



**EXAMINATION OF SELECTED ACTIVITIES  
AND TRANSACTIONS OF THE  
HANCOCK COUNTY CLERK'S OFFICE**

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**CONTENTS**

	<b><u>Page</u></b>
<b><u>TRANSMITTAL LETTER</u></b>	1
<b><u>FINDINGS AND RECOMMENDATIONS</u></b>	3
<b><u>EXHIBITS</u></b>	10
<b><u>HANCOCK COUNTY CLERK RESPONSE</u></b>	14
<b><u>AUDITOR'S REPLY</u></b>	19





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

June 26, 2002

The Honorable Troy B. Russelburg  
Hancock County Clerk  
225 Main Cross Street  
Hawesville, Kentucky 42348

RE: Auditors' Report on Hancock County Clerk's Office Examination

Dear Mr. Russelburg:

We have performed an examination of selected Hancock County Clerk's Office (Clerk's Office) activities and transactions. Our initial objective was to resolve an inventory discrepancy discovered during the course of a routine annual audit. This inventory discrepancy was subsequently resolved. However, additional procedures were performed which led us to conclude that the Clerk's Office paid improper travel reimbursements and employee personal expenses.

Our procedures included interviewing Hancock County (County) personnel, as well as examining accounting records and detailed transaction documentation from the Clerk's Office. We identified over \$2,000 in improper travel reimbursements and personal employee expenses paid by the Clerk's Office between January 1, 1998, and December 31, 2001. These improper travel reimbursements constitute apparent violations of the Hancock County Code of Ethics (Code of Ethics) and the Hancock County Administrative Code (Administrative Code). We will refer these issues to the appropriate agencies to determine whether further investigation is warranted. We also noted that the Hancock County Travel Policy (Travel Policy) was not adequately disseminated, and that best practices were not followed by the Clerk's Office when preparing travel reimbursement requests or when handling petty cash.

Mr. Russelburg  
June 26, 2002  
Page 2

The findings noted during the performance of our examination are contained in the attached detailed report. We wish to thank County personnel, as well as all parties involved, for their cooperation during the course of our work.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ed Hatchett". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

EBHJr:kct

## Findings and Recommendations

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### **The County Clerk claimed over \$1,900 in reimbursements for fictitious, excessive, or personal travel expenses.**

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The Hancock County Clerk (County Clerk) claimed \$1,909.68 in reimbursements between January 1, 1998, and December 31, 2001 (Examination Period), for trips that evidence indicates were not taken, for meal expenses in excess of the per diem rate set by the Travel Policy, and for personal rather than official expenses. These trips were allegedly taken for meetings, training sessions, and office errands. The County Clerk prepared the reimbursement request forms, and drafted and signed the reimbursement checks.

During the Examination Period, the County Clerk claimed \$1,456.98 in reimbursements for thirteen trips that evidence indicates he did not actually take (see Exhibit A). The County Clerk claimed that he attended seven Kentucky County Clerk's Association (KCCA) meetings. KCCA attendance records, maintained for six of the seven meetings, contain no evidence of the County Clerk's presence. The County Clerk said that he never signed attendance sheets at training sessions or meetings because he never qualified for the HB810 bonus triggered by officials' attendance at such training sessions for a minimum number of hours. However, Department for Local Government (DLG) training records show that the County Clerk has signed attendance sheets and completed training reporting forms for other meetings and training events throughout the Examination Period.

#### Inappropriate Reimbursements to the County Clerk

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Fictitious Trips	\$ 1,457
Excessive Expenses	327
Personal Expenses	<u>126</u>
Total	<u>\$ 1,910</u>

Documentation from the Automated Vehicle Information System (AVIS) indicates that the County Clerk was actually in his Hancock County office conducting 126 transactions on the dates on which all seven of these KCCA meetings were held. The AVIS records documented the time of day that transactions were initiated, and in each of the seven instances, the County Clerk initiated transactions at times that precluded his attendance at the KCCA meetings. Additionally, a group calendar maintained by the Clerk's Office shows that both full-time Deputy Clerks were out of the office the morning of May 16, 2001, a date of one of these meetings.

The County Clerk contends that AVIS records contradict his travel reimbursements because the Clerk's Office employees use his ID to process transactions in AVIS, notably when he is out of town. While this explanation is possible, a number of past and present employees contradicted it, and AVIS records, described below, do not support the Clerk's explanation.

Evidence shows that, on dates when hotel records confirm the County Clerk traveled out of town, AVIS records do not reflect any transactions initiated using the County Clerk's ID. On many of the dates when AVIS records contradict the County Clerk's alleged whereabouts, the system records show that Clerk's Office employees initiated transactions using their own IDs for many types of transactions that were initiated using the County Clerk's ID as well.

