



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

July 31, 2023

Sen. Chris McDaniel, Co-Chairman
Rep. Jason Petrie, Co-Chairman
Interim Joint Committee on Appropriations & Revenue

Dear Co-Chairs and Members:

This report is provided in accordance with House Bill 1 of the 2022 Regular Session, which established and funded the Outlier Audit Assistance “OAA” Program. For every audit qualifying for a disbursement under the OAA Program, HB 1 further directs the Auditor of Public Accounts to provide this Committee with a report detailing the reason for the outlier expense.

This OAA Program is designed to assist counties when a county clerk or sheriff’s audit, conducted pursuant to KRS 43.070(1)(a)2., costs more than 150% of the average cost for an audit of that type. The impetus for the program was a recognition that fiscal courts are ultimately responsible for paying the cost of these audits, although they have limited ability to control the operations of the county clerk or sheriff’s office, and these fiscal courts were faced with larger costs than they would have reasonably expected when budgeting. As this report will reflect, these higher-than-average costs can occur for a variety of reasons.

This report will cover the audits qualifying for disbursement under the program that were billed during fiscal year 2022-2023.

Please do not hesitate to contact my office should you have questions or require additional information regarding the OAA Program.

Thanks and God Bless,

Mike Harmon
Auditor of Public Accounts



A. Introduction

The Outlier Audit Assistance (OAA) Program was established and funded pursuant to the following language of House Bill 1 of the 2022 Regular Session:

Outlier Audit Assistance Program: Included in the above General Fund appropriation is \$500,000 in fiscal year 2022-2023 and \$250,000 in fiscal year 2023-2024 to support the establishment of the Outlier Audit Assistance Program. Beginning with fiscal year 2018-2019, the Auditor of Public Accounts shall calculate the annual average cost of audits conducted pursuant to KRS 43.070(1)(a)2. by audit type. Beginning with audits billed during fiscal year 2019-2020 or thereafter, any such audit with a cost exceeding the threshold of 150 percent of the average cost for its type in the preceding fiscal year shall be deemed an outlier audit. If a county has paid the cost of the outlier audit up to the amount of the threshold set out in this subsection, the county shall be eligible for a credit from the Outlier Audit Assistance Program for audit costs that exceed the threshold. For every audit qualifying for disbursement, the auditor shall provide a detailed report for the reason for the outlier expense to the Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year. Notwithstanding KRS 45.229, these funds shall not lapse and shall carry forward.

As noted in Auditor Harmon's preceding letter, the program is designed to assist county governments when they are faced with higher-than-average audit costs related to the mandatory annual audits of their county clerk or sheriff.

B. Eligible Audit Types

The OAA Program applies to audits conducted pursuant to KRS 43.070(1)(a)2., which includes the following audit types and their corresponding abbreviations used in this report:

- County Clerks' Fee Audit (FEC)
- Sheriffs' Fee Audit (FES)
- Sheriffs' Tax Settlement Audit (STS)
 - Unmined Coal Tax Settlement (STS-UMC)
 - Gas & Oil Tax Settlement (STS-G&O)

An "I" or "O" preceding the abbreviation indicates the audit involved an "incoming" or "outgoing" official, respectively. FEC and FES audits are performed annually on a calendar year

basis. STS audits are also performed annually, and the audit covers a set period of time in which ad valorem taxes were collected.

C. Calculation of Averages

As directed in the establishing language for the program, the Auditor of Public Accounts has calculated the following as the annual average costs by audit type beginning with fiscal year 2018-2019. The chart below reflects both the average amount by audit type and the 150% threshold amount that must be paid by the county to trigger eligibility for OAA Program funds:

