

**REPORT OF THE AUDIT OF THE
LAUREL COUNTY
SHERIFF**

**For The Year Ended
December 31, 2018**



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable David Westerfield, Laurel County Judge/Executive
The Honorable John Root, Laurel County Sheriff
Members of the Laurel County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Sheriff of Laurel County, Kentucky, for the year ended December 31, 2018, 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 this 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 and budget laws. 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 County Fee Officials* 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.

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AN EQUAL OPPORTUNITY EMPLOYER M / F / D



The Honorable David Westerfield, Laurel County Judge/Executive
The Honorable John Root, Laurel County Sheriff
Members of the Laurel 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 Laurel County Sheriff on the basis of the 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 financial position of the Laurel County Sheriff, as of December 31, 2018, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Laurel County Sheriff for the year ended December 31, 2018, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Laurel County Sheriff. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statement; however, it is required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Laurel County Sheriff failed to comply, in all material aspects, with the types of compliance requirements described in Uniform Guidance that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

The Honorable David Westerfield, Laurel County Judge/Executive
The Honorable John Root, Laurel County Sheriff
Members of the Laurel County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019, on our consideration of the Laurel County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Laurel County Sheriff's internal control over financial reporting and compliance.

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 Laurel County Sheriff's Office Did Not Issue Receipts For All Auto Inspections
- 2018-002 The Laurel County Sheriff's Office Did Not Comply With Competitive Bidding Requirements For Federal Awards
- 2018-003 The Laurel County Sheriff Reported An Issue Pertaining To Timesheets To Auditors

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

December 4, 2019

LAUREL COUNTY
JOHN ROOT, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2018

Receipts

Federal Agreements and Grants:

US Army Corps of Engineers Agreement	\$ 2,800	
US Forest Service Agreement	3,255	
HIDTA Grant	34,915	
Highway Safety Grant	53,643	
US Marshall Service Agreement	<u>16,520</u>	\$ 111,133

State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)		133,092
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State Fees For Services:

Finance and Administration Cabinet	117,157	
Sheriff Security Service	84,057	
Cabinet For Health And Family Services	<u>50</u>	201,264

Circuit Court Clerk:

Fines and Fees Collected		26,771
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Fiscal Court

Sheriff Support	839,660	
Juvenile Transports	14,062	
Court Security Officers	<u>16,591</u>	870,313

County Clerk - Delinquent Taxes		68,800
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Commission On Taxes Collected

Commissions on Taxes Collected	739,273	
Telecommunication Commission	9,613	
Motel Tax Commission	<u>19,391</u>	768,277

Fees Collected For Services:

Auto Inspections	22,305	
Accident/Police Reports	6,986	
Serving Papers	103,190	
Carry Concealed Deadly Weapon Permits	34,220	
Restitution	1,775	
Transports	<u>6,380</u>	174,856

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

LAUREL COUNTY
 JOHN ROOT, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2018
 (Continued)

Receipts (Continued)

Other:

Add-On Fees	\$ 110,032	
Miscellaneous	<u>18,009</u>	\$ 128,041

Interest Earned		2,005
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Borrowed Money:

State Advancement		<u>400,000</u>
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Total Receipts		2,884,552
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Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$ 1,250,914
Part-Time Salaries	157,129
Other Salaries	147,930
Overtime	102,754

Employee Benefits-

Employer's Share Social Security	128,131
Employer's Share Retirement	23,509
Employer's Unemployment Insurance	5,838
Employer's Paid Health Insurance	240,381

Contracted Services-

Advertising	12
Vehicle Maintenance and Repairs	59,772
Copier	707

Materials and Supplies-

Office Materials and Supplies	25,758
Uniforms	7,975
Miscellaneous	12,806

Auto Expense-

Gasoline	149,076
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The accompanying notes are an integral part of this financial statement.

LAUREL COUNTY
 JOHN ROOT, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2018
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Other Charges-

Conventions and Travel	\$	4,459	
Accountant		7,080	
Postage		21,337	
Telephone		15,291	
Rug Exchange		1,522	
Water		<u>1,075</u>	\$ 2,363,456

Debt Service:

State Advancement		400,000	
Lease Purchases		<u>6,134</u>	<u>406,134</u>

Total Disbursements \$ 2,769,590

Net Receipts 114,962

Less: Statutory Maximum 105,497

Excess Fees 9,465

Less: Training Incentive Benefit 4,137

Balance Due Fiscal Court at Completion of Audit \$ 5,328

LAUREL COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2018

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. 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.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the sheriff as determined by the audit. KRS 134.192 requires the sheriff to settle excess fees with the fiscal court at the time he files his annual settlement with the fiscal court on or before September 1 of each year. KRS 64.830 requires an outgoing sheriff to settle excess fees with the fiscal court of his county by March 15 immediately following the expiration of his term of office.

