



Auditor of Public Accounts
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Harmon Releases Audit of Former Boyd County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2021 financial statement of former 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 former Boyd County Sheriff in accordance with accounting principles generally accepted in the United States of America. The former sheriff's financial statement did not follow this format. However, the former 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 findings:

The sheriff's office did not have adequate segregation of duties: This is a repeat finding and was included in the prior year audit report as Finding 2020-001. The sheriff's office did not have adequate segregation of duties. The former sheriff's bookkeeper collected payments from customers, recorded transactions in the ledgers, prepared deposits, and reconciled the bank account.

As previously described, the former sheriff has not structured his office in a way that segregates duties and responsibilities. The former sheriff did not provide sufficient oversight of the financial

reporting process. 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.

Good internal controls dictate the same employee should not receive payments, prepare deposits, and post to the receipts ledger; the same employee should not prepare monthly reports, sign checks, and post to the disbursements ledger; and the same employee should not deposit funds, sign checks, post to ledgers, and prepare bank reconciliations and monthly reports.

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.

Former Sheriff's Response: All actions that can be taken have already been implemented. BCSO is a small office and does not have an overabundance of manpower. It is adequately staffed.

The former sheriff's fourth quarter report did not properly reflect the source and use of funds: This is a repeat finding and was included in the prior year audit report as Finding 2020-002. The former sheriff's fourth quarter report reflected posting discrepancies that required multiple audit reclassifications and adjustments. Adjustments of \$343,429 were made to the receipts ledger.

The former sheriff did not have procedures in place to ensure accurate posting on the former sheriff's fourth quarter financial report. The bookkeeper made several errors when classifying items on the receipts ledger and when carrying items over from the receipts ledger to the quarterly financial reports. 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's office ensure that all quarterly financial reports are accurate prior to submission to DLG.

Former Sheriff's Response: Continue to work towards ensuring the quarterly report is more up to date and accurate moving forward.

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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