

**REPORT OF THE AUDIT OF THE
FORMER GRAVES COUNTY
SHERIFF**

**For The Period
January 1, 2019 Through February 16, 2019**



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Jesse Perry, Graves County Judge/Executive
The Honorable Jon Hayden, Graves County Sheriff
Members of the Graves County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We were engaged to audit the Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the former Sheriff of Graves County, Kentucky, for the period January 1, 2019 through February 16, 2019, 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 conducting an 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. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Our basis for disclaiming is that we were unable to obtain required written management representations from the former Graves County Sheriff, which results in a management-imposed scope limitation. Management is required to provide written representations to assert that they have fulfilled their responsibility for the preparation and fair presentation of the financial statements and that the information provided to the auditor is complete. Due to the former Graves County Sheriff passing away, we were unable to place appropriate reliance on the information provided during the audit and, therefore, cannot reduce the audit risk to an acceptable level.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.



The Honorable Jesse Perry, Graves County Judge/Executive
The Honorable Jon Hayden, Graves County Sheriff
Members of the Graves County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2020, on our consideration of the former Graves 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 former Graves 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:

- 2019-001 The Former Graves County Sheriff's Office Did Not Have Adequate Segregation Of Duties
- 2019-002 The Former Graves County Sheriff's First Quarter Financial Statement Was Materially Misstated

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

August 18, 2020

GRAVES COUNTY
DEWAYNE REDMON, FORMER SHERIFF
FIRST QUARTER REPORT

For The Period January 1, 2019 Through February 16, 2019

Form For Budget, Cumulative Quarterly Report and Annual Settlement For Calendar Year ²⁰¹⁹~~2018~~

Graves County Sheriff

Part One - Summary and Reconciliation of All Accounts

Show & Describe All Accounts	Column 1 2018 Fee Account	Column 2 2018 Fee Account	Column 3 Special Account (NOT FEE ACCOUNT)	Column 4 Community Activities Account (NOT FEE ACCOUNT)	Column 5 Account (NOT FEE ACCOUNT)
	Budget Estimate	Cumulative Actual			
1. Receipts YTD	\$1,002,350.00	\$36,825.59	A-16		
2. Total Disbursements YTD	\$1,002,350.00	\$36,825.59			
3. Book Balance/Excess Fees					
4. Bank Statement Balance		\$56.32		\$0.00	\$0.00
5. Plus Deposits in Transit		\$0.00			\$0.00
6. Less Outstanding Checks		\$0.00	\$0.00	\$0.00	\$0.00
7. Other					
8. Reconciled Bank Balance		\$0.00			
9. Accounts Receivable as of 12/31					
10. Unpaid Obligations as of 12/31					
11. Excess Fees					

Instructions: This form is the required format for the budget and the quarterly report. BUDGET: After completing the budget estimate columns of Parts One, Two and Three, submit to the fiscal court for approval by January 15th and following approval submit to the state local finance officer. QUARTERLY REPORT: The quarterly report is cumulative. Show the status of all funds in the official's charge during calendar year to date in Part One. Line 1 Show total receipts on a cash basis for the year to date including any beginning balances for all accounts. Show current year fee account in COLUMN 2 as calculated in Part Two of report. Line 2 Show total disbursements on a cash basis for the year to date for all accounts. Show current year fee account in COLUMN 2 as calculated in Part Three of report. Line 3 Show difference between lines 1 and 2 for all accounts. Line 4 Show bank statement balance(s) at close of quarter. Line 5 Show total deposits made prior to close of quarter that are not reflected in bank statement(s). Line 6 Show total amount of checks issued prior to close of quarter that are not reflected in bank statement(s). Line 7 Show investments. Line 8 Show line 4 adjusted for lines 5, 6, and 7. Line 8 should equal line 3 for all accounts. Line 9 Complete for quarter ending 12/31. Show calculation in Part Two of report. Line 10 Complete for quarter ending 12/31. Show calculation in Part Three of report. Line 11 Complete for quarter ending 12/31. Show line 8 adjusted for lines 9 and 10. All debt to be shown in Part Four. Report due to: State Local Finance Officer, 1024 Capital Center Drive, Suite 340, Frankfort, KY 40601-8204 by the 30th day following the close of each quarter. Fax # 502-573-3712 / Ph # 502-573-3710.

