



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Menifee County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2015 financial statement of Menifee County Clerk Brenda Carty. 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 Menifee 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. All employees of the county clerk's office collect receipts. Also, the county clerk and all deputy clerks can prepare daily checkout sheets, bank deposits, and post items to the receipts ledger. The county clerk and all deputy clerks can prepare and record disbursements and the county clerk reconciles the bank account, all of which could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies. Good internal controls dictate that the collection of receipts, recording of transactions, and bank reconciling duties be segregated. If a segregation of duties is not feasible, compensating controls should be implemented. We recommend the county clerk implement the following procedures to strengthen controls:

- An employee independent of the cashier functions should be appointed to open mail and prepare a receipts listing.
- The employee responsible for bookkeeping functions, bank reconciliations, and comparing mail receipts to deposit slips should not have access to cash.
- Employees authorized to sign checks should be independent of report preparation, approval of payments, and purchasing and receiving.

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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