*The County Clerk claimed reimbursement for mileage allegedly incurred to attend the 2000 Governor's Local Issues Conference, despite evidence refuting the travel.*

On August 24, 2000, the County Clerk claimed reimbursement for mileage incurred during two round trips to Louisville for the 2000 Governor's Local Issues Conference presented by DLG. The DLG training record for the County Clerk does not show his attendance at this conference. The County Clerk again noted that attendance records would not denote his presence because he does not sign attendance sheets at training sessions or meetings. This is contradicted by DLG records of other training events.

DLG records also do not show that the County Clerk registered for this conference or paid the associated \$195 fee. We did not observe any disbursement from the Clerk's Office for the registration fee to attend this conference. When asked why a registration fee was not paid, the County Clerk said he believed there was no fee to attend this conference.

*The County Clerk claimed reimbursement for mileage incurred to pick up an item of equipment that was actually shipped to the Clerk's Office.*

On June 6, 2001, the County Clerk claimed reimbursement for mileage incurred during a round trip to Louisville to pick up a new validation printer from a supplier. The trip reportedly occurred on June 5, 2001. Records obtained from the supplier prove that the validation printer was shipped via a commercial carrier to the Clerk's Office on June 5, 2001. AVIS records also reflect that the County Clerk initiated ten transactions throughout the day on June 5, 2001.

On June 14, 2001, the County Clerk claimed reimbursement for mileage incurred during a round trip from the KCCA Spring Conference in Louisville to Hawesville on June 11, 2001. However, evidence indicates this trip did not occur. The purpose of this trip stated on the reimbursement form was to cover for a Deputy Clerk who was absent to attend an “unexpected appointment.” The appointment does not appear to have been unexpected, given that it was noted on the Clerk’s Office group calendar. Additionally, AVIS does not reflect any transactions initiated by the County Clerk on June 11, 2001.

The elapsed time between events at which the County Clerk was present in Louisville on June 11, 2001, also was not sufficient to accommodate a return trip to Hawesville and work in the Clerk’s Office. The County Clerk submitted written certification to DLG that he attended both KCCA Spring Conference sessions held on June 11, 2001, from 10:00 a.m. to noon (see Exhibit B). The County Clerk also submitted a receipt from a Louisville restaurant for \$55.00 printed at 5:49 p.m. on June 11, 2001, which he confirmed was for his meal (see Exhibit C). The fact that this receipt documents the County Clerk finishing a meal in Louisville 49 minutes after the Clerk’s Office closed contradicts a notation in his personal calendar, provided as additional support, that he “returned to the convention after work.” Finally, statements from County personnel do not support the County Clerk’s representations about a return trip.

*The County Clerk claimed reimbursement for mileage incurred for an unconfirmed meeting, contradicting a statement that he traveled on personal business.*

On June 20, 2001, the County Clerk claimed reimbursement for mileage incurred during a trip to Frankfort on June 19, 2001, to attend a meeting on a point of sale application (POSTS). The County Clerk stated that the meeting had been held at the Kentucky Association of Counties (KACo) Weaver Building, to discuss POSTS being added to the Kentucky Vehicle Information System (KVIS). The County Clerk stated the meeting involved all counties volunteering to be first to implement POSTS, but he could not identify who directed the meeting.

A Kentucky Transportation Cabinet employee involved in the KVIS project was not aware of and did not participate in any such meeting. We contacted county clerks believed likely to have been involved in this meeting and none could document or recall a June 19, 2001, meeting. KACo also had no record of their meeting facilities being used on this date.

Additionally, the Clerk's Office group calendar reflects that the County Clerk took the day off on June 19, 2001, to attend to a personal matter in Indianapolis, Indiana. County personnel noted that the County Clerk said he traveled to Indianapolis on June 19, 2001.

*The County Clerk claimed reimbursement for mileage incurred to attend a DLG training session, contradicting a statement that he traveled on personal business.*

On October 4, 2001, the County Clerk claimed reimbursement for mileage incurred during a trip to Frankfort on October 2, 2001, to attend DLG training. DLG attendance records do not reflect his presence at this training, nor did DLG personnel who conducted the training recall the County Clerk being present. The County Clerk repeated the contention that attendance records are unreliable because he does not sign attendance sheets at training sessions or meetings, a statement contradicted by DLG records of his signing in during other events.

The Clerk's Office group calendar shows a personal appointment in Indianapolis and that the County Clerk took the day off on October 2, 2001. In addition, County personnel reported that the County Clerk said he traveled to Indianapolis on October 2, 2001.

