

**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
GRAVES COUNTY
PROPERTY VALUATION ADMINISTRATOR**

**For The Period
July 1, 2021 Through June 30, 2022**



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

SUMMARY OF PROCEDURES AND FINDINGS

**AGREED-UPON PROCEDURES OF THE
GRAVES COUNTY PROPERTY VALUATION ADMINISTRATOR**

For The Period July 1, 2021 Through June 30, 2022

The Graves County Property Valuation Administrator received an Agreed-Upon Procedures (AUP) engagement for the period July 1, 2021 through June 30, 2022. AUP reports present the procedures performed and the results of those procedures, called findings. The summary below presents those findings for which an exception (an instance of noncompliance with the criteria) was identified during the AUP engagement.

During the AUP engagement of the Graves County Property Valuation Administrator, the following exceptions were noted:

- Weekly or daily deposits when receipts were \$250 or more could not be determined since prenumbered receipts were not issued.
- Fifteen disbursements were judgmentally selected for testing. Due to the nature of exceptions found, disbursements testing was expanded, and the following exceptions were noted:
 - Eleven instances, which totaled \$528, of meal reimbursements paid that were in excess of state per diem rate.
 - Six out of state gas transactions, which totaled \$325, that were not for official use.
 - Three individual Sam's Club memberships, which totaled \$140, were paid from office funds.
 - The PVA reimbursed himself \$305 for an office expense paid on the office credit card.
 - Ten disbursements, which totaled \$995, had no supporting documentation.
 - The PVA would not provide the detailed billing pages for three cell phone charges totaling \$658.
 - Ten payee postings in the PVA's disbursements ledger did not agree to bank records.

The PVA should reimburse his official account \$2,951 for unsupported and unallowable disbursements. This matter will be referred to the Kentucky State Police, Kentucky Executive Branch Ethics Commission, Graves County Attorney, and Kentucky Attorney General.

- Capital outlay disbursements were agreed to supporting documentation and bank records. The PVA purchased two vehicles totaling \$94,315 from one vendor without following the Graves County Fiscal Court procurement policy which requires bidding or the use of state pricing contracts for goods and/or services which exceed \$30,000.

Newly acquired assets were observed, however a 2022 Chevrolet Suburban, purchased June 8, 2022 was not added to the PVA's Capital Asset Listing Inventory. Additionally, a 2019 Suburban was not properly surplus as the PVA failed to follow Kentucky Finance and Administration Cabinet Policies and Procedures for Surplus State Owned Personal Property (FAP 220-19-00). The 2019 Suburban was given to the Graves County Fiscal Court. The 2019 Suburban was not removed from the PVA's Capital Asset Listing Inventory.



SUMMARY OF PROCEDURES AND FINDINGS
AGREED-UPON PROCEDURES OF THE
GRAVES COUNTY PROPERTY VALUATION ADMINISTRATOR
For The Period July 1, 2021 Through June 30, 2022
(Continued)

During the AUP engagement of the Graves County Property Valuation Administrator, the following exceptions were noted: (Continued)

- During the performance of the capital asset procedure, we found that the PVA continued to use the 2019 Suburban as the basis of his "PVA Quarterly Personal Use of Office Vehicle Computation (OVC)". The PVA's 2021 OVC was corrected by the Department of Revenue, which yielded an increased taxable fringe. The PVA's 2022 OVC contained the same error as the 2021 OVC and was not corrected. Additionally, the PVA failed to update the quarterly lease value of the new Suburban being driven which caused an understatement of his taxable fringe benefit. This matter will be referred to the Department of Revenue.
- Budget to actual disbursements was compared and the PVA overspent the 200 account series by \$49, the 300 account series by \$21,875, and the 600 account series by \$33,615.

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

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts
Frankfort, KY
March 24, 2023



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

Holly M. Johnson, Secretary, Finance and Administration Cabinet
The Honorable Howel Carr, Graves County Property Valuation Administrator
Mayfield, Kentucky 42066

We have performed the procedures enumerated below related to the Graves County Property Valuation Administrator's (PVA) compliance with the *Fiscal and Personnel Administration Manual for the Office of Property Valuation Administrator* regarding the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts during the period July 1, 2021 through June 30, 2022.

An agreed-upon procedures engagement involves the APA performing specific procedures that the PVA has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. The Graves County PVA is responsible for compliance with these requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The Graves County PVA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining the PVA's compliance with the *Fiscal and Personnel Administration Manual for the Office of Property Valuation Administrator* regarding the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and findings are as follows:

1. Procedure -

Determine if the PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. Re-perform the year-end bank reconciliation (June 30, 2022), for all bank accounts, to determine if amounts are accurate.

Finding -

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



Holly M. Johnson, Secretary, Finance and Administration Cabinet
The Honorable Howel Carr, Graves County Property Valuation Administrator
(Continued)

2. Procedure -

Confirm all payments by the city to the PVA. Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also compare recorded city receipts to the DOR list of cities to determine if the PVA has accounted for all city receipts.

Finding -

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

3. Procedure -

Confirm all payments made by the fiscal court to the PVA. Compare the budgeted statutory contribution by the fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.

