



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

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**Harmon Releases Audit of Russell County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2016 financial statement of Russell County Clerk Sue Popplewell Brockman. 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 Russell 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 internal control over financial operations and reporting.

The audit contains the following comment:

**The county clerk's office lacks adequate segregation of duties over receipts, disbursements, and bank reconciliations.** The county clerk did not segregate receipts, disbursements, and bank reconciliation duties. Even though disbursements require two signatures, all full time employees except one have check signature authority. Several deputies collect receipts and prepare daily or weekly reports. The county clerk collects receipts as well as prepares deposits, records disbursements to the ledger, reconciles monthly and quarterly reports, prepares bank reconciliations, and posts adjustments to the ledgers.

This condition is the result of a limited budget that restricts the number of employees the county clerk can hire or delegate duties to. A lack of adequate segregation of duties can result in

undetected misappropriation of assets or incorrect reporting. Also, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

Segregation of duties over receipts, disbursements, and bank reconciliations or implementation of compensating controls, when needed due to limited staff, is essential for providing protection to employees in the normal course of performing their duties and can also help prevent undetected misappropriation of assets and incorrect reporting. Effective internal controls dictate that essential duties should be separated.

The county clerk has instituted some compensating controls such as employees rotating closing duties and hiring a certified public accountant to review the ledger postings. To adequately protect against misappropriation of assets and inaccurate financial reporting, we recommend the county clerk separate the duties of collecting and depositing receipts and preparation of reports and reconciliations. If this is not feasible due to limited staff, then strong oversight over these areas should occur and involve an employee that wasn't currently performing any of those functions. All reviews need to be documented with initials of the employee performing the review.

*County Clerk's response: Due to limited funding and staff I am unable to segregate duties. Will implement more documented reviews.*

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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