*The County Clerk claimed reimbursement for mileage incurred for a meeting that took place at a time when the County Clerk was in the Clerk's Office.*

On October 11, 2001, the County Clerk claimed reimbursement for mileage driven to Evansville, Indiana to attend a meeting of creditors held that day for an auto dealership that owed the Clerk's Office money. The bankruptcy court maintained attendance records for this meeting, but these records do not reflect the County Clerk's presence.

The County Clerk stated that he attended the creditors meeting to submit a claim on behalf of the Clerk's Office, but that the bankruptcy court would not accept the claim in person and that claims had to be mailed. Bankruptcy court personnel stated that there is no such mailing requirement and that claims are routinely submitted in person. Additionally, AVIS records reflect that the County Clerk initiated two transactions at the same time the creditors' meeting started.

*The County Clerk apparently violated the Code of Ethics by reimbursing himself under false pretenses.*

Section IID of The Hancock County Code of Ethics (Code of Ethics) prohibits a county government official from using his public office "for the purpose of securing financial gain for himself." By claiming reimbursement for travel expenses that substantial evidence indicates were not incurred, the County Clerk appears to have violated the Code of Ethics.

*The County Clerk claimed reimbursement for meal expenses in excess of the County per diem limit.*

In January 1995, the Hancock County Fiscal Court adopted an Administrative Code that included a Travel Policy limiting actual meal expense reimbursement to \$25 per day. The County Clerk exceeded this limit during five trips, reimbursing himself for a total of \$326.65 for meal expenses beyond the allowed per diem as evidenced below.

Excess Meal Expenses Reimbursed to the County Clerk

<u>Reimbursement Date:</u>	
June 18, 1998	\$ 98.45
July 28, 1998	20.16
November 19, 1998	25.13
June 16, 1999	13.71
June 14, 2001	<u>169.20</u>
Total	<u>\$ 326.65</u>

*The County Clerk claimed reimbursement for personal expenses.*

In addition, our auditors found that the County Clerk reimbursed himself for personal expenses totaling \$126. These expenses were unrelated to the business of his office and should not have been reimbursed.

*Recommendation*

We recommend that the County seek repayment of \$1,909.68 from the County Clerk for disallowed reimbursements. We will refer this matter to the Hancock County Ethics Commission and the appropriate law enforcement agency.

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**The County Clerk frequently inflated mileage claimed for reimbursement.**

During the Examination Period, the County Clerk made reimbursements of \$2,991.29 to himself for 10,702 miles he claimed to have driven on official business. Of these trips, \$2,515.41 was reimbursed for reportedly driving 8,907 miles during round trips to out-of-county destinations, while \$475.88 was reimbursed for reportedly driving 1,795 local miles.

We noted several instances in which the miles reported on travel reimbursements appeared excessive. We calculated the approximate mileage for the round trips to specific destinations using an Internet map service. These measurements totaled 5,830 miles, or 3,077 miles less than the 8,907 miles claimed by the County Clerk. This difference indicates that miles reported were inflated by as much as 53 percent, and reimbursements overstated by as much as \$864.51 (see Exhibit D).

The County Clerk offered various explanations for the excess mileage. Some explanations were not consistent with the circumstances of his trips and none can reasonably account for the excess mileage reported. During a trip to the 2000 KCCA Spring Conference in Covington, the County Clerk claimed reimbursement for driving exactly 800 miles. According to the Internet map service, a round trip between Hawesville and the hotel the County Clerk stayed in is about 360 miles.

The County Clerk stated that construction detours caused him to drive additional miles. When asked how construction could have added over 400 miles to his trip, the County Clerk stated that his hotel was just off the I-275 loop, which is 88 miles long, and that he had turned the wrong direction, causing him to go the long way around the loop. However, the County Clerk's hotel was located in downtown Covington off I-71, therefore travel on I-275 would not have been necessary.

*Recommendation*

We recommend that the County seek repayment of up to \$388.25 from the County Clerk for reimbursement of excess mileage on trips actually taken.

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**The Clerk's Office paid for personal shipping costs of the County Clerk and one of his employees.**

The County Clerk shipped five packages by next day air service to a family member, a friend, and private companies for personal purposes. These personal shipments totaling \$117.25 were charged to and paid by the Clerk's Office. Although the County Clerk stated he reimbursed the Clerk's Office for two of these shipments and that the reimbursements were documented, no such documentation was provided.

*Petty cash funds are used for unofficial purposes and transactions are not recorded.*

An employee of the Clerk's Office also shipped two packages to a private company for personal purposes. The employee stated that the County Clerk granted her permission to charge these shipments totaling \$34.60 to the Clerk's Office and provide reimbursement. The employee stated that she reimbursed the Clerk's Office by placing cash in the petty cash fund. No records are kept of the transactions in the petty cash fund, making it impossible to verify repayments to the fund. Additionally, a number of past and present Clerk's Office employees stated that copy fees received from the public are placed in the petty cash fund, and that these funds are regularly used to purchase lunch for the employees.

