



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2021 financial statement of former Simpson County Clerk Jolene Thurman. 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 former Simpson County Clerk in accordance with accounting principles generally accepted in the United States of America. The former clerk's financial statement did not follow this format. However, the former 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 former Simpson County Clerk did not maintain adequate internal controls over delinquent taxes: The monthly delinquent tax report for January 2021 did not include all delinquent taxes collected by the office for the month. Two bills collected on January 4, 2021 were shown to be collected on December 29, 2020, in order to show correct penalty and interest amounts due to the envelope being postmarked in December. Due to being shown collected in December instead of January, these items would not show up on the report when the January 2021 collection report was compiled, therefore the former clerk did not pay the districts the correct amounts owed.

Per the former county clerk, the delinquent tax software company had trained the deputies to input bills in this manner to correct penalties and interest on bills for postmarked items. The bookkeeper

ran the December monthly delinquent tax report early within the 10-day payment window, which missed the additional payment made later that same afternoon.

Having the ability to override the date a delinquent tax bill is paid, without any controls, presents the opportunity for fraud and the theft of assets. In this case, no money was taken, but the taxing districts were not paid these funds because they were not properly shown on the reports.

Good internal controls dictate that safeguards be implemented on computerized records and data entry to prevent manipulation of dates and amounts. Allowing employees to backdate data entries increases the opportunity for fraud to occur and allows the chance for items to not be adequately represented on the appropriate reports and financial statements. KRS 134.126 requires that the county clerk submit a report that includes all taxes collected for the month by the tenth day of the following month to the county treasurer, sheriff, and all taxing districts to accompany the check for all taxes collected.

We recommend the Simpson County Clerk's Office have proper controls in place to ensure that all delinquent tax payments are recorded properly in the tax software and that all payments collected are paid out within 10 days of the end of the month.

Former County Clerk's Response: County Clerk has spoken with the delinquent tax software provider and have implemented internal controls regarding collection of delinquent tax, monthly reports on delinquent tax and verification of delinquent tax paid.

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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