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Ball Releases Audit of Former Fulton County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2022 financial statement of the former Fulton County Sheriff Derek Goodson. State law requires the auditor to conduct annual audits of each county sheriff, one for the sheriff's tax account and one for the sheriff's fee account.

The former Fulton County Sheriff's financial statement does not present fairly in accordance with the accounting principles generally accepted in the United States. The financial statement presents fairly in accordance with the regulatory basis of accounting generally accepting in Kentucky.

The audit contains the following findings:

The former Fulton County Sheriff's Office does not have adequate segregation of duties: The former sheriff's office bookkeeper performs several tasks that should be separated in order to mitigate errors or fraud. Incompatible duties include approval, custody of assets, record keeping, and reconciliations. The compensating controls, dual signatures required on checks and review of bank reconciliations, implemented by the former sheriff were determined to be ineffective.

We recommend the county sheriff's office separate duties over receipts, disbursements, and reconciliations. If these duties cannot be separated, detailed supervisory review of these activities should be implemented.

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

The former Fulton County Sheriff failed to submit materially amended fourth quarter financial statement: The former sheriff's office submitted its fourth quarter financial statement to the Department for Local Government (DLG) in January 2023, later amended it in March 2023. The amended fourth quarter financial statement was never submitted to DLG. The amended fourth quarter financial statement included \$28,722 of revenues and \$24,779 of disbursements that were not on the original statement.

We recommend the county sheriff's office require all reports to be reviewed prior to distribution. If errors are found, amended reports should be submitted in a timely manner to DLG and the Fulton County Fiscal Court.

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

An employee of the Fulton County Sheriff's Office was improperly paid in advance: One employee of the sheriff's office was improperly paid in advance. A reconciliation of cancelled checks revealed five (5) payroll checks cleared the bank prior to the end of the pay period. These checks were cut anywhere from five to eight days before the end of the pay period.

We recommend the county sheriff's office strengthen internal controls over payroll to ensure employees cannot be paid in advance and ensure the sheriff's office is in compliance with the Department for Local Government's (DLG) County Budget Preparation and State Local Finance Officer Policy Manual.

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

The former Fulton County Sheriff did not make deposits daily: The sheriff's office should batch receipts, perform checkout procedures, and prepare deposits daily. However, rather than make deposits daily, the former sheriff's office often held the deposits for several days before remitting them to the bank.

We recommend the county sheriff's office strengthen internal controls over receipts by depositing receipts into a federally insured banking institution on a daily basis.

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

The former Fulton County Sheriff exceeded the budget for operating disbursements: The Fulton County Fiscal Court approved the former sheriff's budget for operating disbursements at \$238,750; however, the former sheriff expended an additional \$44,488 during the calendar year without a budget amendment or approval.

We recommend the county sheriff's office monitor the budget throughout the year. If any disbursements exceed the budget, a request to amend the budget should be made to the fiscal court.

Former Sheriff's Response: The former 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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