	<u>Average Cost</u>	<u>150% Of The The Average</u>
FY19 Billed Clerk Fee Audits	\$ 10,887.36	\$ 16,331.04
FY20 Billed Clerk Fee Audits	\$ 11,421.17	\$ 17,131.75
FY21 Billed Clerk Fee Audits	\$ 10,829.59	\$ 16,244.38
FY22 Billed Clerk Fee Audits	\$ 10,878.76	\$ 16,318.14
FY23 Billed Clerk Fee Audits	\$ 4,771.73	\$ 7,157.60
FY19 Billed Sheriff Fee Audits	\$ 11,961.02	\$ 17,941.53
FY20 Billed Sheriff Fee Audits	\$ 13,501.86	\$ 20,252.80
FY21 Billed Sheriff Fee Audits	\$ 10,816.52	\$ 16,224.77
FY22 Billed Sheriff Fee Audits	\$ 11,213.08	\$ 16,819.62
FY23 Billed Sheriff Fee Audits	\$ 5,494.85	\$ 8,242.27
FY19 Billed STS Audits	\$ 11,593.02	\$ 17,389.53
FY20 Billed STS Audits	\$ 11,532.14	\$ 17,298.21
FY21 Billed STS Audits	\$ 10,153.39	\$ 15,230.09
FY22 Billed STS Audits	\$ 9,728.34	\$ 14,592.52
FY23 Billed STS Audits	\$ 5,677.70	\$ 8,516.54

Please note that average audit costs calculated for FY 23 are based on a 50% of cost billing rate, while costs for other fiscal years are based on a 100% of cost billing rate.

D. Audits Eligible for OAA Program Credits as of July 1, 2022

The following charts reflect the audits released and billed during FY 2022 and FY 2023 that meet the criteria established to be eligible for a credit under the OAA Program. The applicable credits may be awarded from the \$250,000 appropriated for the program in FY 2023-2024, so long as the threshold payments are met to qualify for receipt of OAA Program credits.

County	Audit Type	Audit Year	Audit Release Date	Amount Billed	150% Of The Average Bill	Eligible Credit Per Audit
Barren	FEC	2019	5/27/2021	\$ 19,204.66	\$ 16,244.38	\$ 2,960.28
Barren	FEC	2020	2/10/2022	\$ 19,876.04	\$ 16,244.38	\$ 3,631.66
Boyd	FES	2019	8/17/2021	\$ 16,985.25	\$ 16,224.77	\$ 760.48
Boyd	STS	2018	7/28/2021	\$ 19,658.50	\$ 15,230.09	\$ 4,428.41
Boyd	STS	2019	1/24/2022	\$ 24,100.73	\$ 15,230.09	\$ 8,870.64
Breathitt	FEC	2020	1/24/2022	\$ 16,405.89	\$ 16,244.38	\$ 161.51
Breathitt	STS	2019	1/7/2022	\$ 19,743.75	\$ 15,230.09	\$ 4,513.66
Daviess	FEC	2020	1/18/2022	\$ 22,749.29	\$ 16,244.38	\$ 6,504.91
Elliott	FEC	2020	4/27/2022	\$ 19,302.43	\$ 16,244.38	\$ 3,058.05
Estill	FEC	2019	2/25/2022	\$ 19,104.28	\$ 16,244.38	\$ 2,859.90
Grant	STS	2020	6/13/2022	\$ 15,877.95	\$ 15,230.09	\$ 647.86
Green	FEC	2020	11/17/2021	\$ 18,830.30	\$ 16,244.38	\$ 2,585.92
Greenup	STS	2019	5/27/2021	\$ 16,651.44	\$ 15,230.09	\$ 1,421.35
Kenton	FEC	2020	4/29/2022	\$ 17,044.46	\$ 16,244.38	\$ 800.08
Laurel	FES	2020	2/14/2022	\$ 21,588.65	\$ 16,224.77	\$ 5,363.88
Laurel	STS	2020	2/14/2022	\$ 17,691.01	\$ 15,230.09	\$ 2,460.92
Madison	FES	2020	10/27/2022	\$ 24,179.25	\$ 16,224.77	\$ 7,954.48
Magoffin	STS - RFP	2018	2/8/2022	\$ 20,501.25	\$ 15,230.09	\$ 5,271.16
Magoffin	FES - RFP	2018	8/17/2021	\$ 26,773.75	\$ 16,224.77	\$ 10,548.98
Magoffin	STS - RFP	2019	7/7/2022	\$ 16,400.00	\$ 14,592.52	\$ 1,807.48
Magoffin	FES - RFP	2019	8/2/2022	\$ 18,666.25	\$ 16,819.62	\$ 1,846.63
Magoffin	STS - RFP	2020	7/7/2022	\$ 16,359.37	\$ 14,592.52	\$ 1,766.85
Magoffin	FES - RFP	2020	8/2/2022	\$ 18,853.12	\$ 16,819.62	\$ 2,033.50
Martin	STS	2019	8/17/2021	\$ 18,255.12	\$ 15,230.09	\$ 3,025.03
Martin	STS	2020	4/21/2022	\$ 15,429.76	\$ 15,230.09	\$ 199.67
Monroe	FES	2020	2/10/2022	\$ 29,979.05	\$ 16,224.77	\$ 13,754.28
Owsley	FEC	2020	2/8/2022	\$ 17,287.82	\$ 16,244.38	\$ 1,043.44
Pike	FEC	2020	10/12/2021	\$ 17,490.52	\$ 16,244.38	\$ 1,246.14
Powell	FES	2018	4/27/2022	\$ 29,513.82	\$ 16,224.77	\$ 13,289.05
Powell	STS	2018	8/16/2022	\$ 15,446.64	\$ 14,592.52	\$ 854.12
Powell	STS	2019	8/16/2022	\$ 17,497.58	\$ 14,592.52	\$ 2,905.06
Pulaski	FEC	2020	1/24/2022	\$ 17,607.38	\$ 16,244.38	\$ 1,363.00
						\$ 119,938.38