*Recommendations*

We recommend that the County seek repayment of \$117.25 from the County Clerk and \$34.60 from an employee of the Clerk's Office for personal shipping charges not reimbursed.

We also recommend that the County Clerk:

- establish a policy prohibiting the shipping of personal packages using the Clerk's Office accounts;
  - discontinue spending in the Clerk's Office for unofficial purposes; and,
  - establish a procedure to record all petty cash transactions.
- 

**The County did not sufficiently disseminate the Travel Policy.**

The County Clerk and Clerk's Office employees all stated that although they were aware of the per mile reimbursement amount, they were not aware of the per diem limit contained in the County's Travel Policy. This absence of communication likely contributed to the per diem non-compliance and the requirement to obtain preauthorization for conference fees by the County Clerk.

*Recommendations*

We recommend that the County ensure that all officials and employees receive a copy of the Administrative Code, which includes the Travel Policy, and consider obtaining a signed acknowledgement from each individual.

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**The Clerk's Office did not follow best practices related to travel reimbursements.**

The County Clerk prepares travel reimbursement requests for himself and his employees. Clerk's Office employees said they were told to inform the County Clerk when they were entitled to reimbursement and he would complete the form. Additionally, the individual to be reimbursed does not sign the reimbursement request.

*Recommendation*

We recommend that the County Clerk implement a procedure that requires employees to complete and sign their own reimbursement requests.

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**EXHIBITS**



**EXHIBIT A**



**Reimbursements Paid to the Hancock County Clerk  
for Trips that Evidence illustrates Were Not Taken**

Travel Date(s)	Destination(s)	Purpose(s)	Reimbursement for Mileage	Disallowed Reimbursement
17-Feb-1999	Frankfort	KCCA meeting	77.78	77.78
17-Feb-2000	Frankfort	KCCA meeting	83.00	83.00
10-May, 11-May-2000	Lewisport, Frankfort	Deliver voting machine, KCCA meeting	90.50	83.00
21-Aug, 22-Aug-2000	Louisville	Governor's Local Issues Conference	123.60	123.60
6-Oct-2000	Lexington	KCCA meeting	120.60	120.60
21-Feb-2001	Lexington	KCCA meeting	128.10	128.10
16-May-2001	Lexington	KCCA meeting <sup>1</sup>	128.40	128.40
5-Jun-2001	Louisville	P/U new validation printer	98.40	98.40
11-Jun-2001	Louisville	Return to office to cover for Deputy Clerk	140.70	140.70
19-Jun-2001	Frankfort	POSTS meeting	145.50	145.50
2-Oct-2001	Frankfort	DLG budget training	118.50	118.50
11-Oct-2001	Evansville	Bankruptcy creditors' meeting	81.60	81.60
17-Oct-2001	Lexington	KCCA meeting	127.80	127.80
<b>TOTAL</b>			<b>1,464.48</b>	<b>1,456.98</b>

<sup>1</sup> This reimbursement was initially for the April 17, 2001, KCCA meeting. However, an entry in the County Clerk's personal calendar reflects that he did not attend this meeting but still reimbursed himself for the mileage. The entry stated that the County Clerk would attend the May 16, 2001, KCCA meeting without seeking mileage reimbursement in order to compensate the Clerk's Office.



**EXHIBIT B**



**KENTUCKY COUNTY CLERKS ASSOCIATION**  
 Louisville Marriott East  
 June 9-13, 2001

NAME: Tony B. Russell

COUNTY: Hancock

OFFICE: County Clerk

SESSION	TIME	HOURS	INITIAL
Usage Tax Changes from 2001 Legislature - Kentucky Revenue Cabinet	June 11 10-11	1.00	T.B.R.
Veterans Plates -Transportation Cabinet	June 11 11-12	1.00	T.B.R.
Recent Changes in the Uniform Commercial Code -John McGarvey	June 12 9-11	2.00	T.B.K.
Election Law Changes from 2001 Legislature -Registry of Election Finance	June 12 11-12:30	1.50	T.B.R.
Credit Cards, Allowable and Unallowable Charges -State Auditor's Office	June 12 2-3	1.00	T.B.R.
Complying with Wage and Hour Laws -Labor Cabinet	June 12 3-4	1.00	T.B.R.
Changes to Transient Merchant Licenses -Attorney General's Office	June 13 9-10	1.00	T.B.R.
Marriage License Rules and Regulations -Department of Libraries and Archives	June 13 10-11	1.00	T.B.R.