The financial statement has been prepared on a regulatory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis demonstrates compliance with the laws of Kentucky and is a special purpose framework. Under this regulatory basis of accounting, receipts and disbursements are generally recognized when cash is received or disbursed, with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2018 services
- Reimbursements for 2018 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2018

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the county treasurer in the subsequent year.

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).

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

Note 2. Employee Retirement System and Other Post-Employment Benefits

The sheriff's office has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

The sheriff's contribution for Kentucky Law Enforcement Foundation Program Funds (KLEFPF) retirement for calendar year 2016 was \$20,015, calendar year 2017 was \$21,876, and calendar year 2018 was \$23,509.

Nonhazardous

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute six percent of their salary to be allocated as follows: five percent will go to the member's account and one percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute five percent of their annual creditable compensation. Nonhazardous members also contribute one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 19.18 percent for the first half of the year and 21.48 percent for the second half of the year.

Hazardous

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute eight percent of their annual creditable compensation and one percent

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

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

Hazardous (Continued)

to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a seven and one-half percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 31.55 percent for the first half of the year and 35.34 percent for the second half of the year.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 161.714 with exception of COLA and retiree health benefits after July 2003.

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

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

C. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

D. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

E. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

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

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

KRS Annual Financial Report and Proportionate Share Audit Report

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KRS also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 3. Deposits

The Laurel County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (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 Laurel 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.

Note 4. Federal Seizure Account

As of January 1, 2018, the Laurel County Sheriff's office had a balance of \$50,478 in the federal seizure account. During the calendar year, the sheriff's office received \$1,622,638 from federal agencies for the Laurel County Sheriff office's share of assets seized as a result of joint investigations with other local, state, and federal agencies. The account received insurance proceeds in the amount of \$42,217. The account earned interest totaling \$1,809. The sheriff's office expended \$1,079,662, leaving a balance of \$637,480 as of December 31, 2018. These funds are used to enhance law enforcement activities and not to supplant the sheriff's office normal operating budget; therefore, they are not included as a part of excess fees.

Note 5. Court Ordered Forfeiture Account

As of January 1, 2018, the Laurel County Sheriff's office had a balance of \$26,568 in the court ordered forfeitures account. During the calendar year, the sheriff deposited funds totaling \$41,947 and properly expended \$5,760, leaving a balance of \$62,755 as of December 31, 2018. The use of these monies is determined by court order granting forfeiture funds to the sheriff's office; therefore, they are not included as part of excess fees.

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

Note 6. Evidence Account

As of January 1, 2018, the Laurel County Sheriff's office had a balance of \$16,364 in the evidence account. During the calendar year, the account earned interest totaling \$88. Deposits of \$67,811 were made and disbursements of \$4,883 were made leaving a balance of \$79,380 as of December 31, 2018. Since these monies are held by the sheriff's office pending court adjudication, they are not included as part of excess fees.

Note 7. Donation Account

The Laurel County Sheriff's office maintains a donation account for private and public donations to the sheriff's office. On January 1, 2018, the balance was \$1,059. During the calendar year, the sheriff's office received \$1,800 for equipment and had no expenditures. The account earned \$4 interest. The balance in the account was \$2,863 as of December 31, 2018.

Note 8. Drug Seizure Account

As of January 1, 2018, the Laurel County Sheriff's office had a balance of \$26,800 in the drug seizure account. During the calendar year, the account earned interest totaling \$23. In accordance with court order, the balance of this account totaling \$26,823 was transferred to the court ordered forfeiture account leaving a balance of \$0 as of December 31, 2018.

Note 9. Federal Agreements and Grants

- A. The Laurel County Sheriff's office entered into an agreement with the U.S. Army Corps of Engineers for the period of May 26, 2018 through September 3, 2018, for patrol services. During calendar year 2018, funds in the amount of \$2,800 were received and spent.
- B. The Laurel County Sheriff's office entered into an agreement with the USDA Forest Service for the period of January 1, 2018 through September 30, 2018, for patrol services. During calendar year 2018, grant funds in the amount of \$3,255 were received and spent.
- C. The Laurel County Sheriff's office was awarded a grant from the Appalachia High Intensity Drug Trafficking Area (HIDTA) program for the period of January 1, 2018 through December 31, 2018. During calendar year 2018, grant funds in the amount of \$34,915 were received and spent.
- D. The Laurel County Sheriff's office was awarded a Highway Safety grant from the Kentucky Transportation Cabinet's Office of Highway Safety for the period of October 1, 2017 through September 30, 2018. During calendar year 2018, grant funds in the amount of \$53,643 were received and spent.
- E. The Laurel County Sheriff's office had an agreement with the U.S. Marshals Service for the period October 1, 2017 through September 30, 2018. During calendar year 2018, \$16,520 was received and expended.

