



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

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**Harmon Releases Audit of Carlisle County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the January 7 – December 31, 2019 financial statement of Carlisle County Clerk Becky Martin. 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 Carlisle 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 comments:

**The Carlisle County Clerk's Office does not have adequate segregation of duties:** The Carlisle County Clerk's Office does not have adequate segregation of duties over the accounting and reporting functions of the clerk's office. The clerk collects cash, prepares the reports, prepares checks, signs checks, and for the first six months of 2019, prepared the ledgers. According to the county clerk, this condition is due to 2019 being her first year in office. Furthermore, a limited budget restricts the number of employees the county clerk can hire or delegate duties to.

A lack of segregation of duties or strong oversight increases the risk that undetected errors or fraud could occur. Proper segregation of duties over the accounting and reporting functions or the implementation of compensating controls is essential for providing protection from errors

occurring and not being detected. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the county clerk separate the duties involved in writing checks, posting to the receipt and disbursement ledgers, preparing monthly bank reconciliations, and preparing quarterly reports. If, due to a limited budget, this is not feasible, cross-checking procedures should be implemented and documented by the individual performing the procedure.

*County Clerk's Response: Traditionally we receive this comment from our auditors and we have decided to require two signatures on our office checks, effective immediately. We will also rotate our daily reports on a weekly basis.*

**The Carlisle County Clerk does not have adequate internal controls over financial reporting:**

The Carlisle County Clerk's fourth quarter financial statement did not agree to her receipts or disbursements ledgers. Receipts reported on the fourth quarter financial statement were overstated by \$10,235, and disbursements were overstated by \$24,726. Furthermore, numerous adjustments to both receipts and disbursements were required in order to reconcile the ledgers to the proof of cash and other reports. Due to the county clerk failing to implement strong internal controls over financial reporting, her receipts and disbursements ledgers were inaccurate, and discrepancies were noted between the ledgers and quarterly reports. Inaccurate financial reporting allows opportunity for the county clerk to misrepresent the office's financial status to the fiscal court and other administrative bodies.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* requires accurate financial reporting. Additionally, strong internal controls are essential to providing protection from asset misappropriation and preventing inaccurate financial reporting.

We recommend the Carlisle County Clerk implement strong internal controls over the accounting process to ensure that accurate receipts and disbursements ledgers are maintained and quarterly reports are in agreement with these ledgers.

*County Clerk's Response: By hiring a bookkeeper [name redacted], we hope this issue will be resolved. We will require both deputies to initial reports and other documents and these changes are already in place.*

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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