



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

Contact: **Michael Goins**  
[Michael.Goins@ky.gov](mailto:Michael.Goins@ky.gov)  
**502.564.5841**  
**502.209.2867**

**Harmon Releases Agreed-Upon Procedures Engagement of Franklin County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the 2018 agreed-upon procedures engagement of Franklin County Clerk Jeff Hancock. State law requires the auditor to conduct annual audits of county clerks and sheriffs.

In 2018 the Kentucky General Assembly, following a recommendation by the State Auditor, passed legislation that allows county sheriffs and clerks that met certain criteria to apply for an Agreed-Upon Procedures (AUP) engagement in lieu of an audit of their fee account. The intent of the change, which became effective in July 2018, was to reduce audit costs for sheriffs and clerks that have a history of clean audits, while still maintaining an appropriate level of accountability.

The Franklin County Clerk applied for and received approval from the Auditor of Public Accounts (APA) to obtain an AUP engagement for calendar year 2018 in accordance with KRS 43.070(1)(c). AUP reports present the procedures performed and the results of those procedures, called findings. Auditors performed the procedures, which were agreed to by the Franklin County Clerk, on receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities for the period January 1, 2018 through December 31, 2018.

The following exceptions were identified during the AUP engagement:

- **The county clerk's operating disbursements were compared to the county clerk's approved budget and the county clerk exceeded the budget for operating disbursements by \$198,998.**

*County Clerk's Response: The disbursements in question are from third party purchaser deposits for the delinquent tax sale and is not money that is typically included as a budget item. Third party*

*purchaser deposits have not been budgeted in the past since they are not actual revenues. These deposits are held until the end of the tax sale and refunded back to the third party purchaser. The money is tracked in the quarterly reports to show where they are received and returned. There is no way to accurately estimate the third party purchaser deposit amount from year to year. The best way to show an accurate number without guessing would be to amend the budget after the fact. As a result of this new audit we will begin the practice of amending the budget after the tax sale. This would allow us to show the actual numbers as they pass through and are refunded.*

- **Excess fees due to the fiscal court were recalculated and there are \$55,272 excess fees due to the fiscal court.**

*County Clerk's Response: We hold back some money until after the audit and submit the difference to Fiscal Court one the audit is completed.*

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 agreed-upon procedures report can be found on the [auditor's website](#).

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