



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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**Harmon Releases Audit of Warren County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2016 financial statements of Warren County Clerk Lynette Yates. State law requires the auditor to conduct annual audits of county clerks and sheriffs.

Auditing standards require the auditor's letter to communicate whether the financial statements present fairly the receipts and disbursements of the Warren County Clerk and the receipts, disbursements, and fund balances of the Warren County Clerk's operating fund and county fund in accordance with accounting principles generally accepted in the United States of America. The clerk's financial statements did not follow this format. However, the clerk's financial statements are fairly presented in conformity with the regulatory basis of accounting, which is an acceptable reporting methodology. This reporting methodology is followed for all 120 clerk audits in Kentucky.

As part of the audit process, the auditor must comment on noncompliance with laws, regulations, contracts, and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comment:

**The Warren County Clerk's Office lacks adequate internal control over documenting social security number changes.** The Warren County Clerk's Office changed social security numbers in the AVIS system in order to renew motor vehicle registrations that had delinquent taxes. The following items were noted:

- A deputy clerk changed the social security number on a vehicle in her name. By doing so she avoided paying delinquent ad valorem taxes of \$107.

- Another deputy clerk changed the third digit of a social security number in an instance to an incorrect social security number. Delinquent ad valorem taxes of \$334 were avoided. Records indicate this deputy repeatedly changed social security numbers of registrants by transposing certain digits in their social security numbers.
- Based on a report obtained from the Department of Revenue, there could be other instances of deputy clerks changing social security numbers to avoid payment of delinquent ad valorem taxes.

Employees are able to change information in AVIS without management's approval or knowledge. The county clerk does not have a policy in place for changing social security numbers.

If the customer's social security number had been entered correctly, the AVIS system would have required the taxpayer to pay all delinquent ad valorem taxes on any other vehicle he or she owned before renewing their registration. By changing social security numbers, the county clerk's office is not collecting delinquent taxes due.

KRS 186.021(1) states, "a county clerk shall not issue a replacement plate, decal, or registration certificate. . .or a registration for renewal to any person who on January 1 of any year owned a vehicle on which state, county, city, urban-government, school, or special taxing district ad valorem taxes are delinquent."

KRS 186A.145 states, "[a] county clerk shall not process an application for Kentucky title and registration from or to any Kentucky resident who has a delinquent motor vehicle ad valorem property tax account. This provision shall not apply to transactions involving licensed Kentucky motor vehicle dealers."

Furthermore, KRS 186A.280 states, "[n]o county clerk or other person shall knowingly enter any information or record into a telecommunications terminal or other device connected to the automated vehicle registration and titling system, knowing that the information or record entered into such device is false, fraudulent, illegitimate, or contains erroneous information that:

- (1) [c]reates, or enables the system to create, a certificate of title and registration, certificate of registration, or certificate of title, that is illegitimate or that contains information that is false, fraudulent or erroneous; or
- (2) [r]esults in the system storing information or a record that is false, fraudulent or contains erroneous information; or
- (3) [f]raudulently, illegitimately, or maliciously alters information or records stored within the system."

We recommend the Warren County Clerk's office implement written policy and procedures to ensure social security numbers are entered correctly in AVIS and ensure renewal of a vehicle registration isn't completed until all delinquent taxes associated with it are paid as required by KRS 186.021. In addition, the county clerk's office should established written policy and procedures to ensure all requirements of KRS 186.021 are met when entries are made in AVIS, which includes entering information accurately. The county clerk should establish a written policy

that prohibits deputies from processing their own or family member's vehicles. If there is a legitimate reason for changing social security numbers, then documentation supporting the change should be maintained. The county clerk should review the list from Department of Revenue to determine if additional corrections need to be made in AVIS to correct social security number changes made. This matter will be referred to the Kentucky Transportation Cabinet.

*County Clerk's response: It is a standard operating procedure in the Clerk's office to allow deputy clerks to make corrections in AVIS (Automated Vehicle Information System), including corrections to social security numbers. Errors can be made anywhere throughout the process of getting a vehicle in the customer's name. Paperwork from dealerships or forms completed by individuals could contain incorrect information. Customers sometimes give inaccurate information or there is just a lack of communication between the parties involved. Human error on the part of all Clerks or deputy clerks in Kentucky would also warrant the correction of information already entered into the statewide system, including social security numbers.*

*Every Clerk and deputy clerk throughout the Commonwealth has the ability to enter information into and make corrections in AVIS. The information other counties enter can effect a current or future Warren County resident. If an incorrect social security number were to be entered by another county and that number were to belong to a Warren County vehicle owner, a correction would have to be made to the other county's record. If a customer were to move into Warren County from another county in Kentucky, the record created in the other county would already be in the statewide system. If there had been an error made in the other county then a correction would have to be made. Most errors are discovered when a customer is trying to renew a vehicle. If there are delinquent taxes associated with our customer's social security number, the system will stop that renewal. At this point the deputy clerk would verify who really owes the tax, and if necessary make the appropriate corrections in the system.*

*Social security numbers also may need to be changed in divorce cases so the correct person is responsible for payment of the taxes.*

*The corrections made to social security numbers in the system does not do away with or delete any taxes owed. That can only be done through the Property Valuation Administrator. The taxes are still in the system to be collected. Our only goal is to get the correct social security number on the record.*

*In response to specific audit comments:*

*1. My employee did change the social security number on her record to her ex-husband's social security number because the vehicle in question was awarded to her ex-husband in the divorce. The tax was not avoided but rather associated with his social security number to be paid by him. At the time this was done I had no policy concerning making changes to your own record. However, I did enact a policy stating that no employee is allowed to process work for themselves or their families. This policy was in place before this audit began.*

*2. The deputy clerk who changed the social security number in question is no longer employed by the Clerk's Office. In reviewing the records it is unclear as to why it was changed. Once*

*discovered, the record was immediately corrected to reflect the correct social security number. Actions have been taken to ensure that all changes made from this point on will be documented and therefore able to be fully explained. Policy has been implemented to require all social security number changes to have supervisory approval and documentation for those changes will remain on file.*

*3. I have started going through the list provided to me by the Department of Revenue. Determining why social security numbers were changed in the system "after the fact" can be a time consuming process. Changes made to social security numbers are not made to avoid the tax being paid. They are made to put the tax in the correct person's name.*

*The County Clerk's Office has now implemented a policy concerning the changing of social security numbers. Changes are to be approved either by the Clerk or the supervisor of the Motor Vehicle Department. There will be a record kept including documentation of the change made and the reason for the change. I will emphasize to my employees the importance of entering information into the system accurately, however we are all human and errors do occur.*

The county clerk's responsibilities include collecting certain taxes, issuing licenses, maintaining county records and providing other services. The clerk's office is funded through statutory fees collected in conjunction with these duties.

The audit report can be found on the [auditor's website](#).

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