



Auditor of Public Accounts  
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### **Harmon Releases Audit of Breathitt County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2020 financial statement of Breathitt County Clerk Becky Curtis. 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 Breathitt 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 Breathitt County Clerk's Office does not have adequate segregation of duties:** The Breathitt County Clerk's Office does not have adequate segregation of duties. One employee collected cash, prepared a daily checkout sheet, and compiled a total daily checkout sheet. Another employee prepares checks, prepares state reports, posts to the receipts and disbursements ledger, and prepares the quarterly report. The county clerk's office did implement compensating controls with documented review of the accounting procedures within their operations, however they were not effective enough to detect errors.

A lack of segregation of duties existed over the accounting and reporting functions of the county clerk's office because a limited number of employees were available to properly segregate these

job duties. Although compensating controls were in place, they were not effective. 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 implemented oversight with duties that cannot be segregated, yet control deficiencies were found. Good internal controls dictate that duties should be adequately segregated or compensating controls implemented to ensure accurate financial reporting.

We recommend the county clerk segregate duties. If segregation of duties is not feasible due to a lack of staff, the county clerk should implement and document compensating controls that are strong enough to detect errors to offset this control deficiency.

*County Clerk's Response: Due to limited staff and budget constraints it is difficult to segregate duties. The office is planning to hire a new employee as soon as possible. This will ensure more efficient segregation of duties.*

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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