



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Green County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2019 financial statement of Green County Clerk Jessica Baker. 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 Green 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 Green County Clerk does not have adequate segregation of duties over receipts, disbursements, and reconciliations: The county clerk and deputies collecting receipts also close out cash drawers, prepare daily checkout sheets, prepare deposit tickets, prepare daily reports, prepare and sign checks, and post to the receipts and disbursements ledgers. In addition, the county clerk prepares weekly, monthly, and quarterly reports, and reconciles the bank accounts. These incompatible duties create a lack of segregation of duties over receipts, disbursements, and reconciliations. No documented compensating controls were noted to offset this control deficiency except the county clerk and another deputy co-sign all checks after comparing to reports.

According to the county clerk, a lack of segregation of duties existed because a limited number of employees were available to properly segregate job duties. A lack of segregation of duties

increases the risk of misappropriation of assets, errors, and inaccurate financial reporting to external agencies such as the taxing districts. Segregation of duties over receipts, disbursements, and reconciliations or implementation of compensating controls, when needed because the number of staff is limited, is essential for providing protection to employees in the normal course of performing their duties and can also prevent inaccurate financial reporting and misappropriation of assets.

We recommend the county clerk separate duties over receipts, disbursements, and reconciliations. If these duties cannot be separated due to limited staff or limited budget, then strong oversight over those areas should occur and involve the clerk or an employee not currently performing any of those functions. The individual providing this oversight should initial source documents as evidence of review.

County Clerk's Response: I had other deputies doing reports, they were just not initialing correctly. We have started working on this issue.

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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