



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Meade County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2016 financial statement of Meade County Clerk Judy R. Jordan. 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 Meade 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 lacks segregation of duties over bank reconciliations. This is a repeat finding and was included in the prior year report as Finding 2015-001. The county clerk's office lacks segregation of duties over bank reconciliations. The county clerk prepares the monthly bank reconciliations. However, she is also responsible for depositing cash, preparing and signing checks, and posting to the receipts and disbursements ledgers. There are documented reviews over all areas except the bank reconciliations. This condition is a result of a limited budget, which restricts the number of employees the county clerk can hire or delegate duties to.

The lack of segregation of duties increases the risk of misappropriation of assets, errors, and inaccurate financial reporting. Proper segregation of duties over the accounting and reporting

functions such as preparation of bank reconciliations or implementing compensating controls, when necessary because of limited staff, is essential for providing protection from undetected errors. Adequate segregation of duties would prevent the same person from having a significant role in these incompatible functions. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

The county clerk should separate the duties involved in preparing bank reconciliations. If these duties cannot be segregated due to limited staff or limited budget, then strong oversight should be provided to the employee responsible for these duties. The county clerk should document the review of the monthly bank reconciliations by having the individual initial and date the monthly bank reconciliations.

County Clerk's response: I have appointed one of my deputies who, along with myself, will perform the bank reconciliations on a rotating basis. This was implemented at the beginning of 2017.

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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