



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2016 financial statement of Edmonson County Clerk Kevin Alexander. 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 Edmondson 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 county clerk's office lacks adequate segregation of duties over cash, receipts, disbursements, and reconciliations. This is a repeat finding and was included in the prior year audit report as Finding 2015-001. The county clerk collects receipts, prepares deposits and daily checkout sheets, prints and signs checks, and prepares quarterly reports. He also posts to the ledgers and reconciles the bank statements.

According to the county clerk, this condition is a result of a limited budget, which restricts the number of employees the county clerk can hire or delegate duties to. The lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies, such as the Department for Local Government. The segregation of duties over various

accounting functions such as preparing deposits, preparing daily checkout sheets, and issuance of cash receipts, 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.

Adequate segregation of duties would prevent the same person from having a significant role in the receiving process, recording, and reporting of receipts and disbursements. 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: As stated after the 2015 audit, both I, the County Clerk, and Deputy Clerk perform deposits, print-out reports, and input into our Quickbooks. With only four people in our office, it is a difficult task to train others on preparation of reports. We will continue to have dual signatures on checks, have multiple reviews of reports, and have each employee review our mail and sign off on the mail log.

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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