I HEREBY CERTIFY THAT I ATTENDED THE ABOVE-INITIALED TRAINING EVENTS.

SIGNATURE: Tony B. Russell

DATE: 5-13-01

THE SIGNED PROOF OF ATTENDANCE MUST BE MAILED TO THE TRAINING BRANCH OF DLG.  
 FAXED OR XEROXED COPIES WILL NOT BE ACCEPTED.

KENTUCKY COUNTY CLERKS ASSOCIATION SIGNATURE: <u>William D. Myer</u> DATE: <u>June 13, 2001</u>
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**RECEIVED**

AUG 04 2001

Dept. For Local Government



**EXHIBIT C**



\*\*\*\*\*  
DATE 06/11/01 TIME 17:49  
MID 009500377735 0095003  
35

BUCA-LOUISVILLE  
2051 S HURSTBORNE PARKWAY  
LOUISVILLE, KY 40220  
502-493-2426

VISA [REDACTED] S 04/03  
AUTH 197374 TABLE 8 CHECK 4759

PURCHASE DINING ROOM Wesley

AMOUNT 46.20  
Food 2.77

SUBTOTAL \$ 48.97

TIP \$.....6.03

TOTAL \$.....55.00..

CUSTOMER COPY

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**EXHIBIT D**



## Mileage Reimbursed to the Hancock County Clerk

Reported Travel Date(s)	Reported Travel Description	Reported Mileage	Mileage per		Percentage Difference	Reimbursement Amount	Amount Based on Mileage	
			Yahoo!® Maps <sup>1</sup>	Mileage Difference			per Yahoo!® Maps <sup>1</sup>	Difference
26-May-1998	Around Hancock County	225	n/a	n/a	n/a	56.25	-	-
13-Jun, 17-Jun-1998	Hawesville to Lexington (RT)	438	320	118	37%	111.69	81.60	30.09 <sup>2</sup>
24-Jun-1998	Hawesville to Owensboro (RT)	103	60	43	72%	26.27	15.30	10.97 <sup>2</sup>
3-Nov-1998	Around Hancock County	160	n/a	n/a	n/a	40.80	-	-
16-Nov, 18-Nov-1998	Hawesville to Louisville (RT)	396	160	236	148%	100.98	40.80	60.18 <sup>2</sup>
20-Jan-1999	Hawesville to Frankfort (RT)	305	270	35	13%	77.78	68.85	8.93 <sup>2</sup>
17-Feb-1999	Hawesville to Frankfort (RT)	305	270	35	13%	77.78 <sup>3</sup>	68.85	8.93
25-May-1999	Around Hancock County	297	n/a	n/a	n/a	75.74	-	-
14-Jun, 15-Jun-1999	Hawesville to Bowling Green (RT)	275	170	105	62%	70.13	43.35	26.78 <sup>2</sup>
3-Nov-1999	Around Hancock County	218	n/a	n/a	n/a	55.59	-	-
17-Feb-2000	Hawesville to Frankfort (RT)	332	270	62	23%	83.00 <sup>3</sup>	68.85	14.15
10-May-2000	Hawesville to Lewisport (RT)	30	30	0	0%	7.50	7.65	(0.15)
11-May-2000	Hawesville to Frankfort (RT)	332	270	62	23%	83.00 <sup>3</sup>	68.85	14.15
20-May-2000	Around Hancock County	205	n/a	n/a	n/a	51.25	-	-
23-May-2000	Around Hancock County	215	n/a	n/a	n/a	53.75	-	-
7-Jun, 9-Jun-2000	Hawesville to Covington (RT)	800	360	440	122%	200.00	91.80	108.20 <sup>2</sup>
21-Aug-2000	Hawesville to Louisville (RT)	206	160	46	29%	61.80 <sup>3</sup>	48.00	13.80
22-Aug-2000	Hawesville to Louisville (RT)	206	160	46	29%	61.80 <sup>3</sup>	48.00	13.80
6-Oct-2000	Hawesville to Lexington (RT)	402	320	82	26%	120.60 <sup>3</sup>	96.00	24.60
3-Nov, 7-Nov-2000	Around Hancock County	200	n/a	n/a	n/a	60.00	-	-
12-Nov-2000	Hawesville to Lexington (RT)	398	320	78	24%	119.40	96.00	23.40 <sup>2</sup>
21-Feb-2001	Hawesville to Lexington (RT)	427	320	107	33%	128.10 <sup>3</sup>	96.00	32.10
17-Apr-2001	Hawesville to Lexington (RT)	428	320	108	34%	128.40 <sup>3</sup>	96.00	32.40
5-Jun-2001	Hawesville to Louisville (RT)	328	160	168	105%	98.40 <sup>3</sup>	48.00	50.40
10-Jun, 13-Jun-2001	Hawesville to Louisville (RT)	338	160	178	111%	101.40	48.00	53.40 <sup>2</sup>
11-Jun-2001	Hawesville to Louisville (RT)	469	160	309	193%	140.70 <sup>3</sup>	48.00	92.70
19-Jun-2001	Hawesville to Frankfort (RT)	485	270	215	80%	145.50 <sup>3</sup>	81.00	64.50
25-Jul-2001	Hawesville to Frankfort (RT)	385	270	115	43%	115.50	81.00	34.50 <sup>2</sup>
3-Aug-2001	Around Hancock County	275	n/a	n/a	n/a	82.50	-	-
2-Oct-2001	Hawesville to Frankfort (RT)	395	270	125	46%	118.50 <sup>3</sup>	81.00	37.50
11-Oct-2001	Hawesville to Evansville (RT)	272	120	152	127%	81.60 <sup>3</sup>	36.00	45.60
17-Oct-2001	Hawesville to Lexington (RT)	426	320	106	33%	127.80 <sup>3</sup>	96.00	31.80
7-Nov-2001	Hawesville to Nashville (RT)	426	320	106	33%	127.80	96.00	31.80 <sup>2</sup>
		10,702	5,830	3,077	53%	2,991.29	1,650.90	864.51

