



Auditor of Public Accounts
Mike Harmon

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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 2019 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 Edmonson 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 Edmonson County Clerk's Office lacks adequate segregation of duties: This is a repeat finding and was included in the prior year audit report as Finding 2018-001. The county clerk's office lacks segregation of duties over cash, receipts, disbursements, and the reconciliation process. The county clerk collects receipts, prepares deposits and daily checkout sheets, prints and signs checks, and prepares 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 (DLG). 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.

We recommend the county clerk implement adequate segregation of duties to 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 I have stated in each fee audit conducted on our books since I became County Clerk in 2015, both Deputy Clerk [name redacted] and I perform all daily deposits, as well as the printing of all daily reports and inputting of data into [vendor name redacted]. Due to having a small staff, finding the time to train another of our existing employees would be time-consuming and difficult. We will continue to have dual check-signing measures, multiple report reviews, mail log verification, and increased oversight of any voided transactions.

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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