



Auditor of Public Accounts
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Harmon Releases Audit of Woodford County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2017 financial statement of Woodford County Clerk Sandra V. Jones. 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 statement presents fairly the receipts, disbursements and excess fees of the Woodford County Clerk in accordance with accounting principles generally accepted in the United States of America. The clerk's financial statement did not follow this format. However, the clerk's financial statement is 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 Woodford County Clerk did not turn over all excess fees monthly: The clerk did not turn over all net income collected by the office monthly. The clerk collected monies for web renewals totaling \$22,750 turned over by the state and filing fees totaling \$459 collected for Internal Revenue Service (IRS) tax liens that were not disbursed monthly as excess fees. The county clerk also had \$478 in postage expenses deducted from the 2017 fee account that were actually 2018 expenses. The county clerk utilizes a debit card for postage and the card deducts from the 2017 fee account and was not transferred to the 2018 fee account at the beginning of the year. Therefore, 2018 expenditures were taken from the 2017 fee account in error. The county clerk also has collected cold checks and interest in the account that needs to be turned over to the fiscal court.

The clerk maintains separate accounts for collecting web renewals and IRS filing fees. The clerk was not aware that the funds should be transferred to the fee account for disbursement as excess fees monthly. The clerk failed to ensure the debit card utilized was deducting from the correct account.

As a result, the clerk failed to turn over funds to the fiscal court that would be utilized for funding and budgeting needs. Also, the clerk has expenditures coming out of the wrong account and could lead to errors and omissions on their budget, further leading to financial reporting errors.

Per Ordinance 2006-01, passed January 10, 2006, all net income and net fees from the office shall be paid over to the county treasurer monthly and no later than the tenth day of the following month.

We recommend the clerk ensure all funds not disbursed by end of the month be properly turned over to the fiscal court as instructed per an ordinance. Furthermore, we recommend the clerk collect and turn over all funds remaining in the account to close out the 2017 fee account.

County Clerk's Response: Due to the advice given at the onset of my first term of office, a separate ACH/Web Renewal and IRS Filing Fee account was set up in 2015. With the web renewals being made until the end of the year, a web renewal account will always have fees that are to be transferred into the previous year operating account due to the delay in when the funds reach the account from the actual day that customer got online and processed their web renewal. To correct the delay of the web renewal fees and IRS filing fees, these fees will now be directly deposited into the present operating account. These steps have been implemented as of January 23, 2019.

The correction made to ensure the debit card being utilized correctly is to no longer use a debit card for the purposes of mailing absentee ballots, which this was the only purpose of having this debit card originally. These postage fees for the mailing of absentee ballots will be paid by check only.

In reference to the interest being collected in the account that needs to be turned over to the fiscal court, all interest accrued monthly is always included in the fiscal court's monthly excess fee check, and if it was not properly included in the excess fee check, the reconciliation would be incorrect. However, the NSF distribution of fees into the correct account at the end of the year is now realized and corrected accordingly.

Auditor's Reply: The 2017 fee account accrued interest of \$498 in 2018 that should have also been turned over to the fiscal court.

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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