



Auditor of Public Accounts  
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## **Auditor Harmon Releases First Volume of Annual Statewide Single Audit of Commonwealth of Kentucky**

*Report contains 25 findings from APA audit of financial statements*

**FRANKFORT, Ky. (February 6, 2019)** – Today, Kentucky Auditor Mike Harmon released the first volume of the annual Statewide Single Audit of the Commonwealth of Kentucky (SSWAK) for Fiscal Year 2018.

The SSWAK Volume 1 report details 25 findings by Auditor Harmon’s office, and contains recommendations to address audit findings for 10 cabinets and state agencies. Five SSWAK findings were considered material weaknesses, and the other 20 findings were considered significant deficiencies. Of the 25 findings, five are repeat findings from the Fiscal Year 2017 SSWAK Volume 1 audit.

“This year’s SSWAK had a larger number of material findings compared to last year, and the fact that the majority of the findings in the Fiscal Year 2018 audit are new, shows there is much work to do,” said Auditor Harmon. “I urge the leadership of the state agencies and cabinets with findings in our report to follow our recommendations, so that the Commonwealth can provide accountable and transparent government to all Kentuckians.”

The first volume of the SSWAK contains findings from the APA’s audit of the Commonwealth’s Comprehensive Annual Financial Report (CAFR) and Schedule of Expenditures of Federal Awards (SEFA). Among the findings identified in the SSWAK are the following:

- More than \$1.5 billion in errors, including a \$316 million error related to pension and other postemployment benefits (OPEB), that would have impacted the accuracy of the Commonwealth’s financial reporting had the errors not been identified and corrected during the audit process.

- The Cabinet for Health and Family Services overstated the amount of payments to vendors on Form 1099s by more than \$23 million, which means incorrect information was provided to the IRS.
- The Kentucky Horse Park (KHP) is being billed for sewer usage at the nearby Spindletop Complex associated with the University of Kentucky, and KHP failed to have written contracts in place to ensure reimbursement payments from Spindletop were received timely.
- The Commonwealth Office of Technology (COT) failed to provide adequate disaster recovery services and does not have a complete list of machines, files, or data currently being backed up. COT has identified nearly 2,000 servers that are not currently backed up.
- Similarly, COT does not have a complete list of all servers or machines that it maintains for the Commonwealth, and COT did not properly restrict access on certain servers, which allowed unnecessary access to shared folders containing sensitive and confidential information.

“I also want to acknowledge and thank our staff at the Auditor of Public Accounts for their efforts to ensure transparency on behalf of the taxpayers of Kentucky,” said Auditor Harmon. “The completion of the annual SSWAK requires a lot of dedicated work and is essential to ensuring public resources are protected and properly accounted for in state government.”

The report can be found on [our website](#). Volume 2 of the SSWAK, which covers the Commonwealth’s compliance with federal grant requirements, will be released in March.

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