E. Description of Reasons for Outlier Expense

Barren County Clerk – 2019 FEC

- While there were no reported findings in the 2019 audit, this was an audit of the new incoming clerk, therefore APA had to follow up on findings from the prior audits and reevaluate all the controls the new clerk put in place to resolve prior year findings. Also, the clerk's bookkeeper was retiring so they were training a new bookkeeper.

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Barren/2019barrenfec-audit.pdf>

Barren County Clerk – 2020 FEC

- While there were no reported findings in the 2020 audit, auditors were still evaluating the new controls the clerk put in place to offset the findings in the prior clerk's audit. These extra controls have led the clerk to be eligible for an AUP audit in 2021, which will reduce the cost of the audit.

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Barren/2020BarrenFEC-audit.pdf>

Boyd County Sheriff – 2019 FES

The audit report describes the findings, which are itemized below. Issues such as failing to have an accurate quarterly financial report required additional auditor time.

Reported Findings:

- 2019-001 The Sheriff's Fourth Quarter Report Was Not Accurate And Required Numerous Adjustments
- 2019-002 The Sheriff's Office Does Not Have Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Boyd/2019boydfes-audit.pdf>

Boyd County Sheriff – 2018 STS

The audit report describes the findings, which are itemized below. Issues such as the Sheriff's failure to settle prior-year accounts required additional auditor time to ensure the taxes were properly distributed and were correctly reflected on the settlement.

Reported Findings:

- 2018-001 The Sheriff Did Not Settle The Prior Year Accounts Or Escrow Outstanding Checks
- 2018-002 The Sheriff's Office Does Not Have Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Boyd/2018boydsts-audit.pdf>

Boyd County Sheriff – 2019 STS

The audit described the finding itemized below. Also, the school district implemented a nickel tax, so APA had to ensure this was accounted for correctly. There were numerous other corrections and adjustments that did not rise to a material amount, but they required additional auditor time even though they did not rise to a finding in the report.

Reported Finding:

- 2019-001 The Sheriff's Office Does Not Have Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Boyd/2019BoydSTS-audit.pdf>

Breathitt County Clerk – 2020 FEC

The audit described the finding itemized below. In past audits the clerk had adequate segregation of duties, however there were changes in the internal controls in 2020 which caused a lack of segregation of duties, therefore more audit work was necessary to offset this control risk.

