



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Lee County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2019 financial statement of Lee County Clerk Kim Noe. 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 Lee 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 county clerk's office does not have adequate segregation of duties: This is a repeat finding and was included in the prior year audit report as Finding 2018-001. The Lee County Clerk's Office lacks adequate segregation of duties. According to the county clerk, due to the entity's diversity of official operations, small size, and budget restrictions, the county clerk has limited options for establishing an adequate segregation of duties. The county clerk employs a part-time bookkeeper that completes all bookkeeping functions such as all posting to the ledgers, preparing the compilation of daily checkouts, preparing the daily deposits, preparing all checks, preparing all reports except the weekly reports for usage and license, reconciling the bank statements, and preparing the financial statements. The county clerk prepares the weekly reports for usage and license. She does agree each report to his ledgers but does not initial the supporting documentation. The county clerk does not have an independent individual review reports, checks, or the

disbursements ledger. This could result in misappropriation of assets and inaccurate financial reporting to external agencies. Good internal controls dictate one employee should not have control over all of these duties.

In order to improve controls, we recommend the county clerk implement the following:

- The county clerk should require the deputy clerks to count each other's cash drawers.
- The county clerk should reconcile monthly reports to the ledgers for receipts and disbursements. This can be documented by initialing the ledgers and the monthly reports.
- The county clerk should review the bank reconciliation and agree it to the ledgers. This can be documented by initialing the bank reconciliation.
- The county clerk should review the financial statements and agree them to the ledgers and bank reconciliations. This can be documented by initialing the financial statements.

County Clerk's Response: We are such a small office that it is very hard to delegate duties but we have made changes and do have each one check the others daily printout and I will initial when put in the bookkeeping program.

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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