



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS**

Questions and Answers from County Attorney AUP Training on June 16, 2021

Do salaried exempt professional employees (attorneys) need timesheets?

The county attorney should have documentation of the determination whether each employee of the county attorney's office has been classified as exempt or non-exempt for the purpose of Kentucky wage and hour laws. Exempt professional employees are not required by KRS 337.320 to maintain a timesheet. However, timesheets are a good internal control to support benefits an employee receives such as health insurance, retirement and leave time taken or accrued. In addition, time records are required for employees working on the child support enforcement program.

What is the KRS that requires all employees to have a time record?

KRS 337.320 requires an employer to maintain a time record of the hours worked each day and each week by each employee. Also as a good internal control, timesheets keep record of time worked to ensure insurance, leave etc are properly handled.

Note – The procedure for looking at timesheets has been edited since the training.

Procedure - Determine whether each employee of the county attorney's office has been classified as exempt or non-exempt for the purpose of Kentucky wage and hour laws. For employees covered by KRS 337.320 requiring an employer to maintain a time record, determine over two pay periods whether such records are completed, maintained, approved, and support hours paid. For all employees, determine if any bonuses were paid.

We don't have a petty cash fund. I used my own money to put in a cash drawer to make change for people when they pay property taxes in cash. Is this not permissible?

It is best to keep personal funds and office funds separate. However, if the county attorney used personal funds to start the office cash drawer, documentation of the source of these funds is needed. This is necessary to show where the funds originated so when the county attorney leaves office there is support for the funds not being office funds.

Can the County Attorney hire a CPA to perform the AUP engagement?

No- The APA under KRS 43.070 has the authority to do these and the APA wants to perform the AUPs.

How much should we expect APA fees to be?

APA estimates the cost to be between \$2,600 - \$3,500. The cost will depend on things like number of staff, number of bank accounts, and number of transactions over the year.



Can the detailed stub in the check book constitute a disbursements ledger or does this need to be a separate ledger...Same thing on a deposit ledger can a detailed daily deposit slip constitute the deposit ledger or does it need to be a separate book?

No - Most check book registers do not provide the necessary detail of a receipts or disbursement ledger. The ledgers can be very simple. Microsoft Excel or Quickbooks are some ideas to use when maintaining ledgers.

Receipts Ledger - Should show Date received and Amount. Then have Receipt Category to show what category this receipt was for (Delinquent tax, cold check fee, etc.). End of month you should total up ledger so you can show how much you received in each category for the month.

Disbursement Ledger - Should show Date paid, payee, and amount. Then have Disbursement Category to show what category this disbursement was for (Employee Salaries, Office Supplies, Training, etc.). End of month you should total up ledger so you can show how much you paid in each category for the month.

Why use a fiscal year time frame for AUP when our term is on calendar years?

Since we are focusing on financial activity and county financials run off the fiscal year, we are using a FY as the audit period for these AUPs, that being July 1, 2021 – June 30, 2022. County Attorneys would thus have the same audit period as utilized for fiscal courts and PVAs for their financial activity.

Is the AUP engagement to be done every year?

No, the current plan is to perform AUPs at all county attorney offices over the next two fiscal years. The APA want to do as many AUPs for the FYE 6/30/2022 period as possible and then visit the rest of the county attorney offices for the FY 6/30/2023 period.

Who pays this audit cost?

The audit bill will be sent to the county attorney's office. The county attorney can discuss with their fiscal court about payment of the bill.

The cost for this AUP would be an allowable cost out of the county attorney's account or the fiscal court could pay for the AUP.

Per KRS 43.070, the county shall bear the total actual expense of the audit conducted for county attorneys.

When child support account won't cover payroll or expenses because reimbursement is slow or the recoupment is in process what should be done to cover that account. - use of delinquent tax funds? personal fund? to cover the account? what is your position on that issue?

Is a 'short term loan' to the CA's child support office to float its payroll for a few weeks an allowable expense for the CA office funds?

Since Child Support is an official duty of the County Attorney then a short term loan from the other operating accounts to cover a shortfall due to slow reimbursement or recoupment, would be seen as allowable.

The AUP is for Fiscal Year 2022. When can we expect the actual AUP? This year? or at the conclusion of 2022 Fiscal Year to look at FY2022.

The AUP will be completed once the fiscal year is over. So it will be started after June 30, 2022. Since you will need to close out your books and get all your bank statements and records in order most likely they AUP would not start until at least August 2022. We will send an engagement letter to your office about 2 week prior to starting and the auditor scheduled to complete your AUP will call you to set up a time.

Which accounts are subject to excess fees?

Cold Check fees are subject to excess fees that should be remitted to fiscal court per KRS 514.040(5).