

**AUDIT,**

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other county clerk offices across the state, could face an audit.

Last Monday, June 8, the Kentucky Auditor of Public Accounts Allison Ball released a 2024 review of the local clerk's office (one of 12 audits released that day).

Glover said she is aware there may be public scrutiny, but pointed out some claims contained in the audit are similar to numerous others throughout the state.

The clerk said as a public servant, she realizes there may be times of disagreements, misunderstandings, and miscommunications, but service is a priority of her office.

"My name may be on the door, but I do not want this to reflect on my staff in any way," she asserted. "I am blessed to have a great group of people working with me...but more importantly, serving the community. I assure you they strive to do their best."

As far as specific claims in the audit, Glover said she assumed responsibility on some issues, and explained honestly and earnestly regarding others.

"It's there for all to see," she said. "I addressed any issues the best I could."

State Auditor Allison Ball released the following report last week.

**Russell County Clerk's Fee Account Audit**

State Auditor Allison Ball released the audit of the 2024 financial statement of Russell County Clerk Patti Glover. 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 Russell 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.

**FINDING-The Russell County Clerk's Office lacks adequate segregation of duties over accounting function.**

The county clerk's office lacks adequate segregation of duties over receipts, disbursements, and reconciliations. The county clerk and deputies collect receipts, reconcile cash

drawers, and prepare daily checkout sheets and deposits. The bookkeeper, who has access to cash, issues receipts, posts transactions to the receipt and disbursements ledgers, prepares monthly and quarterly reports, and reconciles the bank account. The bookkeeper also receives invoices, prepares, and signs checks. The county clerk has implemented some compensating controls; however, those controls were not effective and as a result, the following issues were allowed to occur:

- Bank reconciliations were not performed in a timely manner. They were completed approximately one to six months after the respective month-end.
- Financial records were not complete and accurate. (See finding 2024-002)
- Motor vehicle taxes were not properly remitted as required. (See finding 2024-003)
- Budget and quarterly reports were not submitted timely and excess fees were not remitted timely. (See finding 2024-006)
- Daily deposits were not made timely. (See finding 2024-007)

**RECOMMENDATIONS**

We recommend the county clerk segregate the duties of collecting receipts, preparing bank deposits, recording transactions, reconciling accounts, and preparing disbursements. If segregation of duties is not feasible due to lack of staff, we recommend the county clerk implement compensating controls, such as increased oversight and documented review of these functions.

**COUNTY OFFICIALS RESPONSE**

County Clerk's Response: "I will be segregating duties to other employees within this office."

**FINDING-The Russell County Clerk Did Not Maintain Accurate And Complete Financial Records And Reports**

The county clerk did not maintain accurate and complete financial records and reports. Our audit identified errors in recording receipts and disbursements, untimely and inaccurate bank reconciliations, and failure to submit a timely budget, quarterly reports, and excess fees. The fourth quarter financial report contained the following errors:

- Receipts were overstated by \$3,274 and disbursements were understated by \$107,289 when compared to the receipts and disbursements ledgers.
- Daily receipts for June 7, 2024, totaling \$30,747, were not reported on the receipts ledger or financial statement.
- The receivable of \$220 deposited on January 3, 2025, was not recorded on the receipts ledger or financial statement.
- A usage tax refund check for \$1,489 was reported as a receipt.
- A check was issued from the fee account for \$59,217 and then deposited back into the fee account to reclassify delinquent tax sale deposits as delinquent tax receipts, resulting in receipts and disbursements being overstated by this amount.
- House Bill 1 grant funds of \$49,910 were paid to the fiscal court and reported as document storage fees receipts and disbursements. These funds should have been deposited into a separate

bank account. (See finding 2024-005).

• Recording fees of \$4,478 were not reported. This amount was erroneously deposited into the prior year fee account and transferred to the current fee account.

• Receipts of \$153,471 and disbursements of \$17,851 were reported on the fourth quarter financial report; however, they were posted to incorrect accounts.

• Customer charge errors of \$1,808 were not properly recorded.

• Interest of \$17 was not reported.

• Deposits of \$3,780 were reported as disbursements.

• Document storage fees of \$14,129 were not recorded and remitted to the fiscal court.

• Motor vehicle disbursements were overstated by \$13,247.

• Receipts and disbursements did not reconcile to the bank by \$670 and \$471, respectively.

**RECOMMENDATIONS**

We recommend management implement stronger internal controls, such as a thorough, independent review of the receipts and disbursements ledgers and monthly bank reconciliations, to ensure all financial records are accurate and in agreement.

**COUNTY OFFICIALS RESPONSE**

County Clerk's Response: "The bookkeeper was out due to (medical reasons) that took place in Jan. 2024."

**FINDING-The Russell County Clerk failed to remit motor vehicle taxes as required.**

The Russell County Clerk did not call in or transmit usage tax collections, tangible personal property tax, or license collections to the state timely.

**RECOMMENDATIONS**

We recommend the county clerk comply with these statutes by ensuring all required motor vehicle tax payments are made in a complete and timely manner. We also recommend the county clerk remit the \$99 due for license fees and transfers, and \$110,544 for tangible property tax collections to the state.

**COUNTY OFFICIALS RESPONSE**

County Clerk's Response: "I take full responsibility of not over seeing that these MV taxes were not paid as required."

**FINDING-The Russell County Clerk's ACH Account was not reconciled to zero monthly**

The county clerk's office did not document the reconciliation of the ACH account to a zero balance each month. As of December 31, 2024, the ACH account had an unreconciled balance of \$589. The county clerk's office transfers money monthly from her fee account

into the ACH account to make payments to the state for usage tax, license fees and tangible taxes. The county clerk's office performs a monthly review of her ACH account; however, she did not perform a full reconciliation to ensure the revolving account reconciles to zero monthly and all amounts have been paid to the state.

**RECOMMENDATIONS**

We recommend the county clerk's office reconcile the ACH account monthly to zero to ensure electronic transfers and payments for usage tax, license fees, and tangible taxes are being made properly to the state. This review could also be documented by someone independent who is reviewing the reconciliation. In addition, the county clerk's office should transfer amounts due from fee account and make appropriate payments to the state for amounts due.

**COUNTY OFFICIALS RESPONSE**

County Clerk's Response: "ACH will be reconciled to zero monthly also as required."

**FINDING-The Russell County Clerk did not maintain grant funds in a separate bank account**

The Russell County Clerk's Office received a Recorded Instrument Grant under House Bill 1 from the Department for Local Government (DLG) in the amount of \$49,910. These funds are required to be deposited and maintained in a separate bank account. However, the county clerk deposited the grant funds into the fee account and then subsequently issued a check to the fiscal court for deposit into the county clerk document storage fee fund. In addition, the bookkeeper recorded the unexpended grant funds as both a receipt and disbursement on the financial statement, resulting in accurate financial reporting of grant activity.

**RECOMMENDATIONS**

We recommend the county clerk request the return of the \$49,910 in unexpended grant funds from the fiscal court and establish a separate bank account to account for and track these funds separately. We further recommend the county clerk list the grant account on the fourth quarter financial statement as an 'Other Account.'

**COUNTY OFFICIALS RESPONSE**

County Clerk's Response: "Grant funds from now on will be in separate account."

**FINDING-The Russell County Clerk did not submit the budget or second quarterly financial report timely or remit excess fees to the fiscal court accurately and timely**

The Russell County Clerk did not submit her calendar year

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**Blake Aaron**  
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**Philip Walker**  
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