



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 Fleming County Fiscal Court

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Fleming County Fiscal Court for the fiscal year ended June 30, 2017. State law requires annual audits of county fiscal courts.

Auditing standards require the auditor’s letter to communicate whether the financial statement presents fairly the receipts, disbursements, and changes in fund balances of the Fleming County Fiscal Court in accordance with accounting principles generally accepted in the United States of America. The fiscal court’s financial statement did not follow this format. However, the fiscal court’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 115 of 120 fiscal court 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 internal control over financial operations and reporting.

The audit contains the following comment:

The fiscal court lacks adequate internal controls over timekeeping: This is a repeat finding and was included in the prior year report as Finding 2016-001.

In comparing timesheets to earnings records during our test of payroll, auditors founds that three dispatch employees had recorded overtime on their timecards, but no overtime was paid on their paystubs. The timecards are signed by a supervisor. Per the treasurer, no one is approved for overtime. The approval indicated is just for the time, not overtime. Per discussion with the dispatch supervisor, she stated that oftentimes employees will forget to clock out as soon as their shift is over, resulting in overtime accumulating on their timecards. The fiscal court lacks internal controls over timekeeping to ensure time worked is accurately reflected on employee timecards.

As a result, the fiscal court is susceptible to disputes between their employees regarding payroll and/or compensated leave.

Pursuant to 803 KAR 1:065 Section (2), “(1) General. Work not requested but suffered or permitted to work time. For example, an employee may voluntarily continue to work at the end of the shift, he may be a pieceworker, he may desire to finish an assigned task or he may wish to correct errors, paste work tickets, and prepare time reports or other records. The reason is immaterial. The employer knows or has reason to believe that he is continuing to work and the time is working time. (3) Duty of management. In all such cases it is the duty of the management to exercise its control and see that the work is not performed if it does not want it to be performed. It cannot sit back and accept the benefits without compensating for them. The mere promulgation of a rule against such work is not enough. Management has the power to enforce the rule and must make every effort to do so.” Good internal controls require sufficient review and approval of timesheets to ensure only the actual hours worked have been recorded.

We recommend the fiscal court ensure that hours on employees’ timecards agree to hours paid on the earnings record/pay stubs. We further remind the fiscal court that overtime wages in the amount of one-and-one-half times the hourly rate are required to be paid to any employee who works over 40 hours in a week.

County Judge/Executive’s Response: The department supervisor has directed employees regarding accurate use of time clock. Payroll will reflect overtime if it is incurred.

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.

