REPORT OF THE AUDIT OF THE FORMER GREENUP COUNTY SHERIFF

For The Year Ended
December 31, 2017

MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Robert Carpenter, Greenup County Judge/Executive
The Honorable Keith Cooper, Former Greenup County Sheriff
The Honorable Matt Smith, Greenup County Sheriff
Members of the Greenup County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We were engaged to audit the accompanying Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the former Sheriff of Greenup County, Kentucky, for the year ended December 31, 2017, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Audit Guide for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Our basis for disclaiming is that we were unable to obtain required written management representations from the former Greenup County Sheriff, which results in a management-imposed scope limitation. Management is required to provide written representations to assert that they have fulfilled their responsibility for the preparation and fair presentation of the financial statements and that the information provided to the auditor is complete. Due to the former Greenup County Sheriff not providing written representations, we were unable to place appropriate reliance on the information provided during the audit and, therefore, cannot reduce the audit risk to an acceptable level.

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The Honorable Robert Carpenter, Greenup County Judge/Executive
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Members of the Greenup County Fiscal Court

Disclaimer of Opinion

Because of the significance of the matter described in the Basis of Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statement.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2019, on our consideration of the former Greenup County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the former Greenup County Sheriff's internal control over financial reporting and compliance.

Based on the results of our audit, we have presented the accompanying Schedule of Findings and Responses, included herein, which discusses the following report comments:

2017-001 Disallowed Disbursements Totaling $5,923 From The 2016, 2015, and 2014 Fee Accounts Were Not Repaid By The Former Sheriff
2017-002 Disallowed Disbursements Totaling $32,994 From The 2016, 2015, and 2014 Special Enforcement Account Were Not Repaid By The Former Sheriff
2017-003 The Former Sheriff Did Not File A Listing Of Property Seized With The Proper Authorities
2017-004 The Former Sheriff's Office Lacked Adequate Segregation Of Duties

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

August 16, 2019

GREENUP COUNTY
KEITH COOPER, FORMER SHERIFF
FINANCIAL STATEMENT

For The Year Ended December 31, 2017

Form For Budget, Cumulative Quarterly Report and Annual Settlement For Calendar Year 20_17

Greenup

Part One - Summary and Reconciliation of All Accounts

RECEIVED
JAN - 4 2018
OFFICE OF F.M. & A.

Show & Describe All Accounts	Column 1 20_17 Fee Account Budget Estimate	Column 2 20__ Fee Account Cumulative Actual	Column 3 _____ Account (NOT FEE ACCOUNT)	Column 4 _____ Account (NOT FEE ACCOUNT)	Column 5 _____ Account (NOT FEE ACCOUNT)
1. Receipts YTD	$1,731,300.00	$1,700,130.41			
2. Total Disbursements YTD	$1,729,800.00	$1,640,900.05			
3. Book Balance/Excess Fees	$1,500.00	$59,230.36			
4. Bank Statement Balance		$503,806.75			
5. Plus Deposits in Transit					
6. Less Outstanding Checks		$444,576.39			
7. Other					
8. Reconciled Bank Balance		$59,230.36			
9. Accounts Receivable as of 12/31					
10. Unpaid Obligations as of 12/31					
11. Excess Fees					

Instructions: This form is the required format for the budget and the quarterly report. BUDGET: After completing the budget estimate columns of Parts One, Two and Three, submit to the fiscal court for approval by January 15th and following approval submit to the state local finance officer. QUARTERLY REPORT: The quarterly report is cumulative. Show the status of all funds in the official's charge during calendar year to date in Part One. Line 1 Show total receipts on a cash basis for the year to date including any beginning balances for all accounts. Show current year fee account in COLUMN 2 as calculated in Part Two of report. Line 2 Show total disbursements on a cash basis for the year to date for all accounts. Show current year fee account in COLUMN 2 as calculated in Part Three of report. Line 3 Show difference between lines 1 and 2 for all accounts. Line 4 Show bank statement balance(s) at close of quarter. Line 5 Show total deposits made prior to close of quarter that are not reflected in bank statement(s). Line 6 Show total amount of checks issued prior to close of quarter that are not reflected in bank statement(s). Line 7 Show investments. Line 8 Show line 4 adjusted for lines 5, 6, and 7. Line 8 should equal line 3 for all accounts. Line 9 Complete for quarter ending 12/31. Show calculation in Part Two of report. Line 10 Complete for quarter ending 12/31. Show calculation in Part Three of report. Line 11 Complete for quarter ending 12/31. Show line 8 adjusted for lines 9 and 10. All debt to be shown in Part Four. Report due to: State Local Finance Officer, 1024 Capital Center Drive, Suite 340, Frankfort, KY 40601-8204 by the 30th day following the close of each quarter. Fax # 502-573-3712 / Ph # 502-573-3710.

