



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Former McCracken County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the January 1 – July 31, 2022 financial statement of former McCracken County Clerk Julie Griggs. 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 former McCracken County Clerk in accordance with accounting principles generally accepted in the United States of America. The former clerk's financial statement did not follow this format. However, the former 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.

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 the internal control over financial operations and reporting.

The audit contains the following finding:

**The former McCracken County Clerk's Office did not have adequate internal controls over the authorization of transactions:** The former McCracken County Clerk's Office did not have adequate internal controls over the authorization of transactions. Employees were capable of voiding motor vehicle transactions and cash payments without being required to obtain a supervisor's approval. Additionally, the former McCracken County Clerk's Office did not give itemized receipts for all transactions.

The former county clerk's software system, which was provided by the state, did not feature a setting to allow the former county clerk to require a supervisor's approval when an employee voided a cash payment. Moreover, due to the design of the software, the former county clerk's

office was not capable of creating reports that showed cash payments were voided. Furthermore, according to staff, the former county clerk's office was advised by the state to not issue customers itemized receipts from the motor vehicle department transactions due to the expense of issuing such receipts.

Because the software allowed cash payments to be voided without the approval of a supervisor, an employee of the county clerk's office was able to perpetrate theft. Furthermore, because itemized receipts were not issued to customers and because reports for voided cash payments could be created or ran by the county clerk's office, the employee was able to continually perpetrate theft undetected for several months.

Strong internal controls dictate that risky transactions, such as voided payments, require supervisory approval before the transactions can be completed.

The former McCracken County Clerk should have required itemized receipts be issued for all transactions. Also, the former county clerk should have implemented compensating controls such as random cash counts and review of voided transactions.

*Former County Clerk's Response: This is in response to the Auditor findings for calendar year 2022. In this audit it was the recommendation of the Auditors office that the Clerks office should have utilized a software setting that required supervisory approval to void motor vehicle transactions. However, in the "Cause" section of the report, the findings of the Auditors office state the software system provided to the Clerks office by the state of Kentucky did not feature such a setting to allow for requirement of a supervisors approval when an employee voided a motor vehicle transaction or for voided cash payments. Manager approval can only be used for issuing refunds, force and void Avis items and reconcile drawer and balance per the email of [name redacted], Kavis Project Mgr with the Kentucky Transportation Cabinet, dated 6/5/18 at 8:31a.m. The McCracken County Clerks office has manager approval for all these available options. The state sends a report the following day for all voided transactions however, there is no such report available for voided payments or suspended transactions. The Deputy Clerk involved in the theft balanced every day and this is why it was not caught by the Clerks office internal controls or the Auditor of Public Accounts in their yearly audits. Also noted was a recommendation there should have been required itemized receipts for motor vehicle transactions. While receipts were issued, an itemized receipt was not because of advisement from the state to not issue those due to the expense to issue such lengthy receipts. As I retired July 31,2022, I am unable to implement any new policies for the Clerks office but I certainly would have done so to help aid in the detection of any theft involved in the office.*

Auditor's Reply: The former McCracken County Clerk's office failed to disclose the fact they had discontinued providing itemized receipts for motor vehicle transactions. We found that customers were provided their registration, but no itemized receipt. Auditors were provided a copy of an itemized receipt that had been reprinted from the system. If the former McCracken County Clerk had required system generated itemized receipts be issued to customers, the voided payments issue may have been caught by supervisors or customers. The incoming McCracken County Clerk advised the auditors that the appropriate law enforcement agencies have been notified.

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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