Approved by the fiscal court on the 22 day of April, 2019.

 04.22.19
County Judge/Executive Date

To the best of my knowledge the information reported herein for the budget/quarter ended _____ is accurate and complete.

Signature of County Sheriff _____ Date _____
Sandy Ellegood 4/22/19
Sheriff Redmon passed away 02.16.19

GRAVES COUNTY
 DEWAYNE REDMON, FORMER SHERIFF
 FIRST QUARTER REPORT
 For The Period January 1, 2019 Through February 16, 2019
 (Continued)

Part Two Receipts	Budget Estimate	1/1 thru 3/31	4/1 thru 6/30	7/1 thru 9/30	10/1 thru 12/31	Total YTD	Accounts Receivable 12/31	Settlement Total
1. Federal Grants								
2. State Grants	\$15,500.00	\$376.11				\$376.11		
3. State - KLEFP	\$67,000.00	\$0.00						
4. Receipts YTD								
5. Fee Claims	\$63,500.00	\$0.00						
6. Cabinet Human Resources	\$35,000.00	\$0.00						
7. Fugitive Returns-Comm of KY	\$20,000.00	\$0.00						
8. HB452	\$16,000.00	\$770.85				\$770.85		
9. Telecommunications Tax District	\$2,600.00	\$216.02				\$216.02		
10. Circuit Clerk								
Fines/Fees Collected	\$10,000.00							
12. Court Ordered Payments	\$500.00	\$0.00						
13. Fiscal Court (includes Election Comm.)	\$0.00							
14. County Clerk (Delinquent taxes)	\$30,000.00	\$204.56				\$204.56		
15. Commissions on Taxes Collected	\$575,000.00	\$18,966.87				\$18,966.87		
16. Fees Collected for Services								
Auto Inspections	\$22,000.00	\$3,650.00				\$3,650.00		
Accident/Police Reports	\$6,500.00	\$255.00				\$255.00		
Serving Papers	\$77,000.00	\$10,390.00				\$10,390.00		
CCDW	\$18,500.00	\$1,580.00				\$1,580.00		
Other (describe)	\$20,900.00	\$377.81				\$377.81		
22. Contracted Services								
Wingo City Hall	\$22,000.00	\$0.00						
23. Interest Earned	\$350.00	\$38.37				\$38.37		
24. Total Revenues	\$1,002,350.00	\$36,825.59				\$36,825.59		
25. Petty Cash								
26. Borrowed Money								
27. State Advancement	\$0.00							
28. Bank Note								
29. Total Receipts (Total lines 22 through 26)	\$1,002,350.00	\$36,825.59				\$36,825.59		

Copy the figures shown on line 27 in the Budget Estimate column to the Summary on page 1, column 1, line 1. Copy the figure shown on Line 27 in the Total YTD column to page 1, column 2, line 1. Copy the figure shown on Line 27 in the Receivable column to page 1, line 9.

GRAVES COUNTY
 DEWAYNE REDMON, FORMER SHERIFF
 FIRST QUARTER REPORT
 For The Period January 1, 2019 Through February 16, 2019
 (Continued)

Part Three Disbursements	Budget Estimate	1/1 thru 3/31	4/1 thru 6/30	7/1 thru 9/30	10/1 thru 12/31	Total YTD	Unpaid Obligations 12/31	Settlement Total
34. Auto Expenses on Personal Vehicles								
35. Gasoline								
36. Maintenance and repairs								
37. Rec Insurance								
38. Depreciation								
39.								
40. Debt Service (borrowed money, interest, lease/purchases)								
41. State Advancement								
42. Notes								
43. Interest								
44.								
45. Capital Outlay (Outright purchases of tangible items lasting in nature)								
46. Office Equipment								
47. Vehicles								
48.								
49.								
50. Total Official Expenses								
For offices that fee pool, pay fees to county prior to December 31, or counties over 70,000 in population, show payments on appropriate line below.								
51. Payments to County Treasurer	\$1,002,350.00	\$36,825.59						
52. Payments to State Treasurer								
53. Total Disbursements (Total lines 50, 51, and 52)	\$1,002,350.00	\$36,825.59						

Copy the figures shown on line 53 in the Budget Estimate column to the Summary on page 1, column 1, line 2. Copy the figures shown on Line 53 in the Total YTD column to page 1, column 2, line 2. Copy the figure shown on Line 53 in the Unpaid column line