Approved by the fiscal court on the ____ day of_____, 20___.

County Judge/Executive Date

To the best of my knowledge the information reported herein for the budget/quarter ended 12/31/17 is accurate and complete.

Signature of County Sheriff Date 1/2/17

GREENUP COUNTY
KEITH COOPER, FORMER SHERIFF
FINANCIAL STATEMENT
For The Year Ended December 31, 2017

Part Two Receipts	Budget Estimate	1/1 thru 3/31	4/1 thru 6/30	7/1 thru 9/30	10/1 thru 12/31	Total YTD	Accounts Receivable 12/31	Settlement Total
1. **Federal Grants**	$25,000.00	$1,863.60	$5,590.80	$7,454.80	$5,590.40	$20,499.60		
2. **State Grants**								
3. **State - KLEFFP**	$58,000.00	$16,241.58	$15,445.65	$16,472.11	$16,031.94	$64,191.28		
4. **Receipts YTD**								
5. Finance and Adminstration Cab.	$145,000.00	$20,265.47	$31,537.27	$31,205.43	$31,458.59	$114,466.76	$9,635.40	
6. Cabinet Human Resources								
7. **Circuit Clerk**								
8. Sheriff Security Services	$40,000.00	$3,084.56	$4,628.20	$3,967.80	$4,139.66	$15,820.22		
9. Fines/Fees Collected								
10. Court Ordered Payments	$5,000.00							
11. **Fiscal Court** (includes Election Comm.)	$1,000.00							
12. **County Clerk** (Delinquent taxes)	$100,000.00	$1,852.14	$25,062.09	$48,814.13	$3,172.78	$78,901.14	$50.00	
13. **Commissions on Taxes Collected**	$890,000.00	$101,143.69	$129,387.40		$709,682.31	$940,213.40		
14. **Fees Collected for Services**								
15. Auto Inspections	$9,000.00	$2,290.00	$2,335.00	$2,065.00	$2,355.00	$9,045.00		
16. Accident/Police Reports	$800.00	$183.00	$204.00	$190.00	$246.00	$823.00		
17. Serving Papers	$45,000.00	$11,399.90	$14,988.70	$14,313.80	$11,884.30	$52,586.70		
18. CCDW	$17,000.00	$3,840.00	$3,420.00	$2,460.00	$3,380.00	$13,100.00		
19. **Other** (Describe)	$20,000.00	$167.80	$10,685.44	$106.88	$4,182.20	$15,142.32		
20.								
21. **Interest Earned**	$500.00	$14.86	$45.12	$38.59	$242.42	$340.99		
22. **Total Revenues**	$1,356,300.00	$162,346.60	$243,329.67	$127,088.54	$792,365.60	$1,325,130.41	$9,685.40	
23. **Petty Cash**								
24. **Borrowed Money**								
25. State Advancement	$315,000.00	$105,000.00	$105,000.00	$105,000.00		$315,000.00		
26. Bank Note	$60,000.00					$60,000.00		
27. **Total Receipts** (Total lines 22 through 26)	$1,731,300.00	$267,346.60	$348,329.67	$232,088.54	$792,365.60	$1,700,130.41	$9,685.40	

Copy the figures shown on line 27 in the Budget Estimate column to the Summary on page 1, column 1, line 1. Copy the figure shown on Line 27 in the Total YTD column to page 1, column 2, line 1. Copy the figure shown on Line 27 in the Receivable

GREENUP COUNTY
KEITH COOPER, FORMER SHERIFF
FINANCIAL STATEMENT
For The Year Ended December 31, 2017