Reported Finding:

- 2020-001 The Breathitt County Clerk's Office Does Not Have Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Breathitt/2020BreathittFEC-audit.pdf>

Breathitt County Sheriff – 2019 STS

Auditors had difficulty receiving information from the sheriff's office, and while there were no findings in the report there were other corrections and adjustments necessary that did not rise to a material amount but required additional auditor time.

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Breathitt/2019BreathittSTS-audit.pdf>

Daviess County Clerk – 2020 FEC

The audit report describes multiple findings, which are itemized below. Issues such as failing to maintain proper accounting records, and failing to prepare accurate bank reconciliations, required additional auditor time.

Reported Findings:

- 2020-001 The Daviess County Clerk Did Not Maintain Accurate Receipts And Disbursements Ledgers
- 2020-002 The Daviess County Clerk Did Not Prepare Timely And Accurate Bank Reconciliations

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Daviess/2020DaviessFEC-audit.pdf>

Elliott County Clerk – 2020 FEC

The audit report describes numerous findings, which are itemized below. Many of the issues noted in the findings were repeated from the previous year's audit. Finding 2020-001 details the County Clerk's failure to fulfill her duties as an elected official, and this finding was referred to the Kentucky Office of the Attorney General as well as other oversight agencies. The number and extent of the issues identified with the office required additional auditor time.

Reported Findings:

- 2020-001 The Elliott County Clerk Is Not Fulfilling Her Duties As An Elected County Official
- 2020-002 The Elliott County Clerk's Office Does Not Have Adequate Segregation Of Duties And Internal Controls Over Fee Receipts And Disbursements
- 2020-003 The Elliott County Clerk's Fourth Quarter Report Was Not Accurate And Required Numerous Adjustments
- 2020-004 The Elliott County Clerk Did Not Submit Quarterly Reports To The Department For Local Government
- 2020-005 The Elliott County Clerk Did Not Present An Annual Settlement To The Fiscal Court
- 2020-006 The Elliott County Clerk Owes \$190,546 In Usage Tax To The Department Of Revenue
- 2020-007 The Elliott County Clerk Owes Ad Valorem Taxes To Taxing Districts In The Amount Of \$57,975
- 2020-008 The Elliott County Clerk Did Not Pay Delinquent Taxes To Districts Timely And Owes \$45,307 To Taxing Districts
- 2020-009 The Elliott County Clerk Did Not Comply With The County's Fee Pooling Ordinance
- 2020-010 The Elliott County Clerk Did Not Remit Affordable Housing Payments To The State Timely And Owes \$4,728
- 2020-011 The Elliott County Clerk Did Not Remit Legal Process Tax Payments To The State Timely And Owes \$4,697
- 2020-012 The Elliott County Clerk Did Not Pay License Fees Timely
- 2020-013 The Elliott County Clerk Did Not Prepare All Franchise Tax Bills

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Elliott/2020ElliottFEC-audit.pdf>

Estill County Clerk – 2019 FEC

The audit report describes numerous findings, which are itemized below. Issues such as having a deficit in the fee account and not having proper oversight over daily functions of the office required additional auditor time.

Reported Findings:

- 2019-001 The County Clerk Overspent Available Funds And Has A Deficit Of \$30,461 In His 2019 Fee Account

- 2019-002 The County Clerk Failed To Implement Adequate Internal Controls Regarding Oversight And Review Of Daily Functions
- 2019-003 The County Clerk’s Office Does Not Have Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Estill/2019EstillFEC-audit.pdf>

Grant County Sheriff – 2020 STS

The audit report finding below notes issues with an incomplete settlement and inaccurate reporting which required additional auditor time.

