

**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
FAYETTE COUNTY CLERK**

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



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

SUMMARY OF PROCEDURES AND FINDINGS

AGREED-UPON PROCEDURES OF THE
FAYETTE COUNTY CLERK

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

The Fayette County Clerk 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 Fayette County Clerk, the following exception was noted:

- The county clerk's operating disbursements were compared to the county clerk's approved term order and the county clerk overspent his general term order. The county clerk's operating expenses were overspent by \$92,437.

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. The full report is on the Auditor of Public Accounts' website at www.auditor.ky.gov.

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts
March 5, 2020



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report
On Applying Agreed-Upon Procedures

The Honorable Linda Gorton, Mayor, Lexington-Fayette Urban County Government
The Honorable Don Blevins, Jr., Fayette County Clerk
Members of the Lexington-Fayette Urban County Council

We have performed the procedures enumerated below, which were agreed to by the Fayette County Clerk, on receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities for the period January 1, 2018 through December 31, 2018. The Fayette County Clerk 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 county clerk 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 county clerk's fourth quarter financial statement agrees to the county clerk's receipts ledger and disbursements ledger. 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.



The Honorable Linda Gorton, Mayor, Lexington-Fayette Urban County Government
 The Honorable Don Blevins, Jr., Fayette County Clerk
 Members of the Lexington-Fayette Urban County Council
 (Continued)

3. Procedure -

Compare the county clerk'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 county clerk overspent the general term order.

Finding -

The county clerk's operating disbursements were compared to the county clerk's approved term order and the county clerk overspent his general term order. The county clerk's operating expenses were overspent by \$92,437.

County Clerk's Response: Disbursements exceeded budget due to human error. Procedures have been adjusted to prevent a reoccurrence.

4. Procedure -

Determine if the county clerk 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 \$522,406.

5. Procedure -

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

Finding -

No exceptions were found as a result of applying the procedure. The county clerk maintains general, charge card, refund motor vehicle, recording refunds, and discretionary accounts.

6. Procedure -

Determine if the county clerk reconciles all bank accounts monthly. Re-perform the bank reconciliations for all accounts as of December 31, 2018, to determine what the reconciled balances are and if the 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 county clerk's accounts are:

General Account	\$	1,870,804
Charge Card Account	\$	817,798
Discretionary Account	\$	3,697
Refund Motor Vehicle Account	\$	0
Recording Refunds Account	\$	0

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(Continued)

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 -

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

8. Procedure -

Determine if the county clerk prepared 12 monthly reports for delinquent tax. Test payments to districts for one randomly selected month's delinquent tax disbursements to confirm that payments were made timely and disbursements agreed to the monthly report.

Finding -

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

9. Procedure -

Judgmentally select 15 operating disbursements from county clerk's records and agree amounts to paid invoices or other supporting documentation and 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 -

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

10. 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.

11. Procedure -

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

Finding -

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

The Honorable Linda Gorton, Mayor, Lexington-Fayette Urban County Government
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(Continued)

12. 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 -

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

13. Procedure -

Determine that the county clerk was paid the statutory maximum.

Finding -

The county clerk was paid \$117,908. The statutory maximum salary was \$117,908.

14. 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.

15. Procedure -

Verify the county clerk is properly bonded.

Finding -

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

The Honorable Linda Gorton, Mayor, Lexington-Fayette Urban County Government
The Honorable Don Blevins, Jr., Fayette County Clerk
Members of the Lexington-Fayette Urban County Council
(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 Fayette County Clerk. 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 Fayette County Clerk and the Lexington-Fayette Urban County Council, 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

March 5, 2020