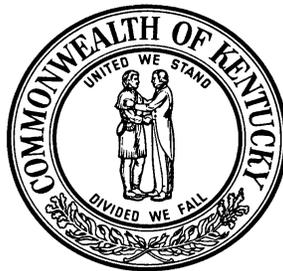


**REPORT OF THE AUDIT OF THE FORMER
GREENUP COUNTY
SHERIFF'S SETTLEMENT - 2018 TAXES**

**For The Period
April 17, 2018 Through December 31, 2018**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE 502.564.5841
FACSIMILE 502.564.2912**

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT 1

SHERIFF’S SETTLEMENT - 2018 TAXES4

NOTES TO FINANCIAL STATEMENT 5

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* 9

SCHEDULE OF FINDINGS AND RESPONSES 13

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
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 have audited the former Greenup County Sheriff's Settlement - 2018 Taxes for the period April 17, 2018 through December 31, 2018 - Regulatory Basis, 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 the 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 as described in Note 1. 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 Sheriff's Tax Settlements*, 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the former Greenup County Sheriff on the basis of accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the taxes charged, credited, and paid of the former Greenup County Sheriff, for the period April 17, 2018 through December 31, 2018.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the taxes charged, credited, and paid for the period April 17, 2018 through December 31, 2018 of the former Greenup County Sheriff, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020, 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 and grant agreements, and other matters. The purpose of that report is 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. That 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.

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

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

Other Reporting Required by *Government Auditing Standards* (Continued)

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:

- 2018-001 The Former Sheriff Did Not Collect Receivables Or Pay Liabilities Of The 2017 Tax Year
- 2018-002 The Former Sheriff Did Not Collect Receivables Or Pay Liabilities Of The 2016 Tax Year
- 2018-003 The Former Sheriff Did Not Collect Receivables Or Pay Liabilities Of The 2014 Tax Year
- 2018-004 The Former Sheriff Did Not Collect Receivables Or Pay Liabilities Of The 2013, 2012, 2011, And 2010 Tax Years
- 2018-005 The Former Sheriff's Office Lacked Adequate Segregation Of Duties

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

January 30, 2020

GREENUP COUNTY
KEITH COOPER, FORMER SHERIFF
SHERIFF'S SETTLEMENT - 2018 TAXES

For The Period April 17, 2018 Through December 31, 2018

	County	Special Taxing Districts	School	State
<u>Charges</u>				
Total Per Sheriff's Official Receipt	\$ 4,669,779	\$ 5,071,323	\$ 12,126,539	\$ 2,089,873
<u>Other Taxes & Charges</u>				
Court Ordered Increases	93		181	82
Franchise Taxes	519,274	394,066	1,184,879	
Additional Billings	5,516	5,344	14,226	2,120
Prior Year Additional Bills	25			
Gross Chargeable to Sheriff	5,194,687	5,470,733	13,325,825	2,092,075
<u>Credits</u>				
Exonerations	16,312	16,920	42,035	7,389
Discounts	73,919	81,290	191,703	33,987
Franchise Taxes - Uncollected	52,149	44,212	129,008	
Transferred To Incoming Sheriff:				
Real Estate & Tangible Taxes	441,126	465,581	1,154,786	180,931
Franchise Taxes - Uncollected	358			
Total Credits	583,864	608,003	1,517,532	222,307
Taxes Collected	4,610,823	4,862,730	11,808,293	1,869,768
Less: Sheriff's Commissions*	195,968	206,658	270,202	79,465
Taxes Due Districts	4,414,855	4,656,072	11,538,091	1,790,303
Taxes Paid	4,411,656	4,652,923	11,529,652	1,789,083
Refunds (Current and Prior Year)	3,201	3,149	8,439	1,217
Taxes Due Districts (Refund Due Sheriff)	\$ (2)	\$ 0	\$ 0	\$ 3

* Commissions:

4.25% on	\$	11,343,321
2.5% on	\$	6,807,244
2% on	\$	5,001,049

The accompanying notes are an integral part of this financial statement.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2018

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

KRS 66.480 authorizes the sheriff's office to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

D. Preparation of State Settlement

The Kentucky Department of Revenue conducts the settlement relating to taxes collected for the state under the provision of KRS 134.192(2)(a). This is reported as the "State Taxes" column on the financial statement.

Note 2. Deposits

The former Greenup County Sheriff maintained deposits of public funds with depository institutions insured by the FDIC as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The former Greenup County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of December 31, 2018, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2018
(Continued)

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2018. Property taxes were billed to finance governmental services for the fiscal year ended June 30, 2019. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 26, 2018 through December 31, 2018.

B. Franchise Taxes

The franchise tax assessments were levied by the Department of Revenue for various tax years. Franchise taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was April 17, 2018 through December 31, 2018.

Note 4. Interest Income

The former Greenup County Sheriff earned \$2,049 as interest income on 2018 taxes. The former sheriff was in substantial compliance with his statutory responsibilities.

