



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: Michael Goins
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Graves County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2019 financial statement of Graves County Clerk Kim Gills. 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 Graves 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 Graves County Clerk's fourth quarter report was significantly misstated: The county clerk failed to include \$319,002 of taxes and other unpaid obligations owed on her fourth quarter financial statement that was submitted to the Department for Local Government (DLG), causing the county clerk's official financial statement disbursements and excess fees due to the fiscal court to be significantly misstated.

According to the county clerk, this is her first year as county clerk and she was unaware of the requirements to record the unpaid obligations. Since the fourth quarter financial statement was significantly misstated, the financial information included therein could not be relied on. Omitting the \$319,002 of unpaid obligations caused excess fees due to the fiscal court to be overstated by

\$319,002 as well. A copy of this report was provided to the fiscal court, who could have relied on the erroneous amount of excess fee to be remitted.

Good internal controls dictate that accurate amounts be used on financial statements submitted to governing bodies and other users. Additionally, the form required by DLG as shown in the *County Budget Preparation and State Local Finance Officer Policy Manual* mandates outstanding obligations be recorded on the fourth quarter financial statement.

We recommend that the county clerk prepare an accurate fourth quarter financial statement by utilizing the unpaid obligations as of December 31st column in the future to ensure the financial information submitted to DLG and other users is accurate.

County Clerk's Response: The form that was used for the fourth quarter financial statement did not automatically populate the unpaid obligations column and it was not realized that it was not complete. The fourth quarter was not properly complete due to checks being written after December 31, 2019. There were no monies missing and the program that is being used has been corrected and going forth all financial statements should be correct.

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](#).

###

The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.

