



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Cumberland County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2015 financial statement of Cumberland County Clerk Kim King. 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 Cumberland 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 non-compliance 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 county clerk's office lacks adequate segregation of duties. The county clerk's office lacks adequate segregation of duties over the budgeting process, and the accounting and reporting functions of the clerk's office. The county clerk collects cash receipts and is responsible for preparation of the ledgers and financial reports. The county clerk is responsible for receiving cash, preparing daily deposits, preparing and signing checks, and also comparing the weekly, monthly, and quarterly reports to the ledgers. She is also responsible for monitoring the budget.

A lack of segregation of incompatible duties or strong oversight increases the risk of undetected errors. This condition was a result of a limited budget, which restricted the number of employees the county clerk could hire or delegate duties to.

Proper segregation of duties over the budgeting process, and the accounting and reporting functions such as monitoring the budget, preparation of the quarterly reports or implementing compensating controls, when necessary because of a limited number of staff, is essential for providing protection from undetected errors. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

The county clerk should separate the duties involved in monitoring the budget, receiving cash, preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliations, and comparing financial reports to the ledgers. If this is not feasible due to a limited budget, cross-checking procedures could be implemented and documented by the individual performing the procedure.

County Clerk's response: No Response.

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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