

**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
HARLAN COUNTY SHERIFF**

**For The Period
January 1, 2018 Through December 31, 2018**



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

SUMMARY OF PROCEDURES AND FINDINGS

**AGREED-UPON PROCEDURES OF THE
HARLAN COUNTY SHERIFF**

For The Period January 1, 2018 Through December 31, 2018

The Harlan County Sheriff applied for and received approval from the Auditor of Public Accounts (APA) to obtain an Agreed-Upon Procedures (AUP) engagement for calendar year 2018 in accordance with KRS 43.070(1)(c). AUP reports present the procedures performed and the results of those procedures, called findings. The summary below presents those findings for which an exception was identified during the AUP engagement.

During the AUP engagement of the Harlan County Sheriff, the following exception was noted:

- The sheriff prepared an annual asset forfeiture report; however, it did not include guns and vehicles that had been seized. Assets were traced to bank deposits, receipt ledger, or asset ledger with the exception of the guns and vehicles that had been seized. Amounts owed to commonwealth attorney were remitted.

Findings related to procedures for which there were no exceptions identified, and official responses to exceptions are not included in the summary above, but can be found in the full report. An electronic copy of the report is available on the Auditor of Public Accounts' website at www.auditor.ky.gov.

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts
July 25, 2019



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report
On Applying Agreed-Upon Procedures

The Honorable Dan Mosley, Harlan County Judge/Executive
The Honorable Leslie Smith, Harlan County Sheriff
Members of the Harlan County Fiscal Court

We have performed the procedures enumerated below, which were agreed to by the Harlan County Sheriff, on receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities for the period January 1, 2018 through December 31, 2018. The Harlan County Sheriff is responsible for the accountability for receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the sheriff has a fourth quarter financial statement, a receipts ledger, and a disbursements ledger.

Finding -

No exceptions were found as a result of applying the procedure.

2. Procedure -

Determine that the sheriff's fourth quarter financial statement agrees to the sheriff's receipts ledger and disbursements ledger. Variances in total revenues or total disbursements that exceed 1% of gross revenues or exceed \$20,000 will be reported.

Finding -

No exceptions were found as a result of applying the procedure.

3. Procedure -

Compare the sheriff's operating disbursements (fourth quarter or settlement amounts) to the budget approved by fiscal court to see if the sheriff overspent the budget.

Finding -

No exceptions were found as a result of applying the procedure.



The Honorable Dan Mosley, Harlan County Judge/Executive
 The Honorable Leslie Smith, Harlan County Sheriff
 Members of the Harlan County Fiscal Court
 (Continued)

4. Procedure -

Determine if the sheriff has a settlement of excess fees that was approved by fiscal court.

Finding -

No exceptions were found as a result of applying the procedure. The Harlan County Sheriff's settlement of excess fees is on file at the Harlan County Sheriff's office.

5. Procedure -

Obtain a list of accounts prepared by the sheriff that are applicable to the current calendar year.

Finding -

No exceptions were found as a result of applying the procedure. The sheriff maintains fee, drug, evidence, and credit card accounts.

6. Procedure -

Determine if the sheriff reconciles all bank accounts monthly. Re-perform the bank reconciliations for all accounts as of December 31, 2018, to determine what the reconciled ending balances are and if bank reconciliations are accurate.

Finding -

No exceptions were found as a result of applying the procedure. The balances of the sheriff's accounts are:

Account Name:	Reconciled Account Balance:
Fee Account	\$ 0
Drug Account	\$ 75,666
Evidence Account	\$ 72,514
Credit Card Account	\$ 14,913

7. Procedure -

Determine if receipts are properly accounted for by comparing batched receipts to daily check-out sheets, deposit tickets, receipts ledger, and bank statements for a randomly selected week.

Finding -

No exceptions were found as a result of applying the procedure.

The Honorable Dan Mosley, Harlan County Judge/Executive
The Honorable Leslie Smith, Harlan County Sheriff
Members of the Harlan County Fiscal Court
(Continued)

8. Procedure -

Determine if the sheriff completed an annual asset forfeiture report. Determine if assets forfeited to the sheriff, are properly accounted for by tracing the asset to bank deposit, receipts ledger, or asset ledger and determine if amounts due to commonwealth attorney were remitted.

Finding -

The sheriff prepared an annual asset forfeiture report; however, it did not include guns and vehicles that had been seized. Assets were traced to bank deposits, receipt ledger, or asset ledger with the exception of the guns and vehicles that had been seized. Amounts owed to commonwealth attorney were remitted.

Sheriff's Response: In the past we had always listed items on the annual asset forfeiture report only after the items had actually been forfeited by the court. This discrepancy has since been corrected and will be closely monitored when preparing future reports.

9. Procedure -

Determine if tax commissions are properly accounted for by computing the sheriff's current calendar year tax commission from prior year taxes and current year taxes using the prior year sheriff tax settlement and current year recap of tax reports. Variances that exceed 1% of gross revenues or exceed \$20,000 will be reported.

Finding -

No exceptions were found as a result of applying the procedure.

10. Procedure -

Judgmentally select 15 operating disbursements from sheriff's records and agree amounts to paid invoices or other supporting documentation and cancelled checks. Determine if the disbursement is for official business. Inspect all credit card statements (if any) to determine if disbursements are for official business.

Finding -

No exceptions were found as a result of applying the procedure. The sheriff does not use a credit card.

The Honorable Dan Mosley, Harlan County Judge/Executive
 The Honorable Leslie Smith, Harlan County Sheriff
 Members of the Harlan County Fiscal Court
 (Continued)

11. Procedure -

Determine excess fees due to fiscal court by recalculating the difference between total receipts and total disbursements. Verify amounts paid to determine if additional excess fees are due to the fiscal court.

Finding -

Excess fees due to the fiscal court were recalculated and there are no additional excess fee due to the fiscal court.

Total Receipts	\$	837,318
Total Disbursements		<u>35,984</u>
Excess Fees Due County for 2018	\$	801,335
Monthly Payments to Fiscal Court		<u>801,335</u>
Balance Due Fiscal Court	\$	<u>0</u>

12. Procedure -

Verify that the sheriff's maximum salary order for deputies was not overspent.

Finding -

No exceptions were found as a result of applying the procedure.

13. Procedure -

Determine whether payroll charges are properly supported by verifying that timesheets are completed, maintained, approved, and support hours paid by inspecting one pay period's timesheets for all employees. (Not applicable to fee pooling counties)

Finding -

Not applicable to fee pooling counties.

14. Procedure -

Determine that the sheriff was paid the statutory maximum.

Finding -

The sheriff was paid \$93,085. The statutory maximum salary was \$93,085.

The Honorable Dan Mosley, Harlan County Judge/Executive
The Honorable Leslie Smith, Harlan County Sheriff
Members of the Harlan County Fiscal Court
(Continued)

15. Procedure -

Scan lease agreements and service contracts and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized. Determine if liabilities requiring disclosure were properly disclosed on the fourth quarter financial statement.

Finding -

The sheriff does not have any lease agreements or service contracts. The sheriff does not have any liabilities requiring disclosure on the fourth quarter financial statement.

16. Procedure -

Verify the sheriff is properly bonded.

Finding -

No exceptions were found as a result of applying the procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities of the Harlan County Sheriff. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Harlan County Sheriff and the Harlan County Fiscal Court, and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

July 25, 2019