Reported Findings:

- 2020-001 The Grant County Sheriff Did Not Have Adequate Controls Over Tax Settlement Preparation, Which Resulted In An Incomplete Settlement And Inaccurate Reporting

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Grant/2020GrantSTS-audit.pdf>

Green County Clerk – 2020 FEC

The audit describes the finding itemized below. There were numerous other corrections and adjustments that did not rise to a material amount, but they required additional auditor time even though they did not rise to a finding in the report.

Reported Finding:

- 2020-001 The Green County Clerk Does Not Have Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Green/2020greenfec-audit.pdf>

Greenup County Sheriff – 2019 STS

Greenup County has a large number of taxing districts, which means additional time was needed to complete the audit and ensure the accuracy of the tax payments distributed to all the districts. Also, the audit describes the finding itemized below.

Reported Finding:

- 2019-001 The Sheriff’s Office Does Not Have Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Greenup/2019greenupsts-audit.pdf>

Kenton County Clerk – 2020 FEC

Like other counties with a population over 70,000, Kenton County is subject to Section 106 of the Kentucky Constitution and various provisions of KRS Chapter 64, which require that 75% of fees collected be remitted to the state treasury, with the Finance and Administration Cabinet then managing and disbursing those funds to pay the expenses of the county. The audits of “Over 70 County” officials often tend to require additional time due to a combination of the

larger size and complexity of the offices, greater amount of funds, and additional procedures required for these audits.

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Kenton/2020KentonFEC-audit.pdf>

Laurel County Sheriff – 2020 FES

The audit report describes the findings, which are itemized below. Also, in 2020 the county gave the sheriff a large amount of CARES funds, which the sheriff spent, therefore auditors had to increase testing in this area.

Reported Findings:

- 2020-001 The Laurel County Sheriff’s Office Did Not Have Strong Controls Over Disbursements
- 2020-002 The Laurel County Sheriff Did Not Have A Written Collateral Security Agreement With Depository Institution

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Laurel/2020LaurelFES-audit.pdf>

Laurel County Sheriff – 2020 STS

The audit report describes the finding itemized below. Auditors also had to follow up on the prior year finding to ensure the finding did not need to be reported in the current year.

Reported Finding:

- 2020-001 The Laurel County Sheriff Did Not Have A Pledge Agreement

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Laurel/2020LaurelSTS-audit.pdf>

Madison County Sheriff – 2020 FES

Like other counties with a population over 70,000, Madison County is subject to Section 106 of the Kentucky Constitution and various provisions of KRS Chapter 64, which require that 75% of fees collected be remitted to the state treasury, with the Finance and Administration Cabinet then managing and disbursing those funds to pay the expenses of the county. The audits of “Over 70 County” officials often tend to require additional time due to a combination of the larger size and complexity of the offices, greater amount of funds, and additional procedures required for these audits. Additionally, the Sheriff’s fourth quarter report was inaccurate.

Reported Finding:

- 2020-001 The Madison County Sheriff’s Fourth Quarter Report Contained Material Inaccuracies

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Madison/2020MadisonFES-audit.pdf>

Magoffin County Sheriff – 2018 STS-RFP

The audit report describes numerous findings, which are itemized below. Issues such as failure to remit taxes accurately and bill franchise taxes properly required additional auditor time. Furthermore, the failure to close out the prior-year accounts, required significant additional auditor time to ensure the settlement reflected the proper amounts due for each year to each taxing district.

Reported Findings:

- 2018-001 The Magoffin County Sheriff's Office Lacks Adequate Segregation Of Duties
- 2018-002 The Magoffin County Sheriff Failed To Settle His 2018 Tax Accounts
- 2018-003 The Magoffin County Sheriff Failed To Settle Taxes Associated With The 2017, 2014, And 2013 Tax Years
- 2018-004 The Magoffin County Sheriff Failed To Remit All State Taxes Due To Incorrectly Computing Commissions Earned On State Tax Collections
- 2018-005 The Magoffin County Sheriff Failed To Properly Bill Franchise Taxes

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Magoffin/2018MagoffinSTS-audit.pdf>

Magoffin County Sheriff – 2018 FES-RFP

The audit report describes numerous findings, which are itemized below. Finding 2018-001 describes the Sheriff's failure to have adequate controls over financial records and reporting, which resulted in significant accounting deficiencies. Other issues included material errors in quarterly financial reports, failure to present an annual settlement and pay excess fees to the fiscal court, and poor internal controls. Additionally, the Sheriff's failure to close out prior-year accounts combined with the host of other issues required significant additional auditor time.