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

Note 10. Lease Agreements

The Laurel County Sheriff's office was committed to the following lease agreements as of December 31, 2018:

Item Purchased	Monthly Payment	Term of Agreement	Ending Date	Principal Balance December 31, 2018
Postage Meter	\$ 297	48 Months	11/30/2022	\$ 14,256
Copier	257	63 Months	5/6/2023	13,621
	<u>\$ 554</u>			<u>\$ 27,877</u>

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LAUREL COUNTY SHERIFF
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2018

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**LAUREL COUNTY
JOHN ROOT, SHERIFF
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended December 31, 2018

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Identifying Number</u>	<u>Subrecipient</u>	<u>Expenditures</u>
<u>U. S. Department of Agriculture</u>				
<i>Passed-Through Kentucky Division of Forestry</i>				
Law Enforcement Agreements - Daniel Boone National Forest	10.704	NA	\$	\$ 3,255
Total U.S. Department of Agriculture			\$	\$ 3,255
<u>U. S. Department of Defense</u>				
<i>Passed-Through U.S. Army Corp of Engineers</i>				
Laurel River Lake Law Enforcement	12.U01	W912P518P0012	\$	\$ 2,800
Total U.S. Department of Defense			\$	\$ 2,800
<u>U. S. Department of Justice</u>				
<i>Direct Program</i>				
Equitable Sharing Program	16.922	NA	\$	\$ 1,079,662
Total U.S. Department of Justice			\$	\$ 1,079,662
<u>U. S. Department of Transportation</u>				
<i>Passed-Through Kentucky Transportation Cabinet</i>				
National Priority Safety Programs	20.616	NA	\$	\$ 53,643
Total U.S. Department of Transportation			\$	\$ 53,643
<u>Executive Office of the President</u>				
<i>Passed-Through Financial Commission for Appalachia High Intensity Drug Trafficking Areas</i>				
High Intensity Drug Trafficking Areas Program (HIDTA) 2018	95.001	NA	\$	\$ 34,915
Total Executive Office of the President			\$	\$ 34,915
Total Expenditures of Federal Awards			\$ 0	\$ 1,174,275

**LAUREL COUNTY
JOHN ROOT, SHERIFF
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended December 31, 2018

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Sheriff of Laurel County, Kentucky under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Sheriff of Laurel County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Sheriff of Laurel County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Laurel County Sheriff has not adopted an indirect cost rate.

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*

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable David Westerfield, Laurel County Judge/Executive
The Honorable John Root, Laurel County Sheriff
Members of the Laurel 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 Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Laurel County Sheriff for the year ended December 31, 2018, and the related notes to the financial statement and have issued our report thereon dated December 4, 2019. The Laurel 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 Laurel 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 Laurel County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Laurel County Sheriff's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002 and 2018-003 to be material weaknesses.

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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 Laurel County Sheriff's financial statement is free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002.

Views of Responsible Official and Planned Corrective Action

The Laurel County Sheriff's views and planned corrective action for the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Laurel County Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

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,



Mike Harmon
Auditor of Public Accounts

December 4, 2019

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH UNIFORM GUIDANCE

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable David Westerfield, Laurel County Judge/Executive
The Honorable John Root, Laurel County Sheriff
Members of the Laurel County Fiscal Court

**Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance**

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited the Laurel County Sheriff's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Laurel County Sheriff's major federal programs for the year ended December 31, 2018. The Laurel County Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Laurel County Sheriff's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Laurel County Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Laurel County Sheriff's compliance.

Basis for Qualified Opinion on Equitable Sharing Program

As described in the accompanying schedule of findings and questioned costs, the Laurel County Sheriff did not comply with requirements regarding CFDA 16.922 Equitable Sharing Program as described in finding number 2018-002 for Procurement, Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for the Laurel County Sheriff to comply with the requirements applicable to that program.



Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance
(Continued)

Basis for Qualified Opinion on Equitable Sharing (Continued)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Laurel County Sheriff complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 16.922 Equitable Sharing Program for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the Laurel County Sheriff's office is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Laurel County Sheriff's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Laurel County Sheriff's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-002 to be a material weakness

The Laurel County Sheriff's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Laurel County Sheriff's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

December 4, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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**LAUREL COUNTY
JOHN ROOT, SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Fiscal Year Ended December 31, 2018

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs: Qualified		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.922	Equitable Sharing Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

LAUREL COUNTY
 JOHN ROOT, SHERIFF
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Year Ended December 31, 2018
 (Continued)

Section II: Financial Statement Findings

2018-001 The Laurel County Sheriff's Office Did Not Issue Receipts For All Auto Inspections

The sheriff's office collects five-dollar (\$5) fees for inspecting vehicles during the title application process. These funds are to be deposited into the sheriff's official account and used for the lawful purposes of the office. For the first six months of 2018, auditors were unable to find where any auto inspections performed by a former deputy were deposited into the sheriff's official bank account for two auto dealerships. A sample of the Vehicle Transaction Reports that included the auto inspector's sections were reviewed during this period and could not be traced to receipts in the sheriff's office for the day the inspections were completed. As an example of days selected for testing, the following were noted:

- On January 3, 2018, 40 auto inspections were performed that could not be traced to the sheriff's pre-numbered receipts. This results in \$200 not being received by the sheriff's office.
- On January 15, 2018, 25 auto inspections were performed that could not be traced to the sheriff's pre-numbered receipts. This results in \$125 not being received by the sheriff's office.
- On June 22, 2018, 11 auto inspections were performed that could not be traced to the sheriff's pre-numbered receipts. This results in \$55 not being received by the sheriff's office.

Auditors also obtained confirmations from the two auto dealerships which confirmed that payments were not made to the sheriff's office during this time period.

The sheriff's office lacked adequate internal controls over the auto inspection receipt process which allowed auto inspections to be performed without issuing receipts to customers and without these funds being deposited.

As a result, the auto inspection receipts were not available to help fund the operations of the sheriff's office. Based on the sample of transactions reviewed and reported above, \$380 was not deposited into the sheriff's official bank account.

KRS 186A.115(2)(b) affixes the fee for automobile inspections at \$5, payable to the sheriff's office. In addition KRS 64.840(1) requires "all county officials shall, upon the receipt of any fine, forfeiture, tax, or fee, [to] prepare a receipt that meets the specifications of the state local finance officer[.]"

The sheriff's office should have collected the \$5 receipt for performing auto inspections. We recommend the sheriff implement adequate internal controls to ensure that all receipts of the office are promptly deposited into the fee account and that all deputies are aware of the proper procedures for auto inspections. Furthermore, the sheriff should reimburse the fee account \$380 to cover the amount of undeposited auto inspections. This finding will be referred to the Kentucky Office of the Attorney General.

Sheriff's Response: As stated above this was a former employee, issue has been addressed and corrected.

2018-002 The Laurel County Sheriff's Office Did Not Comply With Competitive Bidding Requirements For Federal Awards

The Laurel County Sheriff's office did not properly procure the purchase of three new vehicles totaling \$162,870. The dealership did not currently have the state bid contract for these types of vehicles. Additionally, for calendar year 2018, the sheriff's office did not properly bid for emergency lighting and equipment that was for police cruisers, totaling \$194,300.

LAUREL COUNTY
 JOHN ROOT, SHERIFF
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Year Ended December 31, 2018
 (Continued)

Section II: Financial Statement Findings (Continued)

2018-002 The Laurel County Sheriff's Office Did Not Comply With Competitive Bidding Requirements For Federal Awards (Continued)

Sufficient internal controls were not in place over the procurement process to ensure items were not purchased from vendors without first advertising or receiving bids when necessary. For the new vehicles purchased, the sheriff thought that the dealership used held the state bid contract. The sheriff did advertise for bids for emergency equipment; however, the submitted bids did not match the paid invoices for the emergency lighting and equipment.

Competitive bidding ensures that the county procures materials and service contracts at the best price available. By limiting competition, the sheriff's office may not get the benefits of the best price available. Also, the sheriff's office may not be in compliance with federal and state requirements.

2 CFR Part 200, Appendix XI Compliance Supplement states, "[w]hen procuring property and services, States must use the same policies and procedures they use for procurements from their non-federal funds."

The Laurel County Fiscal Court's Administrative Code, Section 4-2 Selection of Vendors and Contractors states "C. The Judge Executive shall place an advertisement in the newspaper of largest circulation in the county at least once, not less than seven (7) not more than twenty-one (21) before bid opening. The advertisement shall include the time and place they will be opened, and the time and place where the specifications may be obtained. If the durability of the product, the quality of service or other factors are to be considered in bid selection, such factors shall be stated in the advertisement. D) The Judge Executive shall open all bids publicly at the time and place stated in the advertisement; and shall select the lowest and best bid by a qualified bidder. If the lowest bid is not selected, the reasons for the selection shall be in writing." In addition, the Statutory References section of the Administrative Code for Purchases and Contracts references KRS 424.260.