Part Three Disbursements	Budget Estimate	1/1 thru 3/31	4/1 thru 6/30	7/1 thru 9/30	10/1 thru 12/31	Total YTD	Unpaid Obligations 12/31	Settlement Total
Official Expenses								
1. **Personal Services**								
2. Sheriff's Gross Salary	$97,000.00	$24,307.11	$24,310.08	$24,310.08	$24,312.93	$97,240.20		
3. Deputies' Gross Salaries	$565,000.00	$126,261.00	$130,598.41	$136,013.18	$176,094.52	$568,967.11		
4. Part Time Gross Salaries								
5. Other Gross Salaries	$160,000.00	$35,774.19	$43,467.14	$49,177.91	$51,968.98	$180,388.22		
6. Overtime Gross	$58,000.00	$13,833.61	$13,333.60	$14,000.28	$14,666.96	$55,834.45		
7.								
8. **Employee Benefits**								
9. Employer's Share Social Security	$80,000.00	$17,873.14	$16,195.75	$19,749.38	$20,429.81	$74,248.08		
10. Employer's Share Retirement								
11. Employer's Share Haz. Duty Ret.								
12. Employer's Workmans Compensation								
13. Employer's Unemployment Ins.								
14. Employer Paid Health Ins.	$45,000.00	$8,437.33	$7,398.51	$8,865.42	$12,057.22	$36,758.48		
15. Training Fringe Benefit (HB810)	$4,300.00	$4,051.96				$4,051.96		
16. **Contracted Services**								
17. Advertising	$2,500.00				$141.00	$141.00		
18. Vehicle maintenance and repairs								
19.								
20. **Supplies and Materials** (Tangible items with limited lifespan)								
21. Office Materials and supplies	$25,000.00	$945.99	$1,625.80	$2,751.39	$20,555.47	$25,878.65	$4,000.00	
22. Uniforms	$35,000.00		$969.73	$422.70	$49,624.46	$51,016.89	$4,000.00	
23. Gasoline	$100,000.00	$8,283.99	$12,926.35	$14,210.19	$30,464.08	$65,884.61	$6,000.00	
24. Radio	$10,000.00		$249.90	$88.40	$140.40	$478.70		
25. computer	$10,000.00				$7,919.44	$7,919.44		
26. **Other Charges** (Non-contracted services, nontangible items)								
27. Travel/Training	$18,500.00	$1,171.00	$2,125.00	$3,938.66	$5,140.91	$12,375.57		
28. Telephone	$9,000.00	$2,357.32	$2,951.33	$2,928.91	$3,093.63	$11,331.19	$1,100.00	
29. Postage	$12,000.00			$487.00	$490.00	$977.00		
30. Bank Charages	$500.00	$60.00		$200.00	$256.13	$516.13		
31. Vehicle Expense	$111,000.00				$61,494.00	$61,494.00		
32. Bond	$5,000.00		$559.90	$593.09	$2,957.69	$4,110.68		
33. Misc	$2,000.00				$287.69	$287.69		

GREENUP COUNTY
KEITH COOPER, FORMER SHERIFF
FINANCIAL STATEMENT
For The Year Ended December 31, 2017

Part Three Disbursements	Budget Estimate	1/1 thru 3/31	4/1 thru 6/30	7/1 thru 9/30	10/1 thru 12/31	Total YTD	Unpaid Obligations 12/31	Settlement Total
34. **Pro Fees**	$5,000.00			$1,500.00	$4,500.00	$6,000.00		
35. Gasoline								
36. Maintenance and repairs								
37. **Rec** Insurance								
38. Depreciation								
39.								
40. **Debt Service** (Borrowed money, interest, lease /purchases)								
41. State Advancement	$315,000.00				$315,000.00	$315,000.00		
42. Notes	$60,000.00	$60,000.00				$60,000.00		
43. Interest								
44.								
45. **Capital Outlay** (Outright purchases of tangible items lasting in nature)								
46. Office Equipment								
47. Vehicles								
48.								
49.								
50. **Total Official Expenses**	$1,729,800.00	$303,356.64	$256,711.50	$279,236.59	$801,595.32	$1,640,900.05	$15,100.00	
For offices that fee pool, pay fees to county prior to December 31, or counties over 70,000 in population, show payments on appropriate line below.								
51. **Payments to County Treasurer**								
52. **Payments to State Treasurer**								
53. **Total Disbursements** (Total lines 50, 51, and 52)	$1,729,800.00	$303,356.64	$256,711.50	$279,236.59	$801,595.32	$1,640,900.05	$15,100.00	