<sup>1</sup> Mileage per Yahoo!® Maps rounded up for conservatism

<sup>2</sup> Included in \$388.25 excess mileage reimbursement for trips that evidence indicates were taken

<sup>3</sup> Included in \$1,456.98 disallowed reimbursements for trips that evidence indicates were not taken (see Exhibit A)



**HANCOCK COUNTY CLERK RESPONSE**





**TROY B. RUSSELBURG**  
**HANCOCK COUNTY CLERK**

P.O. Box 146  
HAWESVILLE, KENTUCKY 42348  
PHONE: (270) 927-6117  
FAX: (270) 927-8639

April 27, 2002

**To Whom It May Concern:**

I write this letter in response to the accusations concerning the Auditor's Report dated to me on April 21, 2002. It seems to me that this particular "SO CALLED INVESTIGATION" which started on the January 30, 2002 which happened to be the very day after I filed for the office of Hancock County Judge/Executive, this was too much of a coincidence, in my opinion. I believe that the misplaced license plates, which they claimed was the reason for their visit, and which I know is a concern but I do not believe it to be the main reason for the UNEXPECTED AUDIT of current as well as past years that had already been audited and settled. I firmly believe that this audit, which started on January 30, 2002, was a direct result of some type of retaliation for the office for which I am now seeking. One reason for this assumption was because the two individuals conducting the audit first asked about the plates and secondly requested all records from 1998 to 2001 and singled out the expense accounts specifically. Let me explain, I was told by an individual who was county clerk in another county for many years that when an auditor can not find nothing incorrect with financial records, and if they want to find something to report on, then they will go directly to a expense voucher and go through it with a fine tooth comb. In my opinion that is what has happened in this case.

In another since I did not appreciate some of the accusations that were made toward me in the conferences with the two individual auditors and myself. These two individuals extremely lacks the people skills that I have grown accustomed to with the other auditors that I have done business with in the past and for all those others, who I have had the pleasure of dealing with, I commend them on their wonderful personalities. Neither one of these auditors extended their credentials, not even a business card. I believe this to be very unprofessional. On the second day of the arrival I decided to call and ask what this audit was all about. I received a political answer from a Mr. Brian Lykins, now I realize that Mr. Lykins is the middleman and his main job is to be the neutral person and that does explain the evaded answers I got from Mr. Lykins to my questions. Mr. Lykens is to be commended for his efforts and understanding cooperation. Like wise Mr. Hatchett deserves the most amount of respect for his professional and friendly attitude during this situation. The reason for the supposedly KCCA Meeting I did not attend I explained to the two individual auditors that some times I get to attend the KCCA

Meetings and some I do not I never actually know, sometimes, until that very day. Every time there is a meeting I am consistently late because I have to make sure my daughter is on the school bus before I leave and that puts me leaving Hawesville around 7:10 to 7:15 and since the meetings normally starts at 9:00 am, my time it is impossible to get to Frankfort in less than 2hrs and 15min to 2hrs and 30mn depending on traffic, weather etc. So therefore I always come in after the meeting is under way and after role call or sign in.

I have on occasion filled out the attendance & training sheets for different meeting other than the KCCA meeting, such as the Conventions or Conferences and that usually only happens when they pass it around the room or include it in with our packet of information. I never specifically go and look for it because being the small county that we are there is no way I can or will ever get the maximum hours to receive the benefit of HB810.