KRS 424.260(1) states, in part, "no city, county...or sheriff, or county clerk may make a contract, lease, or other agreement for materials, supplies except perishable meat, fish and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than twenty thousand dollars (\$20,000) without first making newspaper advertisement for bids."

We recommend the Laurel County Sheriff's office follow proper procurement procedures by either advertising for bids on purchases over the amount specified in KRS 424.260 or making the purchase from the state price contract vendor. Furthermore, the sheriff's office should compare invoices to the submitted bids to ensure they are billed properly.

Sheriff's Response: The dealer was not a state contract bidder but however did give pricing at the state rate or possibly lower. No more money was spent with this dealer than a contracted dealer.

Auditor's Reply: When purchasing using the state price contract, the sheriff is required to use the dealership that was awarded the state price contract. Otherwise, the sheriff should follow the procurement procedures outlined in the county's administrative code.

LAUREL COUNTY
JOHN ROOT, SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2018
(Continued)

Section II: Financial Statement Findings (Continued)

2018-003 The Laurel County Sheriff Reported An Issue Pertaining To Timesheets To Auditors

The Laurel County Sheriff disclosed an issue discovered by his office pertaining to timesheets not being accurate. During calendar year 2018, the Laurel County Sheriff's office received reimbursement from the state via federal grant for overtime hours pertaining to highway safety enforcement. Deputies are required to submit activity logs for additional hours worked to the supervisor overseeing the grant reimbursement process and submit timesheets to their direct supervisor. A total of 1,941 hours of highway safety activity were claimed on employees' timesheets; however, only 1,775 hours were documented by employees for a total variance of 166 hours. This is a repeat finding from the prior year audit report in finding 2017-001.

The Laurel County Sheriff informed auditors that timesheets were not agreed to activity reports for highway safety overtime and that one employee had falsely claimed hours on timesheets and could not provide supporting documentation. The sheriff indicated this was detected after an employee attended training and heard about possible payroll problems related to grants. This employee took steps to review payroll records of the sheriff's office after this training, which detected the problem. A lack of control over the overtime reimbursement process prior to the issue being detected caused the sheriff's office to pay for overtime without supporting documentation. Employee timesheets were approved and signed by a direct supervisor and sheriff; however, no supporting documentation for reimbursement of overtime was maintained with timesheets. Additionally, employees submitted overtime reimbursement forms without a timesheet to the supervisor responsible for obtaining grant reimbursement for the overtime worked.

Employees of the Laurel County Sheriff's office receive compensatory time for regular overtime worked and are only paid overtime if it qualifies as part of one of the reimbursement programs. The lack of control over the overtime reimbursement process resulted in the sheriff's office paying for overtime and not being reimbursed. Once detected, the sheriff took action to address this situation, and appropriately reported this weakness to the auditor. In addition, the sheriff implemented additional controls by requiring deputies when they work Highway Safety overtime to attach the Federal Overtime Request form and a copy of each citation written to their timesheet.

Good internal controls over payroll require supporting documentation for all hours worked and reconciliation of timesheets to overtime reports.

The Laurel County Sheriff's Personnel Policy states, "[c]ompensatory time is paid leave awarded to a full time employee in lieu of overtime pay as compensation of a work week of greater than 40 hours."

We recommend the Laurel County Sheriff continue to strengthen internal controls over the Highway Safety grant payroll reimbursement process by requiring the immediate supervisor to review overtime reimbursement worksheets when approving timesheets and the grant program supervisor to review timesheets when requesting reimbursement of overtime.

Sheriff's Response: As stated above I reported the problem to auditors. I dismissed and prosecuted the employee. Restitution is being made to the office that was ordered by the court. All citations must now be included with overtime requested forms and reviewed by two different individuals.

LAUREL COUNTY
JOHN ROOT, SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2018
(Continued)

Section III: Federal Award Findings And Questioned Costs

2018-002 The Laurel County Sheriff's Office Did Not Comply With Competitive Bidding Requirements For Federal Awards

Federal Program: CFDA #16.922 Equitable Sharing Program

Award Number and Year: KY 06 30000

Name of Federal Agency and Pass-Through Agency: U.S. Department of Justice

Compliance Requirements: Procurement and Suspension and Debarment

Type of Finding: Material Weakness

Amount of Questioned Costs: \$357,170

See finding 2018-002 in the Financial Statement Findings Section