



Auditor of Public Accounts  
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**Harmon Releases Audit of Boyd County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2015 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 non-compliance 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 quarterly report was not accurate and required numerous adjustments.** 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. The bookkeeper made errors when carrying amounts over from the receipts ledger to the quarterly financial reports. Auditors recommended numerous adjustments to correct these posting errors. The errors caused the sheriff's quarterly report submitted to the Department for Local Government to be inaccurate. We recommend the sheriff ensure that the quarterly reports are accurate in the future.

*Sheriff's response: Quarterly reports are due on 15<sup>th</sup> of the month after, quarter end. Some of these funds received are received after the due date of the quarterly. On advice of auditors we will adjust quarterly to reflect these payments.*

Auditor Reply: Quarterly financial reports are due to the Department for Local Government by the 30<sup>th</sup> day following the close of each quarter. The fourth quarterly report contained numerous errors in addition to those relating to funds received after year-end.

**The sheriff's office lacks adequate segregation of duties.** Inadequate segregation of duties allows for one person to have a significant role in processing and recording receipts and disbursements, which increases the risk of undetected misappropriation of assets and inaccurate financial reporting. The sheriff's bookkeeper collects payments from customers, records transactions in the ledgers, prepares deposits, and reconciles the bank account. Internal control duties should be segregated to decrease the risk of misappropriation of assets, errors, and inaccurate financial reporting to external agencies. The sheriff has implemented some compensating controls, such as comparing the daily checkout sheet to the receipts ledger and the bank deposit. While these compensating controls help mitigate the risk caused by lack of segregation of duties, they do not eliminate that risk. We recommend the same person not perform multiple accounting functions, but if the duties cannot be segregated, then strong oversight over the employee's work should be provided and documented.

*Sheriff's response: The sheriff did not respond.*

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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