



Auditor of Public Accounts  
Allison Ball

**FOR IMMEDIATE RELEASE**

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**Ball Releases Audit of Powell County Sheriff's Fee Account**

**FRANKFORT, Ky.** – State Auditor Allison Ball released the audit of the 2023 financial statement of Powell County Sheriff Danny Roger. 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.

The audit contains the following findings:

**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.

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.

*Sheriff's Response: I disagree that myself, the sheriff was not involved in the daily financial activities of his office. Someone could not make that assumption only by being here a couple of times a year. I do discuss daily activities with my staff however it may not be documented by handwriting but I am involved in my office and the activities. I not only work the road but I do help in the office taking payments and preparing receipts for fees and property taxes. At what point would auditors consider me involved in my office daily? \*We are a small office and the daily duties are shared. \*We will try to present final settlements to the fiscal court in a more timely manner. \*All quarterly reports have been forwarded to DLG. \*Some of the accounts now have been closed out and any remaining balances have been paid over to the fiscal court. We would love to hire more employees however they do not stay here due to not being able to compete with other counties salaries and their benefits. \*I go over the bank statements along with both clerks each month when accounts are reconciled dated and initialed by myself and both clerks if able.*

**Auditor's Reply:** As noted, the oversight and checks and balances the sheriff performs are not documented; therefore, auditors were unable to verify that oversight had occurred.

**The sheriff has not settled prior year accounts:** Per prior year audits 2012 through 2018 and 2021, \$14,574 is owed to the fiscal court as additional excess fees due to disallowed disbursements in the prior periods.

We recommend the sheriff consult with the fiscal court and the county attorney to determine how to settle the \$14,574 in additional excess fees due for prior periods resulting from disallowed disbursements in those periods. This finding is being referred to the Powell County Attorney for further review and collection under KRS 64.820.

*Sheriff's Response: Some accounts have been closed and remaining balances were paid over to fiscal court. We are continuing to work on closing the remaining accounts. Disallowed disbursements have been addressed and my comments remain the same. \*Candy-as addressed many times in prior audits candy was used throughout the year for incentives for school resource, other public services/activities that it was used for and all not used for personal use it was all used for things involving public/community. I know sometimes we used peppermint in the courtroom if needed or if left over it was on the counter.\*Greeting cards-I don't remember the actual receipts it's been several years, however, that was a rare instance due to the fact that [office employee names redacted] always personally provide those and not sure of the reason it was on that particular receipt. Once again any and all cards sent from entire sheriff's department not for personal use and were used for mostly sympathy for people of our community or other local government agencies during their loss. \*Knives are equipment and a useful tool. These are good to cut seat belts. These were purchased as equipment and deputy use them on person and are part of their uniform. Please explain why a knife purchase used on person and on equipment is a disallowed item? So I do not agree with these items being disallowed. We are working on resolving these issues.*

Auditor's Reply: Regarding disallowed disbursements, as noted in Funk v. Milliken, 317 S. W. 2d 499(Ky. 1958), Kentucky's highest court ruled that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in nature, beneficial to the public, and not primarily personal in nature. The items noted did not meet the criteria that has been detailed in audit reports for the periods in which disallowed disbursements were noted.

**The sheriff's fourth quarter report was materially misstated:** The sheriff's fourth quarter financial report submitted to the Department for Local Government (DLG) was materially inaccurate reflecting posting discrepancies that required multiple audit adjustments. Adjustments of \$69,729 were made to the receipts and \$126,921 to the disbursements.

We recommend the sheriff ensure he is complying with applicable statutes and DLG's manual. We also recommend the sheriff ensure that underlying accounting records, such as his receipts and disbursements ledgers, reconcile with his financial reports.

*Sheriff's Response: This office has resolved this issue and continues to work on resolving these issues.*

**The sheriff does not have adequate controls in place 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 the vendor used for purchasing fuel. 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 and periodic use of fuel cards by a special deputy.

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

*Sheriff's Response: Fuel purchases are reviewed by sheriff. Fuel is one of the largest expenses of the sheriff's office. Dispatch logs verify the activity of officers on daily basis. Special deputies do have fuel cards and these officers are necessary in small counties to help with daily operations, such as serving papers, leading funerals and transports. There are daily circumstances that arise where officers may use another vehicle and they use their card and the mileage of the vehicle they are using at the time. Everyone should be using correct mileage and card when purchasing fuel.*

**The sheriff has not resolved a possible conflict of interest:** An employee of the sheriff's office is also serving as a magistrate of the fiscal court, which may constitute a conflict of interest. On June 5, 2012, the sheriff hired an individual to serve as a deputy sheriff for the sheriff's office. On January 1, 2015, this person was elected to serve as a magistrate of the fiscal court, an incompatible office. The deputy sheriff did not vacate the first office of employment upon being elected to serve on the fiscal court. The employee chose to accept both positions and did not consult with the county attorney or attorney general.

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

*Sheriff's Response: This comment needs to be removed due to the fact that our judge executive and county attorney received a telephone call regarding this issue from the attorney general's office several months ago and stated this was not a conflict of interest and case was closed. I have asked the county attorney and judge executive for a copy of any documentation to support this comment.*

Auditor's Reply: As noted, the Powell County Attorney did request an opinion from the Attorney General and this opinion was issued on December 20, 2020. The opinion stated the two offices are "functionally incompatible, an individual may not simultaneously hold both positions." No further communication with the OAG or County Attorney was provided expressing an opposing opinion.

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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