Copy the figures shown on line 53 in the Budget Estimate column to the Summary on page 1, column 1, line 2. Copy the figure shown on Line 53 in the Total YTD column to page 1, column 2, line 2. Copy the figure shown on Line 53 in the Unpaid column (use

GREENUP COUNTY
KEITH COOPER, FORMER SHERIFF
FINANCIAL STATEMENT
For The Year Ended December 31, 2017

Part Four - Liabilities Outstanding

Quarter ended _____

Multi-year Issues	Issue	Issue	Totals
Where Budgeted			
Description			
Term (# of Years)			
Current Interest Rate			
Issue Date			
Total Principal Amount			
Total Interest Amount			
Total Issue			
Principal Balance Remaining			
Interest Balance Remaining			
Less Reserve Earnings			
Net Outstanding			
Next Payment Date			
Next Payment Amount			
Final Payment Date			
Short Term Liabilities	**Issue**	**Issue**	
Where Budgeted			
Description			
Term			
Current Interest Rate			
Issue Date			
Total Principal Amount			
Total Interest Amount			
Total Issue			
Principal Balance Remaining			
Interest Balance Remaining			
Total Outstanding			
Next Payment Date			
Next Payment Amount			
Final Payment Date			
Total Outstanding Debt	(If no outstanding advancements, loans, leases, or other debt, show "$0".)		

Comments:

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Robert Carpenter, Greenup County Judge/Executive
The Honorable Keith Cooper, Former Greenup County Sheriff
The Honorable Matt Smith, Greenup County Sheriff
Members of the Greenup County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the former Greenup County Sheriff for the year ended December 31, 2017, and the related notes to the financial statement and have issued our report thereon dated August 16, 2019. The former Greenup County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our report disclaims an opinion on such financial statements because we were unable to obtain written representations from the former Greenup County Sheriff.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the former Greenup County Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the former Greenup County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the former Greenup County Sheriff's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2017-004 to be a material weakness.

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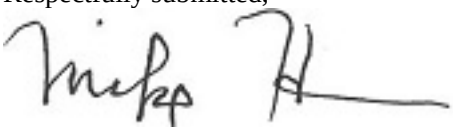
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the former Greenup County Sheriff's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2017-001, 2017-002, and 2017-003. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

August 16, 2019

SCHEDULE OF FINDINGS AND RESPONSES

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GREENUP COUNTY
KEITH COOPER, FORMER SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2017

STATE LAWS AND REGULATIONS:

2017-001 Disallowed Disbursements Totaling $5,923 From The 2016, 2015, And 2014 Fee Accounts Were Not Repaid By The Former Sheriff

This is a repeat finding and was reported in the prior year audit report as findings 2016-002, 2016-007, and 2016-008.

The former sheriff had disallowed disbursement in the following years:

- 2016 fee account totaling $1,366 for the following items:
    - $733 on satellite radio and interest charges which is not necessary for the operation
    - $633 on hotel stay, parking fees, and online purchases without supporting documentation
- 2015 fee account totaling $218 for the following items:
    - $218 on satellite radio which is not necessary for the operation
- 2016 fee account totaling $4,339 for the following items:
    - $114 on newspaper advertisements that were not necessary
    - $4,225 on credit card purchases for hotel stays and online purchases without supporting documentation

These disallowed disbursements have not been repaid by the former sheriff. The former sheriff was aware of these disallowed items in the prior audits, but so far has chosen not to repay the fee accounts from personal funds. The result of these disallowed disbursements is misspent taxpayer funds and a reduction in the amount of excess fees paid to fiscal court. The former sheriff is responsible for repaying this amount personally. In Funk v. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court reaffirmed the rule 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 personal expenses.

