



**Auditor of
Public Accounts
Allison Ball**

Russell County Clerk's Fee Account Audit

FRANKFORT, Ky. – 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 Functions

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 Properly Remit Motor Vehicle Taxes As Required

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 2024 budget or second quarter financial report to the Department for Local Government (DLG) in a timely manner. Although the budget was approved by the fiscal court on December 11, 2023, it was not received by DLG until March 11, 2024 and the second quarter financial report was not submitted. Additionally, excess fees for calendar year 2024 were not remitted to the fiscal court timely or accurately.

Recommendations

We recommend the county clerk remit excess fees to the fiscal court by March 15th each year, its budget to DLG by January 15th of each year, and quarterly to DLG by the 30th day following the close each quarter. We also recommend the county clerk implement effective internal controls over the preparation and review of quarterly and annual financial reports and the calculation and remittance of excess fees. Further, we recommend the county clerk request the return of the excess fee overpayment in the amount of \$46,848 in order to properly settle the 2024 fee account and remit all outstanding amounts due.

County Officials Response

County Clerk's Response: I Patti Glover take full responsibility not over seeing that these reports were not remitted in a timely manner.

Finding: The Russell County Clerk Did Not Deposit Funds Intact Daily

The Russell County Clerk did not deposit all funds collected intact on a daily basis. Daily collections were tested for the week of September 23 – 27, 2024. These receipts were not deposited until October 2, 2024. In addition, a review of bank statements revealed several instances of multiple deposits on the same day.

Recommendations

We recommend the Russell County Clerk comply with the Department for Local Government requirements and ensure deposits are being made on a daily basis.

County Officials Response

County Clerk's Response: [The bookkeeper] had [medical procedures] and was the only one that made deposits. There will be other employees cross trained so this doesn't happen again.

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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