In reference to the filing out of the voucher and signing of checks that goes back to the price you have to pay when living and working in a small county, in fact Hancock County is the fifth smallest in the State. If you will refer to the Auditor's Reports for every year that I have been in office you will see a statement in those reports that appears in every small county's audit, and that is the "Segregation Of Duties" which means the office does not have enough employees to operate in the manner out lined by the State Auditing Standards. This is one of those problems that everyone is aware of but it is not feasible to correct.

The AVIS (Automated Vehicle Information System) system is what we use the take care of all vehicle transactions. In order to access the AVIS system a person must use initials to sign on. If you will notice the three out of the four people that work in the Hancock County Clerks Office has the same or relatively the same initials and is mixed up daily some intentionally mostly by typographical error, sometimes there will be initials that do not match anyone in the office. The AVIS system must have three letters on each screen in order to gain access any combination a characters will allow access once you are in the system. As to a group calendar I am not aware of it because the only calendar I keep is my own which I follow it religiously, you can asked anyone who knows me.

Governor's Local Issue Conference came as last minute trip. I received notification several months before and marked it on my calendar. If there was a registration fee I was not aware of it. I went to the conference both days I did drive back to and from but never was I asked by anyone about a registration fee and in fact I believe that they even printed me a nametag, but I cannot be for sure.

The trip concerning the printer was a big misunderstanding on my part and I explained this to the auditors. I was under the impression that they were going to hold the printer and I would pick it up but Soft Ware Management thought I wanted it shipped over night. So, I left for Louisville and they shipped it and by the time I got there they were closed. So I thought I had made a trip for nothing. This was my misunderstanding and if it would the right thing to do then I will gladly reimburse the travel expense.

The KCCA Conference in June 2001 I did unexpectedly come home to work in the office but not for the whole day. I came back about 7:55 am before the office opened and left around 1:00 or 1:30 pm and that is what I explained to the auditors

and the reason my calendar says after work is because I meant "after work" meaning after I had finished work or when one of the two full-time people got to the office. The training schedule that I had initialed was in fact presented to us to be filled out in full on one day, not each day that we actually attended, if you will refer to the date in which I signed the credit sheet it states is was 5-13-01 that was my error I put a 5 instead of 6. But if you will look at the signature of the KCCA representative that date corresponds with the actual 6-13-01 date. So this form was filled out on June 13, 2001, a whole 2 days after I got back to Louisville.

The KVIS POSTS meeting that I attended on 6-20-01 was, first not at the weaver building and second was not for all clerks, it was for my inquiry only. Now I do not remember the individuals name that I spoke with that day, mainly because I am awful when it comes to remembering names but if you contact someone at KVIS they will confirm that the Hancock County Clerks Office is on the list to received the State implemented POSTS System when they are able to provide it to us. That is why I went, myself, to understand why I was putting the Hancock County Clerks Office on this POSTS list.

My wife attends a doctor in Indianapolis, IN. On 10-2-01 I did attend DLG Training. This particular trip was unexpected because, yes my wife had an appointment in Indianapolis and I thought I was going to have to take her but it turns out that one of her friends, who originally is from Indianapolis was able to take her and they left the day before and spent the night. So, therefore since I had already scheduled the day off I decided to go the DLG Training. Why they did not see me there is something I cannot explain.

The Bankruptcy Court for Tell City Ford was indeed on 10-11-01. But the Auditors obviously misunderstood again that I went not as a creditor but as a creditor trying to file the information that was sent to me by mail. I thought that is might possibly help in getting the money for the Office if it was hand delivered. I drove over there just so they could tell me that I had to mail it, you could not turn it in personally, I do not know who I spoke with that day but the way I understood was that in order for it to be hand delivered you must appear as a creditor at the bankruptcy hearing or meeting of creditors and I did not want to wait for that to take place and that is when I was told then you will have to mail it, I do not know who informed me of that but that is what I was told and as always it is a possibility that I misunderstood that person. I was unaware of this procedure when I left Hawesville.

The Hancock County Clerks Office has never been given a copy of the County Travel Policy other than the amount of reimbursement per mile, a copy of the Hancock County Administrative Code or a copy of the Hancock County Code Of Ethics. I have asked the question in the past to the Fiscal Courts and to the Persons performing the Clerk's audits what are the Hancock County Clerk's guidelines for travel reimbursement? My answer was always the same; since the county DOES NOT directly reimburse your travel expense, and the Clerks Office does, then the Hancock County Clerks Office does not fall under the County Policies. I have been clerk since January 1, 1990 and that is the answer I have gotten since day one. When ever I go on trips for the office and when I get home I always try to deduct what is personal from what is business such as: phone calls, drinks out of the refrigerator in the room, laundry, pay per view movies, etc, but I am no different

than anyone else I sometime make mistakes and miss an expense that was personal and not business and for that I apologize and will be glad, if this figured is correct, to reimburse the \$126.00.

