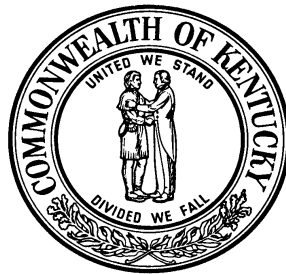


**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
FORMER WARREN COUNTY SHERIFF**

**For The Period
January 1, 2018 Through December 31, 2018**



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

SUMMARY OF PROCEDURES AND FINDINGS

**AGREED-UPON PROCEDURES OF THE
FORMER WARREN COUNTY SHERIFF**

For The Period January 1, 2018 Through December 31, 2018

The former Warren County Sheriff applied for and received approval from the Auditor of Public Accounts (APA) to obtain an Agreed-Upon Procedures (AUP) engagement for calendar year 2018 in accordance with KRS 43.070(1)(c). AUP reports present the procedures performed and the results of those procedures, called findings. The summary below presents those findings for which an exception was identified during the AUP engagement.

During the AUP engagement of the former Warren County Sheriff, the following exceptions were noted:

- Receipts are properly accounted for; however, there was one day when the deposit was not made daily.
- Disbursements agreed to paid invoices or other supporting documentation and eMARS report/cancelled checks. Disbursements were for official business with the exception of two disbursements; one pair of Brooks tennis shoes in the amount of \$88 and coffee supplies for \$14, totaling \$102. The former sheriff should personally reimburse his fee account for these unallowable expenses. Credit card disbursements were for official business, with the exception of sales tax of \$41 paid on a hotel room.
- Payroll charges were properly supported, with the exception of the two undercover drug officers, whose timesheets were not approved by a supervisor.

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. An electronic copy of the report is available on the Auditor of Public Accounts' website at www.auditor.ky.gov.

Respectfully,

Mike Harmon
Auditor of Public Accounts
July 12, 2019



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report
On Applying Agreed-Upon Procedures

The Honorable Michael O. Buchanon, Warren County Judge/Executive
The Honorable Jerry Gaines, Former Warren County Sheriff
The Honorable Brett Hightower, Warren County Sheriff
Members of the Warren County Fiscal Court

We have performed the procedures enumerated below, which were agreed to by the former Warren County Sheriff, on receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities for the period January 1, 2018 through December 31, 2018. The former Warren County Sheriff is responsible for the accountability for receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities. 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.

Our procedures and findings are as follows:

1. Procedure -

Determine if the sheriff has a fourth quarter financial statement, a receipts ledger, and a disbursements ledger.

Finding -

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

2. Procedure -

Determine that the sheriff's fourth quarter financial statement agrees to the sheriff's receipts ledger and disbursements ledger. Variances in total revenues or total disbursements that exceed 1% of gross revenues or exceed \$20,000 will be reported.

Finding -

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

3. Procedure -

Compare the sheriff's operating disbursements (Total disbursements per EMARS 2550 Reconciliation) to the general term order approved by the fiscal court or other approving authority to see if the sheriff overspent the general term order.

Finding -

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



The Honorable Michael O. Buchanon, Warren County Judge/Executive
 The Honorable Jerry Gaines, Former Warren County Sheriff
 The Honorable Brett Hightower, Warren County Sheriff
 Members of the Warren County Fiscal Court
 (Continued)

4. Procedure -

Determine if the sheriff has reconciled the 75% account to the EMARS 2550 report.

Finding -

No exceptions were found as a result of applying the procedure. The ending reconciled balance as of December 31, 2018, is (\$4,529,910).

5. Procedure -

Obtain a list of accounts prepared by the sheriff that are applicable to the current calendar year.

Finding -

No exceptions were found as a result of applying the procedure. The former sheriff maintained fee, imprest, seized funds, seizure, and donation accounts.

6. Procedure -

Determine if the sheriff reconciles all bank accounts monthly. Re-perform the bank reconciliations for all accounts as of December 31, 2018, to determine what the reconciled ending balances are and if bank reconciliations are accurate. Determine if any additional funds are due to the state repository for 75% or 25% accounts.

