



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Former Washington County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2018 financial statement of former Washington County Clerk Glenn Black. 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 Washington 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 comments:

**The former clerk's office did not adequately document controls designed to provide adequate segregation of duties over receipts, disbursements, and reconciliations:** The former Washington County Clerk's Office had established internal control procedures, but did not adequately document the performance of those procedures. All deputies collected cash. The former county clerk was responsible for performing the daily closeout, which was to be reviewed by the bookkeeper and then posted to the ledger by the bookkeeper. In addition, the clerk prepared the daily deposit. The deposit was to be reviewed and signed off by someone other than the clerk to document their review, and then taken to the bank by the clerk. The receipt documentation did not contain sign-off or initials of the individuals performing the procedure and/or reviewing the documentation. Invoices were to be reviewed by the former clerk. The bookkeeper prepared the

disbursement checks after review and checks were to be signed off on by two people. Disbursements were posted to the ledger by the bookkeeper. Testing of invoices provided no indication of review by the former clerk. Finally, the monthly bank reconciliations were prepared by the bookkeeper and were to be reviewed by the former clerk. No documented review was noted on the monthly reconciliations.

The former clerk did not document review/approvals as this was not in his normal practice and he was not aware that he needed to sign off or initial the various items that he reviewed. By not adequately documenting review procedures, no evidence exists that a review occurred to ensure the accuracy of financial information.

Documentation of controls procedures performed is an essential component of a framework of internal controls. The formal documentation of the controls in place enhances accountability, consistency, and provides an additional layer of protection against misstated financial information.

We recommend the county clerk's office implement procedures to ensure all established controls procedures are properly documented. The oversight should be evidenced by the clerk, or a designee, initialing and dating the documentation reviewed.

*Former County Clerk's Response: The former county clerk did not provide a response.*

**The former Washington County Clerk lacked adequate controls over payroll:** The former county clerk did not require any full-time employees to maintain timesheets. Part-time employees were required to maintain timesheets; however, they were not signed by the employee or approved by the official. The former clerk also failed to maintain an official record of employee leave time earned or used.

The former county clerk failed to implement internal controls over payroll to ensure timesheets were required of all employees.

By not implementing effective controls over payroll, the former county clerk increased the risk of noncompliance and payroll errors. The failure to maintain leave balances renders the county clerk susceptible to disputes regarding compensated leave. Furthermore, since the former county clerk did not properly document hours worked by employees, he was not in compliance with KRS 337.320.

Strong internal controls over payroll are vital in ensuring that payroll is accounted for properly. In addition, strong internal controls over the timekeeping function ensures that employees are properly compensated for the hours actually worked. Maintaining leave balances is another important control that ensures employees are receiving the time that they are due and that they are using leave in accordance with county and office policies. These internal controls are also important in protecting the county's assets and those given the responsibility of accounting for them, as well as helping make certain the county is in compliance with state statutes.

Pursuant to KRS 337.320(1)(b), every employer is required to keep a record of the hours worked each day and each week by each employee.

We recommend that timesheets be properly maintained for all employees as required by KRS 337.320. All timesheets should be signed by the corresponding employee and his or her supervisor. A record of leave time earned and used should be maintained for each employee. An independent employee could review payroll reports prior to distribution of payroll checks. The comparison should verify amounts such as gross wages and withholding amounts and should be documented on the applicable payroll reports.

*Former County Clerk's Response: The former county clerk did not provide a response.*

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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