



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Marshall County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2015 financial statement of Marshall County Clerk Tim York. 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 Marshall 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 Marshall County Clerk's office lacks adequate segregation of duties. The Marshall County Clerk's office lacks adequate segregation of duties over the accounting and reporting functions of the clerk's office. Due to a limited number of staff the county clerk is responsible for preparing daily deposits, preparing and signing checks, posting to the receipts and disbursements ledgers, preparing monthly bank reconciliations, and also preparing quarterly reports.

A lack of segregation of duties or strong oversight increases the risk of undetected errors. 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.

We recommend the county clerk separate the duties involved in writing checks, posting to the receipts and disbursements ledgers, preparing monthly bank reconciliations, and preparing quarterly reports. 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: I understand the concerns stated in the above note. If I had a single employee performing all the accounting duties of the office, I might share your concern. In my position as County Clerk, I am ultimately responsible for all aspects of the operation of the office. I feel that assuring the proper collection, disbursement and accounting of funds coming through the office is the most important duty that I have. I believe that personally performing all the accounting functions for the office allows me to maintain the best control and day to day knowledge of these functions. I have no intention of changing that practice.

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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