

**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
FORMER SHELBY COUNTY ATTORNEY**

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



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SUMMARY OF PROCEDURES AND FINDINGS

**AGREED-UPON PROCEDURES OF THE
FORMER SHELBY COUNTY ATTORNEY**

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

The former Shelby County Attorney 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 former Shelby County Attorney, the following exceptions were noted:

- Deposits tested agree to the deposit tickets, former county attorney's receipts ledger, and bank statements. Law Library deposits were not recorded on a receipts ledger.
- Law Library disbursements were not recorded on a disbursements ledger.

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,

Mike Harmon
Auditor of Public Accounts
Frankfort, KY
November 18, 2022



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AUDITOR OF PUBLIC ACCOUNTS

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

The Honorable Dan Ison, Shelby County Judge/Executive
The Honorable Hart Megibben, Former Shelby County Attorney
The Honorable Carrie Insco McIntyre, Shelby County Attorney
Members of the Shelby County Fiscal Court

We have performed the procedures enumerated below related to the former Shelby County Attorney's compliance with applicable sections of the Kentucky Revised Statutes (KRS), Kentucky Administrative Regulations (KAR), and *the Generally Accepted Standards for Funds of County Attorney Offices* during the period July 1, 2021 through June 30, 2022.

An agreed-upon procedures engagement involves the APA performing specific procedures that the former county attorney 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 former Shelby County Attorney 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 representations 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 former Shelby County Attorney has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining the former county attorney's compliance with applicable sections of the KRS, KAR, and the *Generally Accepted Standards for Funds of County Attorney Offices*. The purpose of the engagement is to assist users in determining whether the former county attorney complied with the specified requirements. 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 -

Obtain a list of bank accounts maintained by the former county attorney that are applicable for the fiscal year.

Finding -

No exceptions were found as a result of applying the procedure. The former county attorney maintained cold checks, delinquent tax, delinquent tax escrow, child support, child support supplemental, traffic diversion, victim disbursement, and law library bank accounts.



The Honorable Dan Ison, Shelby County Judge/Executive
The Honorable Hart Megibben, Former Shelby County Attorney
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Members of the Shelby County Fiscal Court
(Continued)

2. Procedure -

Determine if the former county attorney has a petty cash or a change fund and document the amount of the former county attorney's petty cash and change fund.

Finding -

No exceptions were found as a result of applying the procedure. The change fund was \$250.

3. Procedure -

Confirm all payments made by the fiscal court to the county attorney's office. Trace the fiscal court payments from the fiscal court confirmation to the former county attorney's receipts ledger and official bank account.

Finding -

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

4. Procedure -

Determine if the former county attorney collected cold check fees, delinquent taxes, and traffic safety program receipts.

Finding -

The county attorney collects cold check fees, delinquent taxes, and traffic safety program receipts.

5. Procedure -

Confirm all traffic safety receipts from third party vendors who collect traffic safety program fees and trace to the former county attorney's receipts ledger and bank statements.

Finding -

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

6. Procedure -

Confirm all delinquent tax receipts received from the county clerk and trace to the former county attorney's receipts ledger and bank statements.

Finding -

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

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(Continued)

7. Procedure -

Select five random deposits and agree total receipts per deposit tickets to the county attorney's receipts ledger and bank statement for each deposit made.

Finding -

Deposits tested agree to the deposit tickets, former county attorney's receipts ledger, and bank statements. Law Library deposits were not recorded on a receipts ledger.

Former County Attorney's Response: Per KRS 172.200(1) the county attorney along with two other members of the county's bar are the trustees of the county law library. Per 172.200(5), the trustees designate one "of their number as treasurer and he shall be accountable for the receipt, deposit, and disbursement of all sums received for the operation the county law library. While the Shelby County Attorney issues checks and pays bills from the law library account and makes deposits thereto, historically attorney [name redacted] who serves as one of the trustees has served as treasurer and, per statute, has filed an annual report with the circuit judge "showing all sums received by him, together with the court from which they were received, and an itemized statement of all expenditures made by him. Nevertheless, from this point forward, the Shelby County Attorney's office will obtain and keep a copy of the law library deposits and record them on a receipts ledger.

8. Procedure -

Determine if excess cold check fees held by the former county attorney on June 30 were turned over to the fiscal court, if applicable. Obtain copy of documentation for payment of excess cold check fees.

Finding -

Per the approved Shelby County Fiscal Court ordinance, the former Shelby County Attorney may retain cold check fees for operations of the county attorney's office.

9. Compliance Procedure -

Determine if the county attorney received any KRS Chapter 218A asset forfeiture funds, then determine whether these funds were submitted to the Prosecutor's Advisory Council (PAC) in accordance with 40 KAR 4:010. Obtain operating expense documentation and determine if the use of these funds was for a law enforcement purpose.

Finding -

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

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(Continued)

10. Compliance Procedure -

Judgmentally select 30 operating disbursements from the former county attorney's records and agree amounts paid to invoices or other supporting documentation and bank information. Determine if the disbursement is for official operating expenses and in accordance with KRS 514.040(5), KRS 134.545, and KRS 186.574(6)(c)1. Inspect all credit card statements (if any) to determine if disbursements are for official business.

Finding -

No exceptions were found as a result of applying the procedure, with the exception that Law Library disbursements were not recorded on a disbursements ledger.

Former County Attorney's Response: The law library records are maintained by the duly designated treasurer of the county law library per statute and funds in the law library account cannot be expended for county attorney operating expenses. The Shelby County Attorney is not presently the treasurer of the Shelby County Law Library as noted in the response to procedure #7 above.

11. Procedure -

Compare lease agreements, rental agreements, and service contracts to actual payments. Determine if services were for official business and properly authorized.

Finding -

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

12. Procedure -

Inspect the former county attorney's annual salary statement to determine if the total exceeded the maximum total allowable annual compensation as calculated by DLG. If the former county attorney receives compensation for administering the child support enforcement program, determine whether the county attorney was compensated at the hourly rate stated in the child support enforcement contract.

Finding -

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

13. Compliance Procedure -

Obtain a list of county attorney employees, and their employee classification as exempt or non-exempt for the purpose of Kentucky wage and hour laws. For employees covered by KRS 337.320 requiring an employer to maintain a time record, determine over two pay periods whether such records are completed, maintained, approved, and support hours paid. For all employees, determine if any bonuses were paid.

Finding -

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

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(Continued)

14. Procedure -

Determine if cash balances were transferred from the former county attorney to the new county attorney, if applicable.

Finding -

Not applicable since there was no change in the county attorney.

We were engaged by the former Shelby County Attorney 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 former Shelby County Attorney and to meet our other 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 intended for any other purpose. This report is intended solely for the information and use of the former Shelby County Attorney and the Shelby County Fiscal Court 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 Harmon", with a long horizontal flourish extending to the right.

Mike Harmon
Auditor of Public Accounts
Frankfort, KY

November 18, 2022