Finding -

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

4. Procedure -

Select one month (July 2021 - June 2022) and review bank statement(s) to determine if deposits were made weekly at a minimum or if receipts of \$250 or more are deposited daily. Choose one week from month selected and determine if pre-numbered receipts were issued.

Finding -

Weekly or daily deposits when receipts were \$250 or more could not be determined since prenumbered receipts were not issued.

5. Procedure -

Determine if the PVA has a change fund and document the amount of the PVA's change fund.

Finding -

The PVA has a change fund of \$20.

6. Procedure -

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

Holly M. Johnson, Secretary, Finance and Administration Cabinet
 The Honorable Howel Carr, Graves County Property Valuation Administrator
 (Continued)

6. (Continued)

Finding -

Fifteen disbursements were judgmentally selected for testing. Due to the nature of exceptions found, disbursements testing was expanded, and the following exceptions were noted:

- Eleven instances, which totaled \$528, of meal reimbursements paid that were in excess of state per diem rate.
- Six out of state gas transactions, which totaled \$325, that were not for official use.
- Three individual Sam's Club memberships, which totaled \$140, were paid from office funds.
- The PVA reimbursed himself \$305 for an office expense paid on the office credit card.
- Ten disbursements, which totaled \$995, had no supporting documentation.
- The PVA would not provide the detailed billing pages for three cell phone charges totaling \$658.
- Ten payee postings in the PVA's disbursements ledger did not agree to bank records.

The PVA should reimburse his official account \$2,951 for unsupported and unallowable disbursements. This matter will be referred to the Kentucky State Police, Kentucky Executive Branch Ethics Commission, Graves County Attorney, and the Kentucky Attorney General.

PVA's Response: Since taking office in 1998, we have been told by PVA support that we have the choice of using the state or county reimbursements.

Auditor's Reply: The Graves County PVA followed a document from 2015 that has been superseded by travel policies maintained on the PVA's Department of Revenue Intranet Site. These policies include 200 KAR 2:006, Employees' reimbursement for travel. Section 2 (1), states, "Affected agencies. Except as otherwise provided by law, this administrative regulation shall apply to all departments, agencies, boards, and commissions, and institutions of the executive branch of state government, except state-supported universities. It shall not apply to the legislative and judicial branches and their employees."

7. Procedure -

Compare capital outlay disbursements with supporting documentation, bank records, and proper purchasing procedures. Observe newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.

Finding -

Capital outlay disbursements were agreed to supporting documentation and bank records. The PVA purchased two vehicles totaling \$94,315 from one vendor without following the Graves County Fiscal Court procurement policy which requires bidding or the use of state pricing contracts for goods and/or services which exceed \$30,000.

Newly acquired assets were observed, however a 2022 Chevrolet Suburban, purchased June 8, 2022 was not added to the PVA's Capital Asset Listing Inventory. Additionally, a 2019 Suburban was not properly surplused as the PVA failed to follow Kentucky Finance and Administration Cabinet Policies and Procedures for State Owned- Personal Property. The 2019 Suburban was given to the Graves County Fiscal Court. The 2019 Suburban was not removed from the PVA's Capital Asset Listing Inventory.

Holly M. Johnson, Secretary, Finance and Administration Cabinet
The Honorable Howel Carr, Graves County Property Valuation Administrator
(Continued)

7. (Continued)

Finding - (Continued)

During the performance of the capital asset procedure, we found that the PVA continued to use the 2019 Suburban as the basis of his "PVA Quarterly Personal Use of Office Vehicle Computation (OVC)". The PVA's 2021 OVC was corrected by the Department of Revenue, which yielded an increased taxable fringe. The PVA's 2022 OVC, contained the same error as the 2021 OVC and was not corrected. Additionally, the PVA failed to update the quarterly lease value of the new Suburban being driven which caused an understatement of his taxable fringe benefit. This matter will be referred to the Department of Revenue.

8. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

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

9. Procedure -

Compare the PVA's final budget to actual disbursements to determine if the PVA overspent in any account series.

Finding -

Budget to actual disbursements were compared and the PVA overspent in the 200 account series by \$49, the 300 account series by \$21,875, and the 600 account series by \$33,615.

10. Procedure -

Determine whether cash balances were properly transferred from the former PVA to the new PVA.

Finding -

Not applicable as no change in the PVA.

11. Procedure -

For PVA office employees hired between July 1, 2021 and June 30, 2022, determine if the Ethics Certification Form has been completed and is on file.

Finding -

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

Holly M. Johnson, Secretary, Finance and Administration Cabinet
The Honorable Howel Carr, Graves County Property Valuation Administrator
(Continued)

12. Procedure -

Determine if the PVA's office was closed any day other than the state's approved holidays. If so, determine if the proper procedures and forms were completed.

Finding -

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

We were engaged by the Finance and Administration Cabinet, Department of Revenue and the Graves County PVA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Graves County PVA and of the Finance and Administration Cabinet, Department of Revenue and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is to present the procedures performed and the results of those procedures and is not suitable for any other purpose. This report is intended solely for the information and use of the Graves County PVA and the Finance and Administration Cabinet, Department of Revenue and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts
Frankfort, KY

March 24, 2023