



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

**FRANKFORT, Ky.** – State Auditor Allison Ball released the audit of the sheriff's settlement – 2022 taxes for former Fulton County Sheriff Derek Goodson. 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 a 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 former sheriff's financial statement fairly presents the taxes charged, credited, and paid, for the period, September 1, 2022, through December 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 findings:

**The former Fulton County Sheriff's Office did not have adequate segregation of duties:** The former sheriff's office lacked adequate segregation of duties over accounting and reporting of tax collections. The former sheriff's bookkeeper received, processed, recorded receipts, prepared checks for tax distribution, and posted payments to the disbursement's ledger. To offset this control deficiency, the former sheriff implemented compensating controls such as reviewing daily checkout sheets and deposits, reviewing and signing monthly reports, reviewing monthly bank reconciliations, and dual signatures on checks. However, there was no documentation of review

on most daily checkout sheets. According to staff, the lack of segregation of duties was caused by a limited number of staff and the diversity of operations.

To achieve proper segregation of duties, the former sheriff should have assigned some duties to other employees. If this was not feasible, the sheriff's office should have implemented compensating controls that were fully evidenced by documentation.

*Former Sheriff's Response: The former sheriff did not provide a response.*

**The former Fulton County Sheriff failed to present a tax settlement to the fiscal court by March 15:** The tax settlement was to be presented to the fiscal court by March 15, 2023, but the settlement was not presented to the fiscal court until June 12, 2023. This was due to an oversight to the deadline required to make the final settlement. The former Fulton County Sheriff was not in compliance with KRS 134.215 and assets were left subject to misappropriation and loss.

We recommend the sheriff's office make final settlement in accordance with KRS 134.215(3) in the future.

*Former Sheriff's Response: The former sheriff did not provide a response.*

**The former Fulton County Sheriff failed to make daily deposits:** For the week tested, four days of deposits were deposited on one day. There was a daily checkout sheet completed for each day, but deposits were not made daily. According to the staff, deposits were not made daily due to the office having a limited staff. The failure to make daily deposits resulted in the former sheriff not being in compliance with KRS 68.210.

We recommend the sheriff's office require deposits be made daily. We further recommend the sheriff's office strengthen internal controls over daily checkout procedures to ensure deposits are made daily.

*Former Sheriff's Response: The former sheriff did not provide a response.*

The audit report can be found on the [auditor's website](#).

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