Reported Findings:

- 2018-001 The Magoffin County Sheriff's Office Lacks Adequate Internal Controls Over Financial Records and Reporting
- 2018-002 The Magoffin County Sheriff's 2018 Fourth Quarter Financial Statement Was Materially Misstated
- 2018-003 The Magoffin County Sheriff Failed To Settle Prior Year Fee Accounts And Owes The Magoffin County Fiscal Court \$145,109 Of Excess Fees
- 2018-004 The Magoffin County Sheriff Has Significant Internal Revenue Service (IRS) Penalties And Interest From Past Years That Continue To Accumulate And Need To Be Settled With The IRS
- 2018-005 The Magoffin County Sheriff's Payroll Account Was Not Reconciled To Zero At The End Of The Calendar Year 2018 And Owes Money To Various Entities
- 2018-006 The Magoffin County Sheriff Failed To Make Settlement of His 2018 Fee Account
- 2018-007 The Sheriff's Office Lacks Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Magoffin/2018magoffinfes-audit.pdf>

Magoffin County Sheriff – 2019 STS-RFP

The audit report describes numerous findings, which are itemized below. Issues such as failure to bill franchise taxes properly required additional auditor time. Furthermore, the failure to close out the prior-year accounts, required significant additional auditor time to ensure the settlement reflected the proper amounts due for each year to each taxing district.

Reported Findings:

- 2019-001 The Sheriff's Annual Settlement Was Not Submitted In A Timely Manner
- 2019-002 The Sheriff's Office Failed To Bill Franchise Tax To One Company
- 2019-003 The Sheriff Did Not Settle His 2018, 2017, 2014, And 2013 Tax Accounts
- 2019-004 The Sheriff's Office Lacks Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Magoffin/2019MagoffinSTS-audit.pdf>

Magoffin County Sheriff – 2019 FES-RFP

The audit report describes numerous findings, which are itemized below. Issues included material errors in quarterly financial reports and poor internal controls. Additionally, the Sheriff's failure to close out prior-year accounts combined with the host of other issues required significant additional auditor time.

Reported Findings:

- 2019-001 Significant Internal Revenue Service (IRS) Penalties and Interest From Past Years Continue To Accumulate And Need To Be Settled With The IRS
- 2019-002 The Sheriff Did Not Settle Prior Years' Fee Accounts
- 2019-003 The Sheriff's Office Lacks Adequate Segregation Of Duties
- 2019-004 The Sheriff's Fourth Quarter Report Is Materially Misstated

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Magoffin/2019MagoffinFES-audit.pdf>

Magoffin County Sheriff – 2020 STS-RFP

The audit report describes numerous findings, which are itemized below. Issues, such as failure to bill franchise taxes properly, required additional auditor time. Furthermore, the failure to close out the prior-year accounts, required significant additional auditor time to ensure the settlement reflected the proper amounts due for each year to each taxing district.

Reported Findings:

- 2020-001 The Sheriff's Office Failed To Bill Franchise Tax To One Company
- 2020-002 The Sheriff Did Not Settle His 2018, 2017, 2014, And 2013 Tax Accounts
- 2020-003 The Sheriff's Office Lacks Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Magoffin/2020MagoffinSTS-audit.pdf>

Magoffin County Sheriff – 2020 FES-RFP

The audit report describes numerous findings, which are itemized below. Issues included material errors in quarterly financial reports and poor internal controls. Additionally, the Sheriff's failure to close out prior-year accounts combined with the host of other issues required significant additional auditor time.

