuel card use by special deputies.

County Officials Response

Sheriff's Response: Fuel purchases are reviewed and initialed by me each month. Fuel is one of the largest expenses for my office. Dispatch logs verify the activity of the officers on a daily basis. Special deputies do have fuel cards and these officers are necessary in our small county to help with daily operations, such as serving papers, leading funerals, and transports.

Finding: The Sheriff Has Not Resolved A Possible Conflict Of Interest

This is a repeat finding and was included in the prior year audit report as finding 2023-005. An employee of the sheriff's office is also serving as a magistrate of the fiscal court, which may constitute a conflict of interest.

Recommendations

We recommend the sheriff abide by KRS 61.080, follow the guidance provided in OAG 20-19, and remedy this conflict of interest immediately.

County Officials Response

Sheriff's Response: I will address this once again with our county attorney and judge executive.

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](#).

