



Auditor of Public Accounts
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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 2022 financial statement of Powell County Sheriff Danny Rogers. State law requires the auditor to conduct annual audits of each county sheriff, one for the sheriff's tax account and one for the sheriff's fee account.

The Powell County Sheriff's financial statement does not present fairly in accordance with the accounting principles generally accepted in the United States. The financial statement presents fairly in accordance with the regulatory basis of accounting generally accepting in Kentucky.

The audit contains the following findings:

The Powell County Sheriff's Office does not have adequate segregation of duties: The sheriff's office bookkeeper performs several tasks that should be separated in order to mitigate errors or fraud. Incompatible duties include approval, custody of assets (i.e., cash), record keeping, and account/report reconciliations.

We recommend the county sheriff's office separate duties over receipts, disbursements, and reconciliations. If these duties cannot be separated, detailed supervisory review of these activities should be implemented to reduce risk.

Sheriff's Response: I disagree that 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.

The Powell County Sheriff has unsettled accounts with the fiscal court for prior years: Prior year audits for years 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 fee account balance with the Powell County Fiscal Court. This finding is being referred to the Powell County Attorney for further review and collection under KRS 64.820.

Sheriff's Response: Will work on resolving these issues. Some accounts have been closed and remaining balances were paid over to fiscal court. We are continuing to work on closing the remaining accounts.

The Powell County Sheriff's Office fourth quarter report was materially misstated: Adjustments of \$30,015 were made to receipts and of \$32,451 to disbursements. Further, the sheriff's fourth quarter financial report did not reconcile with the sheriff's underlying accounting records. The sheriff did not have procedures in place to ensure accurate posting on the fourth quarter financial report.

We recommend the county sheriff's office ensure it is in compliance with the Department for Local Government's (DLG) County Budget Preparation and State Local Finance Officer Policy Manual. We also recommend the sheriff's office ensure underlying accounting records, such as receipts and disbursements ledgers, reconcile with financial reports.

Sheriff's Response: Will work on resolving these issues.

The Powell County Sheriff's Office does not have adequate controls in place over fuel purchases: The county sheriff's office utilizes a third-party fuel purchasing system but does not follow the procedures for fuel purchases the system is designed to monitor. Fuel card users routinely did not list the vehicle mileage when purchasing fuel. In addition, special deputies periodically use of fuel cards even though they are not employees. The sheriff's office does not have a policy regarding fuel and vehicle use by special deputies.

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

The Sheriff has not resolved a possible conflict of interest: An employee of the county sheriff's office is also serving as a magistrate of the fiscal court, which constitutes a conflict of interest. When this person accepted an appointment as a deputy sheriff and then accepted the office of magistrate, his position of deputy sheriff could be vacated as a matter of law.

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 a copy of any documentation to support this comment.

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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