Reported Findings:

- 2020-001 Significant Internal Revenue Service (IRS) Penalties And Interest From Past Years Continue To Accumulate And Need To Be Settled With The IRS
- 2020-002 The Sheriff Did Not Settle Prior Years' Fee Accounts
- 2020-003 The Sheriff's Office Lacks Adequate Segregation Of Duties
- 2020-004 The Sheriff's Fourth Quarter Report Is Materially Misstated

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Magoffin/2020MagoffinFES-audit.pdf>

Martin County Sheriff – 2019 STS

The audit report describes numerous findings, itemized below. Issues such as failure to close out the prior-year accounts, required significant additional auditor time to ensure the settlement reflected the proper amounts due for each year to each taxing district.

Reported Findings:

- 2019-001 The Martin County Sheriff's Office Does Not Have Adequate Segregation Of Duties
- 2019-002 The Sheriff Has Not Settled The 2014 Tax Account
- 2019-003 The Sheriff Has Not Settled The 2015 Tax Account

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Martin/2019martinsts-audit.pdf>

Martin County Sheriff – 2020 STS

The audit report describes the finding itemized below. In the current audit auditors had to follow up on the prior year issues of failing to settle prior tax accounts to ensure that they had properly settled the accounts in the current year.

Reported Finding:

- 2020-001 The Martin County Sheriff's Office Does Not Have Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Martin/2020MartinSTS-audit.pdf>

Monroe County Sheriff – 2020 FES

The audit report describes numerous findings, which are itemized below. Issues such as not properly accounting for receipts, not properly accounting for auto inspection trip fees, and the

lack of controls required additional auditor time. Findings were referred to the Kentucky Office of the Attorney General.

Reported Findings: (Referral to KYOAG)

- 2020-001 The Monroe County Sheriff's Office Did Not Properly Account For Receipts
- 2020-002 The Monroe County Sheriff's Office Did Not Properly Account For Auto Inspections
- 2020-003 The Monroe County Sheriff's Office Performed Out-Of-County Auto Inspections And Did Not Properly Account For Trip Fees
- 2020-004 The Monroe County Sheriff's Office Does Not Have Adequate Controls Over Payroll
- 2020-005 The Monroe County Sheriff's Office Did Not Maintain Accurate Leave Balance Reports For Employees
- 2020-006 The Monroe County Sheriff's Office Did Not Follow Proper Procurement Procedures For Purchases Over \$30,000
- 2020-007 The Monroe County Sheriff's Office Does Not Have Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations With Compensating Controls That Were Not Operating Effectively

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Monroe/2020MonroeFES-audit.pdf>

Owsley County Clerk – 2020 FEC

The audit report describes numerous findings, which are itemized below. Many of the issues noted in the findings were ongoing from previous years. The number and extent of the issues identified with the office required additional auditor time.

Reported Findings:

- 2020-001 The Owsley County Clerk Did Not Comply With Department For Local Government (DLG) Requirements Regarding Approval And Submission Of Annual Budget, Quarterly Financial Reports, And Annual Settlement
- 2020-002 The Owsley County Clerk Is Not Remitting Fees In Compliance With Kentucky Revised Statutes
- 2020-003 The Owsley County Clerk Did Not Deposit Funds Timely
- 2020-004 The Owsley County Clerk's Office Does Not Have Adequate Segregation Of Duties
- 2020-005 The Owsley County Clerk Did Not Prepare Franchise Tax Bills Promptly

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Owsley/2020OwsleyFEC-audit.pdf>

Pike County Clerk – 2020 FEC

Like other counties with a population over 70,000, Pike County is subject to Section 106 of the Kentucky Constitution and various provisions of KRS Chapter 64, which require that 75% of fees collected be remitted to the state treasury, with the Finance and Administration Cabinet then managing and disbursing those funds to pay the expenses of the county. The audits of “Over 70 County” officials often tend to require additional time due to a combination of the larger size and complexity of the offices, greater amount of funds, and additional procedures required for these audits.