I am not sure of what Owensboro restaurant receipt they are referring to but I could have a very easily replaced one receipt for another and I assure you if that is the case I did not mean no harm and if I need to reimburse that amount I will gladly.

I always set the trip meter in my vehicle when I fill up with fuel this allows me to monitor the mileage for my vehicle. So when I take a trip for the office I write down the starting mileage and when I arrive I write the mileage again and I do the same thing when I return home and that is the figure I use for miles traveled. I totally disagree with the auditor's way of establishing miles traveled. Because anyone, who has a computer, knows the mileage that is calculated is always incorrect. I have tried several different programs including Map Quest.com, Microsoft Trips & Streets as well as Yahoo Travel Maps, and each time you choose a starting point and destination with those three programs you end up with three different routes and miles traveled. So I don't think that any of these programs can be used to determine the actual miles traveled.

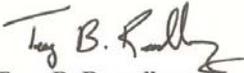
I am guilty as anyone for getting lost. I did get lost on my trip to Covington, KY. I explained to the auditors but once again they misunderstood. Before I left I called a fellow County Clerk and asked if the convention in Covington, KY was at the same hotel that we had used in the past and their answer was yes. But what neither one of us knew is that we were talking about two totally different hotels. The one I was thinking of was in a small community call Erlanger which is very near Covington. But the fellow County Clerk was referring to the correct Hotel off of I-71. The reason I took I-275 was because that is how you get to the hotel I was referring to. So, after traveling form quite some time I decided to pull over and call the hotel and have them put me in the right direction. Before I called I have no idea how many times I circled around I-275. Finally after calling I got off I-275 and got on I-71 and completed my journey. If the mileage is not reimbursable due to the fact that I am the one who got lost then I will gladly reimburse whatever amount necessary.

The Hancock County Clerks Office as shipping accounts with United Parcel Service and Federal Express. There are times when we use the Office's accounts to ship personal items because it is a lot easier to use the Office's account rather than developing a personal account for that one time shipment. We do reimburse the office for those items shipped by adding money to the end of the day deposit which in turn shows and over amount and to say that we keep a written record of that, unfortunately we do not. This is the way we have always done it and it never was a problem until now. So, if needed I will reimburse those particular charges that I failed to document the overage on the daily deposits.

In conclusion I would like to say that I still have the utmost respect for the Kentucky State Auditor's Office and the majority of its employees. Except for the auditors that performed this particular report, they need not to have any dealing with the general public. The motor vehicle inventory audit was recently completed

and the three ladies that conducted this audit were very professional and courteous and I commend them on a job well done. I know that 99% of the accusations in this report are false and basically all there is and what it could come down to is my word against theirs. I also want people to know that this is not the only audit that has been done in the County Clerk's Office. There is an audit done after each calendar year by either a person directly from the State Auditors Office or by someone who is authorized by the State Auditor's Office. If it is someone authorized by the Auditor's Office then once their report is completed they must submit it to the State Auditor's Office for the approval of their Audit Report. So the State Auditor's Office performs or reviews each county official's audit. With that in mind why did all of these so-called problems not show up in the audit report of 1998, 1999 or 2000? I believe the reason it did not come up is because it was not a problem then and it is not really a problem now it is just someone who is trying initiate a form of retaliation.

Respectfully Yours

  
Troy B. Russelburg  
Hancock County Clerk



**AUDITOR'S REPLY**



The Auditor of Public Accounts Office conducts audits and examinations solely for the purpose of taxpayer protection. Our office identified the need to perform an examination of the Hancock County Clerk's Office and began planning this engagement well before our work began in Hawesville and without knowledge of Mr. Russelburg's political intentions. The decision to conduct this examination was based only on concerns related to the Hancock County Clerk's Office. Based on the findings, we firmly believe the decision to conduct an examination was fully justified.

We note that statements made in the Hancock County Clerk's response dated April 27, 2002, are not clarifications of information that he provided during our examination. Rather, upon receipt of our draft report the Clerk's accounts of events differ dramatically from his original explanations. Our interpretations of the evidence gathered and the findings in our report remain the same.

Finally, it should be clarified that an examination differs from financial statement audits that all County Clerks are subject to annually. The purpose of a financial statement audit is to express an opinion as to whether the financial statements are presented fairly in all material respects. Previous financial audits of the Hancock County Clerk's Office did not identify issues related to travel reimbursements due to the immateriality of these reimbursements to the financial statements as a whole. In contrast, an examination addresses a much more specific objective and is not constrained by materiality limits.