



Auditor of Public Accounts Allison Ball

FOR IMMEDIATE RELEASE

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Ball Releases Audit of Shelby County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2023 financial statement of Shelby County Clerk Tony Harover. 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 Shelby 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.

The audit contains the following finding:

The Shelby County Clerk does not have segregation of duties over bank reconciliations and payroll processing: The bookkeeper records receipts and disbursements in the ledger and performs the bank reconciliations. The county clerk works with the bookkeeper on the bank reconciliation for the clerk's office bank accounts, but there is no evidence of independent review of the work by someone who does not work with the ledger postings, deposits, or checks for disbursements. Also, the county clerk does not have segregation of duties related to payroll processing. The county clerk inputs payroll in the software program each pay period, and the company prepares payroll checks. The county clerk prepares checks to vendors for optional insurance, records payments for taxes and insurance in the fee account disbursements ledger, and reconciles the payroll transactions.

We recommend the county clerk designate someone who does not work on daily receipt collections, deposits, disbursement checks, or receipt and disbursement ledger postings to perform the bank reconciliations. Additionally, the county clerk should segregate functions of payroll processing, including inputting pay period information for each employee, approving payroll per pay period, and issuing payroll payments to employees, for payroll taxes and insurances. Furthermore, compensating controls should be implemented and evidenced by the reviewer's initials.

County Clerk's Response: The County Clerk or a Deputy Clerk other than the Bookkeeping Deputy Clerk will review or perform bank reconciliations. In July 2023, the County Clerk engaged an outside payroll vendor [vendor name redacted] to facilitate the processing of payroll. [Vendor name redacted] has an account analyst/representative monitor and assists the County Clerk with many aspects of issuing and reporting of payroll. [Vendor name redacted] also provides labor and wage laws expertise. Federal, state and local tax filings are completed by [vendor name redacted]. The County Clerk will designate a Deputy Clerk to review payroll processing.

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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