



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Former Ballard County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2018 financial statement of former Ballard County Clerk Lynn Lane. 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 former Ballard County Clerk in accordance with accounting principles generally accepted in the United States of America. The former clerk's financial statement did not follow this format. However, the former 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 former Ballard County Clerk's Office lacked adequate segregation of duties: This is a repeat finding and was included in the prior year audit report as Finding 2017-001. The former Ballard County Clerk's Office lacked adequate segregation of duties over the accounting and reporting functions of the clerk's office. The former county clerk made daily deposits, prepared and signed checks, posted to receipts and disbursements ledgers, prepared monthly bank reconciliations, and also prepared financial reports. Having the same employee perform these functions increases the risk that undetected misstatements due to error or fraud could occur.

A proper segregation of duties over the accounting and reporting functions is essential for providing protection from undetected errors occurring. Additionally, proper segregated duties

protects employees in the normal course of performing their daily responsibilities. When staff size is limited, it may be necessary to implement and document compensating controls to achieve an acceptable level of protection for both the office and the individual employees.

According to the former clerk, this condition was the result of a limited budget, which restricted the number of employees the former county clerk could hire or delegate duties to.

We recommend the Ballard County Clerk's office separate the duties involved in making deposits, writing checks, posting to the ledgers, preparing monthly bank reconciliations, and preparing financial reports. If this is not feasible due to a limited budget, then cross-checking procedures should be implemented and documented by the individual performing the procedure.

Former County Clerk's Response: Because we are a small office, it is difficult to do this.

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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