



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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**Harmon Releases Audit of Incoming Fulton County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2016 financial statement of incoming Fulton County Sheriff Robert Woods, Jr. 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 Fulton County Sheriff in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statement did not follow this format. However, the 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 comments:

**The Fulton County Sheriff had \$123 of disallowed disbursements from the 2016 fee account.** A disbursement for \$123 for employee meals during election night was unnecessary, and thus it is disallowed. According to the sheriff, the meal was provided to employees that worked the polls after office hours and he was not aware this was not allowed.

In Funk vs. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court ruled that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature.

Because the sheriff expended public funds for employee meals which were not considered necessary for the office, he is not in compliance with Funk vs. Milliken.

We recommend the Fulton County Sheriff repay \$123 to the fiscal court as additional excess fees.

*Sheriff's response: The entire \$123 was the result of purchasing food for the entire office staff that is required to stay and work the voting polls after office hours every year. This office was unaware that this was a disallowed expenditure and in the future will be providing our own meals the day of the election. The Fiscal Court has since then approved this expenditure.*

**The Fulton County Sheriff's office lacks adequate segregation of duties.** The bookkeeper is required to perform multiple tasks such as the collection of cash from customers, daily checkout procedures, deposit preparation, bookkeeping, and bank reconciliations. To offset this lack of segregation of duties, the sheriff implemented compensating controls including dual signatures and cross-checking procedures; however, these procedures were not sufficient to reduce the risks associated with the lack of segregation of duties. According to the sheriff, this lack of segregation of duties is caused by the diversity of operations with a limited number of staff.

Segregation of duties or the implementation of compensating controls, when limited by the number of staff, is essential for providing protection against the misappropriation of assets and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. A lack of segregation of duties or strong oversight increases the risk of undetected errors or fraud.

To adequately protect against the misappropriation of assets and inaccurate financial reporting, we recommend the sheriff segregate the duties noted above by allowing different deputies to perform these functions. For those duties that cannot be segregated due to a limited number staff, strong management oversight by the sheriff or designee can be a cost effective alternative. This oversight should include reviewing monthly bank reconciliations and the receipts and disbursements ledgers. Documentation, such as the sheriff's or a designee's initials or signature, should be provided on those items that are reviewed.

*Sheriff's response: The Sheriff's Office has reviewed our current procedures and has added several changes to document all transaction, so that there is more of a system of check and balances within the office.*

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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