We recommend the former sheriff personally reimburse the 2016 fee account $1,366; the 2015 fee account $218; and 2014 fee account $4,339; or, personally reimburse the fiscal court $5,923 for the cumulative additional excess fees owed for these years. This finding will be referred to the Greenup County Attorney.

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

2017-002 Disallowed Disbursements Totaling $32,994 From The 2016, 2015, And 2014 Special Enforcement Account Were Not Repaid By The Former Sheriff

This is a repeat finding and was reported in the prior year audit as findings 2016-001, 2016-005, and 2016-006.

The former sheriff had disallowed disbursements in the special enforcement account for the following audits:

- 2016 special enforcement account totaling $3,070 for the following items:
    - $2,800 in cash withdrawals without supporting documentation
    - $270 for bullet-proof vests without supporting documentation

STATE LAWS AND REGULATIONS: (Continued)

2017-002 Disallowed Disbursements Totaling $32,994 From The 2016, 2015, And 2014 Special Enforcement Account Were Not Repaid By The Former Sheriff (Continued)

- 2015 special enforcement account totaling $12,471 for the following items:
    - $12,300 in cash withdrawals without supporting documentation
    - $171 to an individual without supporting documentation
- 2014 special enforcement account totaling $17,453 for the following items:
    - $5,378 in forfeited funds not deposited to the account
    - $9,000 in cash withdrawals without supporting documentation
    - $3,000 to a car dealership without supporting documentation
    - $75 to an individual without supporting documentation

These disallowed disbursements have not been repaid by the former sheriff. The former sheriff was aware of these disallowed items in prior audits, but so far has chosen not to repay the special enforcement account from personal funds. The result of these disallowed disbursements is a reduction of the funds available in the special enforcement account to use for law enforcement and drug prevention. The former sheriff is responsible for repaying this amount personally. KRS 218A.420(4)(a) requires drug funds forfeited to the sheriff's office to be used for "direct law enforcement purposes." Also, KRS 134.160 requires the sheriff to keep an accurate account and maintain support of all moneys received and disbursed from his office.

We recommend the former sheriff personally reimburse the special enforcement account $3,070 for 2016; $12,471 for 2015; and $17,453 for 2014 for a total of $32,994. This finding will be referred to the Greenup County Attorney.

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

2017-003 The Former Sheriff Did Not File A Listing Of Property Seized With The Proper Authorities

This is a repeat finding and was included in the prior year audit report as finding 2016-010. During calendar year 2017, the former sheriff did not submit a listing of property seized with the appropriate authorities. The former sheriff failed to ensure a listing of seized property was submitted at year end. As a result, the former sheriff may be liable to the state for the full value of all property and money seized, as stated in KRS 218A.440(2). KRS 218A.440(1) requires each law enforcement agency seizing money or property pursuant to KRS 218A.415, at the close of each fiscal year, to file a statement with the Auditor of Public Accounts and with the Secretary of the Justice and Public Safety Cabinet containing a detailed listing of all money and property seized in that fiscal year and the disposition thereof. The listing must identify all property seized. We recommend the sheriff's office comply with this statute in the future.

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

GREENUP COUNTY
KEITH COOPER, FORMER SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 2017
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESS:

2017-004 The Former Sheriff's Office Lacked Adequate Segregation Of Duties

This is a repeat finding and was included in the prior year audit report as finding 2016-013. The former sheriff's office continues to lack adequate segregation of duties. The former sheriff's bookkeeper collected payments from customers, prepared deposits, wrote checks, posted transactions to the receipts and disbursements ledgers, and prepared monthly and quarterly reports. The former sheriff or another employee did not document oversight of any of these activities. The former sheriff indicated this was caused by a limited budget, which restricts the number of employees the sheriff can hire or delegate duties to. A lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies such as Department for Local Government.

The segregation of duties over various accounting functions such as opening mail, preparing deposits, recording receipts and disbursements, and preparing monthly reports or the implementation of compensating controls is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. We recommend the sheriff's office segregate the duties involved in receiving cash, preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliations, and comparing financial reports to ledgers. If this is not feasible, due to a limited budget, cross checking procedures could be implemented and documented by the individual performing the procedures.

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