



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Allen County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2015 financial statement of Allen County Clerk Elaine 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 Allen 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 Allen County Clerk's Office lacks segregation of duties over receipts, reconciliations, and payroll. Deputies collecting receipts also close out cash drawers, prepare daily checkout sheets, prepare deposit tickets, prepare reports, and reconcile the bank account. In addition, deputies prepare daily, monthly, and weekly reports. Deputies preparing payroll records and payroll checks also sign checks. These incompatible duties create a lack of segregation of duties over receipts, reconciliations, and payroll. No documented compensating controls were noted to offset this control deficiency.

The lack of segregation of duties occurs because the county clerk has failed to segregate incompatible duties. This deficiency increases the risk of misappropriation of assets, errors, and inaccurate financial reporting. Adequate segregation of duties would prevent the same person

from having a significant role in these incompatible functions. The county clerk can implement oversight when duties cannot be segregated.

We recommend the county clerk adequately segregate duties over receipts, reconciliations, and payroll. If segregation of duties is not feasible due to a lack of staff, the county clerk could implement and document compensating controls to offset this control deficiency.

County Clerk's response: In regard to Segregation of Duties Over Receipts, Reconciliations and Payroll due to lack of staff, the Allen County Clerk's Office plan to have in place documented compensating controls forthcoming.

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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