



Auditor of Public Accounts
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Ball Releases Audit of Fulton County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement – 2022 taxes for Fulton County Sheriff Chad Parker. 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 January 1, 2023 through August 31, 2023 in conformity with the regulatory basis of accounting.

The audit contains the following findings:

The Fulton County Sheriff's Office does not have adequate segregation of duties: The bookkeeper's primary responsibilities include collecting taxes, preparing daily deposits, processing monthly tax reports, preparing and signing tax distributions, performing monthly bank reconciliations, and preparing annual tax settlements. No oversight reviews were documented. According to the sheriff, the lack of segregation of duties is due to a limited number of staff and the diversity of operations. A lack of segregation of duties or strong oversight increases the risk that errors or fraud could have occurred and not been detected.

We recommend that the sheriff assign some duties to other employees. If this is not feasible, we recommend that the sheriff implement compensating controls such as oversight reviews and ensure there is evidence of the reviews performed.

Sheriff's Response: Due to the size of our office, we do not have multiple personnel handling the accounting. However, we do incorporate compensating controls with the Sheriff and each deputy in the office. Segregation of duties are implemented by delegating duties to all personnel to enhance transparency, accountability and over all integrity of all operations of this office.

The Fulton County Sheriff's Office did not make daily tax deposits: The Fulton County Sheriff's Office did not make daily tax deposits. For the week tested, four of the eight days tested were not deposited timely. There was a daily collection report completed for each day, but deposits were not made daily. According to the sheriff, deposits were not made daily due to the office having a limited staff.

We recommend the Fulton County Sheriff's office perform daily checkout procedures and make daily deposits. We further recommend the sheriff's office strengthen internal controls over daily checkout procedures to ensure deposits are made daily.

Sheriff's Response: Due to the size of our office, we have one certified accountant. However, we do attempt to make daily deposits to ensure we do not have a large accumulation of monies on site. We also balance all incoming transactions and funds daily by documenting on deposit slips to ensure all funds are accounted for. Which helps reconciliation of all accounts, and that they are accurately balanced.

The Fulton County Sheriff did not present an annual franchise tax settlement to the fiscal court by September 1:

The Fulton County Sheriff did not present the 2022 franchise tax settlement to the fiscal court until October 16, 2023, which is six weeks late. According to the sheriff, this was due to an oversight of the deadline required to make an annual settlement. The Fulton County Sheriff is not in compliance with KRS 134.192.

We recommend the sheriff present an annual tax settlement to the fiscal court in accordance with KRS 134.192.

Sheriff's Response: An annual franchise settlement was submitted to the Fiscal Court prior to September. The office was unaware that the settlement had to be separated by the outgoing Sheriff and the current Sheriff. That report was corrected and resubmitted in a timely manner.

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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