



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: Michael Goins
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Boyd County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2018 financial statement of Boyd County Sheriff Bobby Jack Woods. 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 Boyd 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.

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 comments:

The sheriff's fourth quarter report was not accurate and required numerous adjustments: This is a repeat finding and was included in the prior year audit report as Finding 2017-001. The sheriff's fourth quarter financial report was not accurate and required numerous adjustments. The bookkeeper made several errors when classifying items on her receipts ledger and when carrying items over from the receipts ledger to the quarterly financial reports. The sheriff did not have procedures in place to ensure accurate posting on the sheriff's fourth quarter report. As a result, the sheriff's quarterly report submitted to the Department for Local Government (DLG) was inaccurate. The Uniform System of Accounts, adopted under KRS 68.210, requires the sheriff to

prepare a quarterly report which includes all receipts and disbursements the sheriff collected and paid during the calendar year. We recommend the sheriff ensure that all quarterly financial reports are accurate prior to submission to DLG.

Sheriff's Response: I understand the Quarterly Report sent to DLG Quarterly and at the end of the year. During the year when quarterlies are being calculated, sometimes the line on the form, which is archaic, do not match. I agree with these adjustments and will monitor them throughout the year. All monies are accounted for and just needed to be reclassified.

The sheriff's office lacks adequate segregation of duties: This is a repeat finding and was included in the prior year audit report as Finding 2017-002. The sheriff's bookkeeper collects payments from customers, records transactions in the ledgers, prepares deposits, and reconciles the bank account. According to the sheriff, the lack of adequate segregation of duties within the sheriff's office was the result of limited staff size which prevented the sheriff from segregating accounting duties to different individuals within the sheriff's office.

Inadequate segregation of duties allows for one person to have a significant role in processing and recording receipts and disbursements, which would increase the risk of undetected misappropriation of assets and inaccurate financial reporting. Internal control duties should be segregated to decrease the risk of misappropriation of assets, errors, and inaccurate financial reporting to external agencies. Although the sheriff had implemented some compensating controls such as comparing the daily checkout sheet to the receipts ledger and the bank deposit, they did not eliminate the lack of adequate segregation of duties. However, compensating controls do decrease the risk present in the absence of proper segregation of duties. 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.

Sheriff's Response: All three employees collect daily. At the end of day one person (different) will do daily sheet. Deposit made by another employee. This will be initialed and checked by the third employee.

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](#).

###

The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.

