



Auditor of Public Accounts
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Harmon Releases Agreed-Upon Procedures Engagement of Caldwell County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the 2019 agreed-upon procedures engagement of Caldwell County Sheriff Stan Hudson. State law requires the auditor to annually audit the accounts of each county sheriff. In compliance with this law, the auditor issues two sheriff's reports each year: one reporting on the audit of the sheriff's tax account, and the other reporting on the audit of the fee account used to operate the office.

In 2018 the Kentucky General Assembly, following a recommendation by the State Auditor, passed legislation that allows county sheriffs and clerks that met certain criteria to apply for an Agreed-Upon Procedures (AUP) engagement in lieu of an audit of their fee account. The intent of the change, which became effective in July 2018, was to reduce audit costs for sheriffs and clerks that have a history of clean audits, while still maintaining an appropriate level of accountability.

The Caldwell County Sheriff applied for and received approval from the Auditor of Public Accounts (APA) to obtain an AUP engagement for calendar year 2019 in accordance with KRS 43.070(1)(c). AUP reports present the procedures performed and the results of those procedures, called findings. Auditors performed the procedures, which were agreed to by the Caldwell County Sheriff, on receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities for the period January 1, 2019 through December 31, 2019.

The following exceptions were identified during the AUP engagement:

- **The sheriff's operating disbursements exceeded the sheriff's approved operating budget by \$469.**

Sheriff's Response: The sheriff's office was faced with ordering checks at the start of the tax season for disbursement for both the property tax account, as well as the franchise account. Over the previous years, a set fee of \$100.00 had been automatically inserted into this box on the budget; however, this amount had not been taken out of the budgetary confinement and used from the line item. These checks were pulled directly from the fee account therefore subtracting the amount directly and utilizing this budgetary line. For the 2020 budget, this line is being increased as well as a different means of ordering checks and deposit slips, as not to get them directly from the bank.

- **Tax commissions were overstated by \$19,623 due to the sheriff combining add-on fees with tax commissions on the fourth quarter financial statement.**

Sheriff's Response: As stated in the finding, the difference in the amount actually collected and the amount reported is due to combining add-on fees with tax commissions on the 4th Quarter Financial Statement, which was overlooked when transferring those numbers to their respective lines. Corrective measures and awareness will be made to separate those totals so there does not look to be a discrepancy in overage.

- **The sheriff's maximum salary order for deputies was overspent by \$118,868.**

*Sheriff's Response: The sheriff's office respectfully disagrees with the finding the maximum salary order for deputies was **overspent** by \$118,868 due to employer matching. The sheriff's office has never employer-matched. After reviewing the fiscal court minutes it is noted, The Annual Order Setting Maximum Amount for Deputies and Assistants form was not filled out from the sheriff. It is not the form that is customarily filled out. It looks to be copied and pasted from the County Clerk's form. It is the opinion of the sheriff's office this form was mistakenly marked and submitted to the fiscal court. As shown with the examples provided from previous years, the sheriff's office is well within the maximum salary order for deputies had the "employer match" not been marked, therefore, we disagree with the finding.*

Due to the current finding of The Annual Order Setting Maximum Amount for Deputies and Assistants Form being incorrectly filled out, the sheriff's office will implement the corrective measure of having the sheriff fill out the form, as well as initial the form and submit it to the fiscal court, avoiding further confusion and the projection the sheriff's office is not staying within the confines of the maximum salary order.

The sheriff's responsibilities include collecting property taxes, providing law enforcement and performing services for the county fiscal court and courts of justice. The sheriff's office is funded through statutory commissions and fees collected in conjunction with these duties.

The agreed-upon procedures report can be found on the [auditor's website](#).

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