



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Todd County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the January 1, 2018 – January 6, 2019 financial statement of Todd County Clerk Cindy O'Bryan. 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 Todd 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 Todd County Clerk's Office lacked segregation of duties over receipts and reconciliations: This is a repeat finding and was included in the prior year audit report as Finding 2017-001. The county clerk's office lacked adequate segregation of duties over receipts and reconciliations. The county clerk was responsible for receiving cash, preparing daily checkout sheets, preparing financial reports, entering items into the ledgers, and preparing monthly bank reconciliations.

A lack of segregation of duties existed over the receipts and reconciliations functions of the clerk's office because a limited number of employees were available to properly segregate these job duties. A lack of segregation of duties could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies such as the Department for Local Government

(DLG). Segregation of duties or the implementation of compensating controls, when needed because of the number of staff is limited, is essential for providing protection to employees in the normal course of performing their duties and can also help prevent inaccurate financial reporting and misappropriation of assets.

We recommend the clerk's office segregate the duties over receipts and reconciliations in order to adequately protect employees in the normal course of performing their duties and to help prevent misappropriation of assets and inaccurate financial reporting. If the county clerk's office cannot segregate duties, we recommend the implementation of compensating controls over these processes to mitigate the risks.

County Clerk's Response: Agree with the lack of segregation of duties over receipts and reconciliations. I do have a deputy that does make deposits and does do daily reports when needed.

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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