Finding -

No exceptions were found as a result of applying the procedure. The balances of the former sheriff's accounts are:

Account Name:	Reconciled Account Balance:
Fee Account	\$ 0
Imprest Account	\$ 0
Seized Funds Account	\$ 0
Donation Account	\$ 0
Seizure Bank Account	\$ 0

7. Procedure -

Determine if receipts are properly accounted for by comparing batched receipts to daily check-out sheets, deposit tickets, receipts ledger, and bank statements for a randomly selected week.

Finding -

Receipts are properly accounted for; however, there was one day when the deposit was not made daily.

Former Sheriff's Response: The delay in the deposit was due to a confusion with a bank that was closed that day. We have addressed the issue and trained on when deposits have to go to the bank.

The Honorable Michael O. Buchanon, Warren County Judge/Executive
The Honorable Jerry Gaines, Former Warren County Sheriff
The Honorable Brett Hightower, Warren County Sheriff
Members of the Warren County Fiscal Court
(Continued)

8. Procedure -

Determine if the sheriff completed an annual asset forfeiture report. Determine if assets forfeited to the sheriff, are properly accounted for by tracing the asset to bank deposit, receipts ledger, or asset ledger and determine if amounts due to commonwealth attorney were remitted.

Finding -

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

9. Procedure -

Determine if tax commissions are properly accounted for by computing the sheriff's current calendar year tax commission from prior year taxes and current year taxes using the prior year sheriff tax settlement and current year recap of tax reports. Variances that exceed 1% of gross revenues or exceed \$20,000 will be reported.

Finding -

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

10. Procedure -

Judgmentally select 15 operating disbursements from sheriff's records and agree amounts to paid invoices or other supporting documentation and eMRARS report/cancelled checks. Determine if the disbursement is for official business. Inspect all credit card statements (if any) to determine if disbursements are for official business.

Finding -

Disbursements agreed to paid invoices or other supporting documentation and eMARS report/cancelled checks. Disbursements were for official business with the exception of two disbursements; one pair of Brooks tennis shoes in the amount of \$88 and coffee supplies for \$14, totaling \$102. The former sheriff should personally reimburse his fee account for these unallowable expenses. Credit card disbursements were for official business, with the exception of sales tax of \$41 paid on a hotel room.

Former Sheriff's Response: Sheriff Gaines will reimburse the Sheriff's Department, and the Sheriff's Dept is reevaluating purchases.

11. Procedure -

Judgmentally select one month's Imprest Cash voucher and review the attached receipts to determine if disbursements are for official business. Verify Imprest Cash Vouchers are submitted monthly and agree to amounts reimbursed by the 75% account.

Finding -

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

The Honorable Michael O. Buchanon, Warren County Judge/Executive
The Honorable Jerry Gaines, Former Warren County Sheriff
The Honorable Brett Hightower, Warren County Sheriff
Members of the Warren County Fiscal Court
(Continued)

12. Procedure -

Verify that the sheriff's maximum salary order for deputies was not overspent.

Finding -

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

13. Procedure -

Determine whether payroll charges are properly supported by verifying that timesheets are completed, maintained, approved, and support hours paid by inspecting one pay period's timesheets for all employees.

Finding -

Payroll charges were properly supported, with the exception of the two undercover drug officers, whose timesheets were not approved by a supervisor.

Former Sheriff's Response: The Sheriff's Department has added the signature of the undercover drug officer's signature to the payroll audit process.

14. Procedure -

Determine that the former sheriff was paid the statutory maximum.

Finding -

The former sheriff was paid \$117,908. The statutory maximum salary was \$117,908.

15. Procedure -

Scan lease agreements and service contracts and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized. Determine if liabilities requiring disclosure were properly disclosed on the fourth quarter financial statement.

Finding -

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

16. Procedure -

Verify the sheriff is properly bonded.

Finding -

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

The Honorable Michael O. Buchanan, Warren County Judge/Executive
The Honorable Jerry Gaines, Former Warren County Sheriff
The Honorable Brett Hightower, Warren County Sheriff
Members of the Warren County Fiscal Court
(Continued)

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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, excess fees, recordkeeping, and leases, contracts, and liabilities of the former Warren County Sheriff. 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 former Warren County Sheriff and the Warren 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 line extending to the right.

Mike Harmon
Auditor of Public Accounts

July 12, 2019