



Auditor of Public Accounts
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Harmon Releases Audit of Former Boyd County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2021 taxes for 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 former 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 former sheriff's settlement is prepared on the regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the former sheriff's settlement is an acceptable reporting methodology, and this reporting methodology is followed for all 120 sheriff settlements in Kentucky.

The former sheriff's financial statement fairly presents the taxes charged, credited and paid for the period April 16, 2021 through August 31, 2022 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 finding:

The former 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 former sheriff's office did not have adequate segregation of duties over receipts. The bookkeeper collected payments from customers, recorded transactions in the ledgers, and reconciled the bank accounts. The former 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 would increase the risk that undetected misappropriations of assets and inaccurate financial reporting will occur.

Internal control duties should be segregated to decrease the risk of misappropriation of assets, errors, and inaccurate financial reporting to external agencies. Although the former sheriff 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. 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 an independent person should perform the following compensating controls to help offset this weakness:

- Agree monthly tax report to receipts ledger and disbursements ledger.
- Review the monthly bank reconciliations.

These documents should be initialed as proof of the review.

Former Sheriff's Response: The official did not provide a 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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