



Auditor of Public Accounts
Mike Harmon

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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 2018 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 the internal control over financial operations and reporting.

The audit contains the following comment:

The Russell County Clerk did not deposit receipts intact on a daily basis: The Russell County Clerk issued refunds from overpayments by cash and not by check. Therefore, the daily deposits were not intact. The county clerk was not aware cash and checks received should be deposited exactly as received and was not aware all disbursements should be made by check only.

Failure to deposit receipts intact by refunding taxpayers cash from drawer increases the risk of fraud and misappropriation of cash. In addition, the procedure of issuing cash instead of a check is not in compliance with the Department for Local Government's (DLG) policy. KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and

reporting standards in the DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. The minimum requirement for handling public funds as stated in the manual require daily deposits intact into a federally insured banking institution and disbursements by check only.

We recommend deposits be made intact daily and all refunds be made by check as required by the *County Budget Preparation and State Local Finance Officer Policy Manual*.

County Clerk's Response: We are in compliance.

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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