GRAVES COUNTY
 DEWAYNE REDMON, FORMER SHERIFF
 FIRST QUARTER REPORT
 For The Period January 1, 2019 Through February 16, 2019
 (Continued)

Part Four - Liabilities Outstanding

Quarter ended _____

Multi-year Issues	Issue	Issue	Totals
Where Budgeted			
Description			
Term (# of Years)			
Current Interest Rate			
Issue Date			
Total Principal Amount			
Total Interest Amount			
Total Issue			
Principal Balance Remaining			
Interest Balance Remaining			
Less Reserve Earnings			
Net Outstanding			
Next Payment Date			
Next Payment Amount			
Final Payment Date			
Short Term Liabilities	Issue	Issue	
Where Budgeted			
Description			
Term			
Current Interest Rate			
Issue Date			
Total Principal Amount			
Total Interest Amount			
Total Issue			
Principal Balance Remaining			
Interest Balance Remaining			
Total Outstanding			
Next Payment Date			
Next Payment Amount			
Final Payment Date			
Total Outstanding Debt	<small>(If no outstanding advancements, loans, leases, or other debt, show "0")</small>		

Comments:

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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*

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Jesse Perry, Graves County Judge/Executive
The Honorable Jon Hayden, Graves County Sheriff
Members of the Graves 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 were engaged to audit, 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 former Graves County Sheriff for the period January 1, 2019 through February 16, 2019, and the related notes to the financial statement and have issued our report thereon dated August 18, 2020. The former Graves 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. Our report disclaims an opinion on the financial statement because we were unable to obtain written management representation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the former Graves 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 former Graves County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the former Graves 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 Responses as items 2019-001 and 2019-002 to be material weaknesses.



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 former Graves 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2019-002.

Views of Responsible Official and Planned Corrective Action

The Graves 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 Graves 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

August 18, 2020

SCHEDULE OF FINDINGS AND RESPONSES

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GRAVES COUNTY
DEWAYNE REDMON, FORMER SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Period January 1, 2019 Through February 16, 2019

FINANCIAL STATEMENT FINDINGS:

2019-001 The Former Graves County Sheriff's Office Did Not Have Adequate Segregation Of Duties

This is a repeat finding and was included in the prior year audit report as finding 2018-001. The former Graves County Sheriff's office did not have adequate segregation of duties. The bookkeeper was required to perform multiple tasks such as the collection of cash from customers, daily checkout procedures, deposit preparation, check preparation, bookkeeping, and bank reconciliations.

The former sheriff placed reliance on the bookkeeper, rather than segregate the accounting functions in the former sheriff's office. A lack of segregation of duties or strong oversight increases the risk that errors or fraud could occur.

Good internal controls dictate the same employee should not handle, record, and reconcile receipts. Further, the same employee should not be responsible for preparing, recording, and reconciling disbursements. The segregation of duties over various accounting functions such as opening mail, preparing deposits, recording receipts and disbursements, and preparing monthly reports, or the implementation of compensating controls is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. If this is not feasible due to budgetary constraints, cross checking procedures could be implemented and documented by the individual performing the procedure.

We recommend the sheriff's office segregate the duties noted above by allowing different deputies to perform them. For those duties that could not be segregated due to limited number of staff, strong management oversight by the sheriff or designee could be a cost effective alternative. This oversight should include reviewing monthly bank reconciliations and the receipt and disbursement ledgers. Documentation, such as the sheriff's or designee's initials or signature, should be provided on the items that were reviewed.

Sheriff's Response: Our office has implemented measures to offset the risks of issues related to not having adequate office staff to perform every function required.

2019-002 The Former Graves County Sheriff's First Quarter Financial Statement Was Materially Misstated

The former Graves County Sheriff's first quarter financial statement (statement), for the period January 1, 2019 through February 16, 2019, was materially inaccurate. The receipts were understated by \$74,053. Adjustments were required so that the statement would match the sheriff's ledgers. This was due to an error when preparing the statement. The receipts for January were left off of the report by accident, as they were included in the prior year statement by mistake.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* requires accurate financial reporting. Fee officials use 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. Each period stands alone in accounting for receipts and disbursements and should be accounted for accordingly in each audit period. We recommend the sheriff's office maintain accurate financial reports.

Sheriff's Response: Comment noted.