



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2019 financial statement of Livingston County Clerk Sonya Williams. 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 Livingston 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 Livingston County Clerk's Office does not have adequate segregation of duties: This is a repeat finding and was included in the prior year audit report as Finding 2018-002. The Livingston County Clerk's Office does not have adequate segregation of duties over the accounting and reporting functions of the clerk's office. The clerk prepares monthly and quarterly reports, posts to the ledgers, and performs the monthly bank reconciliations. According to the clerk, this is due to the clerk's decision to have control over those functions of the office.

A lack of segregation of duties or strong oversight increases the risk that errors or fraud could occur and not be detected. A 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.

Auditors recommend the county clerk separate the duties involved in 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 could be implemented and documented by the individual performing the procedure.

County Clerk's Response: The Livingston County Clerk's Office employs a small staff thus creating difficulty for an entirety of segregation of duties. At present, the county clerk prepares daily deposits and checkout sheets while a deputy clerk reviews and initials verifying the accuracy. Both staff and county clerk prepare and sign checks with a two signature minimum as a compensating control. Though the clerk posts receipts and disbursement ledgers daily, line items (recording fees, motor vehicle & boat ad valorem, usage tax, deed tax, and lien fees) are reviewed daily, weekly, and monthly by deputy clerks responsible for collecting those individual items, ensuring that totals collected match with corresponding reports. In the future, compensating controls can be improved upon in regards to monthly bank reconciliations and quarterly reports by deputy clerks performing reconciliation of both with a clerk review. As it is the county clerk's duty to be liable for the activity within the office, it is the ultimate goal to receive and disburse county finances responsibly and continue to do the best for the citizens of Livingston County.

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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