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*

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Robert W. 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 have audited, 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 former Greenup County Sheriff's Settlement - 2018 Taxes for the period April 17, 2018 through December 31, 2018 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated January 30, 2020. 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.

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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, which are described in the accompanying Schedule of Findings and Responses as items 2018-001, 2018-002, 2018-003, 2018-004, and 2018-005 that we consider to be significant deficiencies.



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*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the former Greenup County Sheriff's financial statement is free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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,

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

Mike Harmon
Auditor of Public Accounts

January 30, 2020

SCHEDULE OF FINDINGS AND RESPONSES

THIS PAGE LEFT BLANK INTENTIONALLY

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

For The Period April 17, 2018 Through December 31, 2018

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES:

2018-001 The Former Sheriff Did Not Collect Receivables Or Pay Liabilities Of The 2017 Tax Year

The former sheriff did not collect receivables or pay liabilities as determined by the audit of the 2017 tax year. As a result, the following amounts remain unresolved as of the former sheriff's retirement on December 31, 2018:

<u>Receivables</u>		<u>Liabilities</u>	
Common School	\$ 53	County	\$ 42
Maloneton Fire	44	Raceland School	65
Franchise Taxpayers -		Russell School	29
Extension Rate Error	210	Library	14
Franchise Taxpayers -		Extension	263
Ambulance Rate Error	12	Ambulance	15
		Owed to Fee Account	150

Additionally, the current bank balance is \$761. Once the receivables are collected and the liabilities are paid the ending account balance will be \$502, which was to be paid to the county treasurer upon resolution of the above items, and this has not occurred.

By not collecting these receivables and paying these liabilities timely, entities have been deprived of funds owed to them. If the franchise bill errors had been caught before the bills were sent, the extension and ambulance districts would have received the amounts owed to them timely.

KRS 134.192 requires the sheriff to annually settle his accounts and pay to the county treasurer all money that remains as a result of the tax settlement.

The receivable from Maloneton Fire was caused by an overpayment on the November 2017 monthly report. The receivable and liability for the extension district was the result of an incorrect tax rate being used on the 2015 franchise tax bills. The receivable and liability for the ambulance district was the result of an incorrect tax rate being used on a 2016 franchise tax bill. The bills are prepared by the county clerk's office, but the former sheriff's office personnel failed to verify the tax rates were correct prior to sending out the bills.

The amount owed to the fee account is to repay the cash drawer start-up funds, less bank charges for checks ordered. The causes of the receivable from the common school and the liabilities to the county, Raceland School and Russell School districts were not determined.

We recommend the former sheriff take the necessary actions to collect the receivables that will enable him to pay the remaining liabilities of the 2017 tax account as listed above. Once this is completed, the remaining account balance of \$502 should be paid to the county treasurer.

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 Period April 17, 2018 Through December 31, 2018
 (Continued)

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES: (Continued)

2018-002 The Former Sheriff Did Not Collect Receivables Or Pay Liabilities Of The 2016 Tax Year

This is a repeat finding that was included in the prior year audit report as finding 2017-001.

The former sheriff did not collect receivables or pay liabilities as determined by the audit of the 2016 tax year. As a result, the following amounts remain unresolved as of the former sheriff's retirement on December 31, 2018:

<u>Receivables</u>		<u>Liabilities</u>	
Raceland School	\$ 33	County	\$ 314
Russell School	23	Common School	540
Commission Overpayment		Library	35
From Fee Account	247	Extension	265
Franchise Taxpayers –		Ambulance	84
Extension Error	270		
Franchise Taxpayers-			
Ambulance Error	86		

The bank account balance is \$642. Once these items are collected and paid, the ending bank balance will be \$64, which was to be paid to the county treasurer upon resolution of the above items and this has not occurred.

By not collecting these receivables and paying these liabilities timely, entities have been deprived of funds owed to them. If the franchise bill errors had been caught before the bills were sent, the extension and ambulance districts would have received the amounts owed to them timely.

KRS 134.192 requires the sheriff to annually settle his accounts and pay to the county treasurer all money that remains as a result of the tax settlement.

The \$265 owed to the extension district was the result of an incorrect tax rate being used on the 2015 franchise tax bills. The \$84 owed to the ambulance district was the result of an incorrect tax rate being used on the 2016 franchise tax bills. The bills are prepared by the county clerk's office, but the former sheriff's office personnel failed to verify the tax rates were correct prior to sending out the bills. The commission overpayment and amount underpaid to the county were the result of a computer computation error on the October monthly reports that also was not detected by the former sheriff's office personnel. The causes of the overpayment to the Raceland and Russell school districts and underpayment to common school and library districts were not determined.

We recommend the former sheriff take the necessary actions to collect the receivables that will enable him to pay the remaining liabilities of the 2016 tax account as listed above. Once this is completed, the remaining account balance of \$64 should be paid to the county treasurer.

