



Auditor of Public Accounts
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Harmon Releases Audit of Former Breckinridge County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2016 financial statement of former Breckinridge County Clerk Jill Irwin. 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 Breckinridge County Clerk in accordance with accounting principles generally accepted in the United States of America. The clerk's financial statement did not follow this format. However, the 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 comment:

The former county clerk lacked adequate segregation of duties over receipts and reconciliations. This is a repeat finding and was included in the prior year audit report as Finding 2015-001. Deputies prepare motor vehicle reports, collect receipts, and prepare deposits. The bookkeeper prepares ledgers and financial reports, reconciles ledgers, and reconciles checking accounts. According to the former clerk, this condition is a result of a limited budget, which restricts the number of employees the county clerk can hire for accounting functions.

The lack of oversight could result in the undetected misappropriation of assets and inaccurate financial reporting to external agencies such as Department for Local Government. The segregation of duties over various accounting functions such as preparing deposits, recording

receipts, reconciling bank statements, and preparing and reconciling quarterly reports, or the implementation of compensating controls, is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. The former county clerk should have adequately segregated duties or implemented compensating controls over receipts and reconciliations. We recommend the county clerk's office properly segregate duties or implement sufficient compensating controls to mitigate the increased risk.

Former County Clerk's response: Employees are being cross-trained to help with segregation of duties.

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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