

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

**For The Period  
July 1, 2017 Through September 20, 2018**



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**AUDITOR OF PUBLIC ACCOUNTS**

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

William M. Landrum III, Secretary, Finance and Administration Cabinet  
The Honorable Nancy Bock, Former McCracken County Property Valuation Administrator  
The Honorable Bill Dunn, McCracken County Property Valuation Administrator  
Paducah, Kentucky 42001

We have performed the procedures enumerated below, which were agreed to by the Finance and Administration Cabinet, Department of Revenue (DOR), and the former McCracken County Property Valuation Administrator (PVA), solely to assist you with the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts for the period July 1, 2017 through September 20, 2018. PVA's management is responsible for the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 described below either for the purpose for which this report has been requested or for any other purpose.

Our 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 (September 20, 2018), for all bank accounts, to determine if amounts are accurate.

Finding -

The former PVA had a receipts and disbursements ledger. The former PVA performed monthly bank reconciliations. The September 20, 2018 bank reconciliation was accurate.

2. Procedure -

Confirm all payments by the city to the former 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 -

The payments from the cities have been confirmed and agree to the former PVA receipts records. The list of city receipts is complete.



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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 -

Payments made by the fiscal court to the former PVA have been confirmed. The budgeted statutory contribution by the fiscal court agrees to the legally required amounts calculated by the Department of Revenue. Fiscal court payments were traced from the fiscal court statutory contribution budget account to the former PVA's local bank accounts.

4. 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.

Finding -

The following exceptions were noted in regards to tested disbursements:

- Travel vouchers were not calculated properly. The correct per diem rates were not used for meals. This resulted in the former PVA being shorted \$6 on one of the travel vouchers tested. Auditors also noted the PVA used the wrong mileage rate on another travel voucher, resulting in the former PVA being shorted \$5.
- Mileage records were not documented properly on fuel accounts; therefore, auditors could not determine the legitimacy of fuel charges.
- One disbursement for satellite radio was personal in nature and not for official business.
- One disbursement did not have supporting documentation.
- One disbursement did not have an original invoice.
- One disbursement did not have a detailed description of the items purchased; therefore, auditors could not determine if items were for official business.

In addition to the exceptions noted above, auditors have been made aware of an indictment of the former PVA for the misuse of public funds in regards to travel expenditures.

*Former PVA's Response: Satellite radio bill had been reimbursed and paid and deposited to office account. All other findings were found after I left the office and I could not defend them nor find them. Fuel accounts were kept just like previous audits. Receipts were stapled to bills!*

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5. 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 -

Not applicable; there were no capital outlay disbursements.

6. 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 -

The former PVA's agreements and contract payments agree to cost schedules and the services received were appropriate, for official business, and properly authorized.

7. 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 former PVA overspent in two account series.

8. Procedure -

Determine whether timesheets are completed, maintained, approved, and support hours worked by inspecting one pay period's timesheets.

Finding -

The former PVA compiled time records to support the hours worked, but there was no documentation that employees agreed to these time records.

9. Procedure -

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

Finding -

Cash balances were properly transferred from the former PVA to the new PVA.

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(Continued)

10. Procedure -

For PVA office employees hired between July 1, 2017 and September 20, 2018, determine if the Ethics Certification Form has been completed and is on file.

Finding -

Not applicable since no one was hired between July 1, 2017 and September 20, 2018.

11. 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 -

The former PVA followed the proper procedures and completed the appropriate form for the days the office was closed other than the state's approved holidays.

While performing the closeout procedures as agreed to by the Department of Revenue, certain concerns regarding the office of the former McCracken County Property Valuation Administrator were brought to our attention. These concerns pertained to cash receipts collected from walk-in customers. Further examination of deposits of the former McCracken County Property Valuation Administrator revealed that cash was very rarely deposited. This information was referred to the Kentucky State Police.

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 the receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. 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.

This report is intended solely for the information and use of the Property Valuation Administrator and the Finance and Administration Cabinet, Department of Revenue, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

December 10, 2018