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 Period April 17, 2018 Through December 31, 2018
 (Continued)

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES: (Continued)

2018-003 The Former Sheriff Did Not Collect Receivables Or Pay Liabilities Of The 2014 Tax Year

This is a repeat finding that was included in the prior year audit report as finding 2017-002.

The former sheriff did not collect receivables or pay liabilities as determined by the audit of the 2014 tax year. As a result, the following amounts remain unresolved as of the former sheriff's retirement on December 31, 2018:

<u>Receivables</u>		<u>Liabilities</u>	
Load VFD	\$ 852	County	\$ 62
Maloneton VFD	967	Common School	914
		Little Sandy VFD	69

Furthermore, the ending account balance of \$774 was to be paid to the county treasurer upon resolution of the above items and this has not occurred.

By not collecting these receivables and paying these liabilities timely, entities have been deprived of funds owed to them. Not following the recommended collection and payment schedule per the 2014 audit, it is more difficult to determine the amounts that need to be collected and paid.

KRS 134.192 requires the sheriff to annually settle his accounts and pay to the county treasurer all money that remains as a result of the tax settlement.

The former sheriff has not ensured recommendations from the prior year audit were followed. Because the former sheriff did not collect the amounts due, he has not been able to pay the amounts owed to taxing districts.

We recommend the former sheriff take the necessary action to collect the receivables that will enable him to pay the remaining liabilities of the 2014 tax account as listed above. Once this is completed, the remaining account balance should be paid to the county treasurer.

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

2018-004 The Former Sheriff Did Not Collect Receivables Or Pay Liabilities Of The 2013, 2012, 2011, And 2010 Tax Years

This is repeat finding that was included in the prior year as finding 2017-003.

The former sheriff did not collect receivables or pay liabilities as determined by audits for the 2013, 2012, 2011, and 2010 tax years. The former sheriff had previously paid some of the liabilities and attempted to resolve some of the remaining liabilities by netting them with other years. As a result, the following amounts remain unresolved as of the former sheriff's retirement on December 31, 2018:

GREENUP COUNTY
 KEITH COOPER, FORMER SHERIFF
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Period April 17, 2018 Through December 31, 2018
 (Continued)

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES: (Continued)

2018-004 The Former Sheriff Did Not Collect Receivables Or Pay Liabilities Of The 2013, 2012, 2011, And 2010 Tax Years (Continued)

<u>Receivables</u>		<u>Liabilities</u>	
Common School	\$ 5,566	County	\$ 2,591
Wurtland VFD	201		
South Shore VFD	171		
Lloyd VFD	221		
Little Sandy VFD	896		
City of Wurtland	1,006		
City of Raceland	367		

Furthermore, the ending cumulative surplus of \$5,837 was to be paid to the county treasurer upon resolution of the above items and this has not occurred.

By not collecting these receivables and paying these liabilities timely, entities have been deprived of funds owed to them. By not following the recommended collection and payment schedules per the 2013, 2012, 2011, and 2010 audits, it is more difficult to determine the amounts that need to be collected and paid.

KRS 134.192 requires the sheriff to annually settle his accounts and pay to the county treasurer all money that remains as a result of the tax settlement.

The former sheriff did not ensure recommendations from prior years' audits were followed. Because the former sheriff did not collect the amounts due, he has not been able to pay the amounts owed to taxing districts.

We recommend the former sheriff take the necessary action to collect the cumulative receivables that will enable him to pay the remaining cumulative liabilities of the 2013, 2012, 2011, and 2010 tax accounts as listed above. Once this is completed, the remaining account balance of \$5,837 should be paid to the county treasurer.

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 Period April 17, 2018 Through December 31, 2018
(Continued)

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES: (Continued)

2018-005 The Former Sheriff's Office Lacked Adequate Segregation Of Duties

This is a repeat finding and was included in the prior year report as finding 2017-004.

The former sheriff's office lacked adequate segregation of duties. The former sheriff's office allowed the bookkeeper to collect taxes, prepare deposits, prepare monthly tax reports, write checks to taxing districts, and reconcile the bank account. There were some reviews of the bookkeeper's work, but not enough documentation of the reviews to determine oversight was in place.

Proper segregation of duties over collecting taxes, preparing daily tax collection journals, preparing monthly reports, preparing deposits, and preparing disbursements is essential protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the course of performing their daily responsibilities.

The former sheriff did not structure his office in a way that adequately segregated duties among employees, and did not provide sufficient oversight of the bookkeeper's work.

We recommend the sheriff's office adequately segregate duties. A proper segregation of duties may not be possible with a limited number of employees, and in that case, the sheriff could take on the responsibility of reviewing the daily deposits, receipts and disbursements ledgers, monthly reports, and bank reconciliations prepared by another employee. These reviews must be documented in a way that indicates what was reviewed, by whom, and when, because signing off on inaccurate information does not provide internal control. The sheriff could also choose to prepare the bank reconciliations and other reports himself.

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