



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

Fiscal Year 2019 report contains eight findings from APA audit of financial statements

FRANKFORT, Ky. (February 11, 2020) – Today, Kentucky Auditor Mike Harmon released the first volume of the annual Statewide Single Audit of the Commonwealth of Kentucky (SSWAK) for Fiscal Year 2019.

The SSWAK Volume 1 report details eight findings by Auditor Harmon’s office, and contains recommendations to address audit findings for the Finance and Administration Cabinet (FAC), Commonwealth Office of Technology (COT), and the Department of Workforce Investment (DWI). All eight findings for the Fiscal Year 2019 SSWAK Volume 1 report are considered significant deficiencies, with one repeat finding from the SSWAK Volume 1 audit for Fiscal Year 2018.

“I want to express my appreciation to our staff for their outstanding work on Volume 1 of SSWAK,” said Auditor Harmon. “This audit serves as an important window for taxpayers on how state government is operating for them, and identifies the issues that need to be addressed in order to have a government that is efficient, effective and ethical.”

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:

- DWI failed to ensure financial information on an account that includes employer overpayments was accurate when submitted to FAC as part of the CAFR, resulting in the Other Liabilities balance being understated by more than \$5.1 million. Auditors also determined that some accounts with payable balances to employers had been classified

as inactive, even though they had not exceeded the five year non-payment threshold established by KRS 341.330.

“Based on conversations our office has had concerning this finding, we have decided to conduct a more in-depth review of how these employer overpayments are handled by DWI,” Auditor Harmon said.

- Failure by the Finance and Administration Cabinet to properly track capital asset inventory to ensure accurate financial reporting by the Commonwealth. One example auditors found was with COT, which had more than 200 items listed as missing on their inventory report, representing 19 percent of COT’s inventoried items. Eighteen of those missing items were purchased in 2017 or later, with a total cost of \$1.08 million.
- COT does not have a complete list of all servers or machines it maintains for state government, and also did not properly restrict access on certain servers, which allowed unnecessary access to shared folders containing sensitive and confidential information. This finding is the only repeat finding from the 2018 SSWAK Volume 1 report.

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

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