

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

**For The Period July 1, 2004
Through June 30, 2005**



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C R I T L U A L L E N
A U D I T O R O F P U B L I C A C C O U N T S

Independent Accountant's Report

John R. Farris, Secretary, Finance and Administration Cabinet
The Honorable Ronald Moses
Whitley County Property Valuation Administrator
Williamsburg, Kentucky 40769

We have performed the procedures enumerated below, which were agreed to by the Whitley 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 period July 1, 2004 through June 30, 2005. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Whitley County PVA. 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 (June 30, 2005), to determine if amounts are accurate.

Finding -

Auditor determined the PVA has a receipts and a disbursements ledger. Annual reconciliations are prepared in the check register but do not agree to book balance. We recommend the PVA reconcile bank records to the book balance each month.

PVA's Response -

Have employed new bookkeeping methods that are reconciled each month.



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2. Procedure -

Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also review the list of city receipts for completeness.

Finding -

Auditor confirmed that two of the three recorded city receipts were complete and agreed to the amount paid from city governments. However, one receipt totaling \$261 was not deposited into the official PVA account. This city payment was deposited into another account titled "Ronnie Moses, PVA" that was used also for personal business. On April 12, 2006, the PVA transferred the \$261 from the separate bank account to the official PVA account.

PVA's Response -

Was deposited (A.S.A.P.) as soon as mistake was discovered.

3. Procedure -

Compare the budgeted statutory contribution by 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 -

The budgeted statutory contribution made by the fiscal court agrees to the legally required amounts calculated by the Department of Revenue and traces from the Fiscal Court/KY State Treasurer to the PVA's local bank account. However, the fiscal court did not distribute payment to the PVA until after the end of the fiscal year.

PVA's Response -

Fiscal Court has made steps to correct this problem.

4. Procedure -

Judgmentally select 15 disbursements from PVA records and agree amounts to cancelled checks, paid invoices or other supporting documentation. Determine if the expenditure is for official business. Review all credit card statements (if any) to determine if expenditures are for official business.

Finding -

Twelve disbursements from PVA records agreed to the cancelled checks, paid invoices or other supporting documentation and appear to be for official business. Three disbursements and all credit card statements lacked supporting documentation. Therefore, we expanded our sample and found four disbursements were for advertisements that were not for educational purposes; one

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4. Finding - (Continued)

expenditure was for calendars that was not for educational purposes; one expenditure was for a wall street journal newspaper subscription; one expenditure was for repairs on the PVA's personal vehicle and all of the gas credit card charges lacked supporting documentation. We recommend that the PVA maintain supporting documentation for all expenditures and that all supporting documentation for credit card charges be signed by the user. In addition, we recommend that expenditures made for the PVA account be for official business.

PVA's Response -

Have employed new bookkeeping procedures that will correct this problem.

5. Procedure -

Compare capital outlay disbursements with cancelled checks, supporting documentation, and proper purchasing procedures. Verify the location of newly acquired assets. Determine if Assets were added to the PVA's Capital Asset Inventory List.

Finding -

PVA did not have any capital expenditures for the fiscal year ended June 30, 2005. No new assets were added to the Capital Asset Inventory List.

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 -

Auditor scanned vehicle lease agreement, copier lease agreement and computer lease agreement for cost schedules and compared to actual payments. The computer and copier lease agreement were in the name of the Whitley PVA and appeared to be for official business and properly authorized. The vehicle lease agreement listed Ronnie Moses and Shelleigh Moses as the lessee rather than Ronnie Moses, PVA. In addition, the lease stated the vehicle use was personal. We recommend that the lease agreements that will be paid from the official account be in the name of the PVA office.

PVA's Response -

This was the only way they would, will not lease again unless lessor will lease this way.

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7. Procedure -

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

Finding -

The PVA's actual expenditures did not exceed the final budgeted amounts for any account series. However, we noted the following relating to fiscal court mapping payments:

During fiscal year ended June 30, 2005, the PVA deposited \$6,831 of 911 fiscal court mapping payments which Department of Revenue has determined to be official funds, into a separate bank account titled Ronnie Moses, PVA. This separate bank account was also used for PVA's personal business transactions. This separate bank account came to the auditor's attention as the result of a city payment that was deposited into this account rather than the PVA's official operating account. As part of the agreed upon procedures, we confirmed payment amounts from city governments. We were unable to trace a city payment in the amount of \$261 to the PVA's official operating bank account. Therefore, we performed additional procedures and discovered the \$261 city payment; monthly fiscal court payments of \$569 for performing 911 addressing and personal funds had been deposited into a separate bank account titled Ronnie Moses, PVA. In addition, the monthly fiscal court payments totaling \$6,831 for fiscal year ended June 30, 2005 were not accounted for in the PVA's budget as other fund sources. Monies received from the fiscal court are official funds and should be deposited into an official PVA bank account to be used for operations of the PVA office. We recommend that the PVA immediately discontinue the practice of commingling public and personal funds; deposit all fiscal court funds into the official PVA account and account for all fiscal court receipts in the PVA annual budget.

PVA's Response -

PVA no longer receives any compensation for 911, but continues to do 911 for free (no compensation).

8. Procedure -

Determine whether collateral is necessary for the PVA's funds. If necessary determine if the PVA was sufficiently collateralized for the year and if a collateral agreement exists.

Finding -

It was determined that collateral is not necessary for the PVA's funds; therefore, no collateral agreement is necessary.

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9. Procedure -

Determine whether timesheets are completed, maintained, and support hours worked.

Finding -

It was determined that attendance records are completed, maintained and submitted to the Revenue Cabinet bi-weekly. However, the PVA does not keep daily timesheets. We recommend the PVA require all employees to maintain timesheets. These timesheets should be prepared and signed by the employee and reviewed, approved, and signed by their supervisor before being submitted for payroll processing.

PVA's Response -

Daily timesheets have been kept since January 01, 2006.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion 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. 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 Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

Engagement fieldwork completed -
October 31, 2006