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Pike/2020pikefec-audit.pdf>

Powell County Sheriff – 2018 FES

The audit report describes numerous findings, which are itemized below. The magnitude of the findings required additional auditor time. Among the issues requiring additional time were failure to properly settle prior-year accounts, failure to file required quarterly financial reports, lack of proper internal controls, failure to timely pay invoices, and the lack of involvement of the elected Sheriff in the daily operations of his office. Findings were referred to the Powell County Attorney.

Reported Findings: (Referral to Powell County Attorney)

- 2018-001 The Sheriff Was Not Sufficiently Involved In The Daily Financial Activities Of His Office
- 2018-002 The Sheriff’s Office Lacks Adequate Segregation Of Duties
- 2018-003 The Sheriff Has Not Settled Prior Year Accounts
- 2018-004 The Sheriff Did Not Settle His 2018 Fee Account And Did Not Present A Final Settlement To The Fiscal Court
- 2018-005 The Sheriff Did Not Submit The Fourth Quarter Financial Report To The Department For Local Government As Required
- 2018-006 The Sheriff Lacks Adequate Controls Over Disbursements
- 2018-007 The Sheriff Had \$2,357 In Disallowed Disbursements
- 2018-008 The Sheriff Did Not Pay Invoices Timely
- 2018-009 The Sheriff Does Not Have Adequate Controls In Place Over Fuel Purchases
- 2018-010 The Sheriff Lacked Adequate Controls Over Payroll
- 2018-011 The Sheriff Has Not Resolved A Possible Conflict Of Interest

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Powell/2018PowellFES-audit.pdf>

Powell County Sheriff – 2018 STS

The audit report describes numerous findings, which are itemized below. The magnitude of the findings required additional auditor time. Among the issues requiring additional time were failure to properly settle prior-year accounts, lack of proper internal controls, and failure to properly report. Findings were referred to the Kentucky Office of the Attorney General and the Department of Revenue.

Reported Findings:

- 2018-001 The Powell County Sheriff's Office Does Not Have Adequate Segregation Of Duties
- 2018-002 The Powell County Sheriff Did Not Include All Required Information On His Annual Franchise Tax Settlement
- 2018-003 The Powell County Sheriff Did Not Properly Report And Distribute Franchise Tax Collections
- 2018-004 The Powell County Sheriff Did Not Have Adequate Internal Controls In Place To Ensure Guidelines For Penalty And Add-on Fee Waivers Were Followed And Did Not Apply Discounts Properly
- 2018-005 The Powell County Sheriff Has Not Settled Prior Year Accounts

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Powell/2018PowellSTS-audit.pdf>

Powell County Sheriff – 2019 STS

The audit report describes numerous findings, which are itemized below. The magnitude of the findings required additional auditor time. Among the issues requiring additional time were failure to properly settle prior-year accounts and lack of proper internal controls. Findings were referred to the Kentucky Office of the Attorney General and the Department of Revenue.

Reported Findings:

- 2019-001 The Powell County Sheriff's Office Does Not Have Adequate Segregation Of Duties
- 2019-002 The Powell County Sheriff Did Not Have Adequate Internal Controls In Place To Ensure Guidelines For Penalty And Add-on Fee Waivers Were Followed And Did Not Apply Discounts Properly
- 2019-003 The Powell County Sheriff Has Not Settled His 2018 Tax Account
- 2019-004 The Powell County Sheriff Has Not Settled Prior Year Accounts

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Powell/2019PowellSTS-audit.pdf>

Pulaski County Clerk – 2020 FEC

The audit report describes the findings, which are itemized below. Issues such as failing to have an accurate quarterly financial report required additional auditor time.

Reported Findings:

- 2020-001 The Pulaski County Clerk Did Not Segregate Duties Over All Accounting Functions
- 2020-002 The Pulaski County Clerk's Fourth Quarter Financial Report Was Not Accurate

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Pulaski/2020PulaskiFEC-audit.pdf>