



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Boyd County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2016 taxes for 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 sheriff's settlement presents fairly the taxes charged, credited and paid in accordance with accounting principles generally accepted in the United States of America. The sheriff's settlement is prepared on the regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the sheriff's settlement is an acceptable reporting methodology, and this reporting methodology is followed for all 120 sheriff settlements in Kentucky.

The sheriff's financial statement fairly presents the taxes charged, credited and paid for the period April 16, 2016 through April 17, 2017 in conformity with the regulatory basis of accounting.

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 comment:

**The county sheriff's office lacks adequate segregation of duties:** This is a repeat finding and was included in the prior year report as Finding 2015-001. The sheriff's office lacks adequate segregation of duties over receipts. The bookkeeper collected payments from customers, recorded transactions in the ledgers, prepared deposits, and reconciled the bank account. The sheriff did not structure his office in a way that segregates duties and responsibilities. No one reviewed the work of the bookkeeper and there are no compensating controls in place. Inadequate segregation

of duties allows one person to have a significant role in processing and recording receipts which increases the risk that the misappropriation of assets and inaccurate financial reporting could occur and be undetected. Internal control duties should be segregated to decrease the risk of misappropriation of assets, errors, and inaccurate financial reporting to external agencies. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. Although the sheriff has implemented some compensating controls, such as comparing the daily checkout sheet to the receipts ledger and the bank deposit, these controls were frequently not documented, therefore we cannot verify they are consistently occurring. We recommend the sheriff separate the duties involved in receiving cash, preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliations, and comparing financial reports to ledgers. If this is not feasible, cross-checking procedures should be implemented and documented by the individual performing the procedure.

*Sheriff's Response: No response.*

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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