



Auditor of Public Accounts Allison Ball

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Ball Releases Audit of Ballard County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2023 financial statement of Ballard County Clerk Katie Mercer. 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 Ballard 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.

The audit contains the following findings:

The county clerk's office lacks an adequate segregation of duties: The duties associated with the authorization of transactions, custody of cash, and recording of transactions are not properly segregated. While daily checkout procedures are performed by the deputy clerks on a rotating basis, the bookkeeper is still responsible for posting transactions to the ledgers, preparing weekly, monthly, and quarterly reports, preparing checks, and reconciling the bank statements. The bookkeeper also works on the front line of the office and receives cash from customers. According to the county clerk, this condition is the result of a limited number of staff in which to segregate duties.

We recommend the Ballard County Clerk separate the duties involved in receiving receipts from customers, posting to the receipts and disbursements ledgers, preparing weekly, monthly, and quarterly reports, and performing monthly bank reconciliations. If this is not feasible due to limited staff, cross-checking procedures should be implemented and documented.

County Clerk's Response: The plan is to have the daily paperwork and checkouts reconciled by two staff members, this currently happens but both staff members will now sign off on both reconciled documents showing that the totals match or having an explanation as to why they do not. The bank statement reconciliation will be reviewed and signed by the clerk after it is completed.

The county clerk's fourth quarter financial report was not accurately stated: The Ballard County Clerk's fourth quarter financial report did not agree to the ledgers nor was it properly reconciled to the bank. The receipts were understated by \$20,468, and the disbursements were understated by \$25,227. Also, the fourth quarter financial report did not total accurately nor include the bank reconciliation section or status of other accounts maintained by the clerk's office. The bookkeeper did not realize unbudgeted receipts and disbursements, such as customer overpayments, should have been reported on the financial report. The clerk's fourth quarter financial report submitted to the Department for Local Government was incomplete and misstated.

We recommend the Ballard County Clerk ensure the fourth quarter financial report is complete, accurate, and reconciled to the bank.

County Clerk's Response: The quarterly statement will be reconciled to the bank account alleviating the misstatement. This however did not have a financial impact, it was simply a difference in accounting principles. For example, the bank statement when reconciled showed that we were to pay the Fiscal Court \$24,232.92 and the quarterly statement showed that we were to pay the Fiscal Court \$24,231.45. That was a difference of \$1.47. So, things were balanced accurately there were just some categories not reported on the quarterly statement because they were pay in and immediate pay out, not money that we collected for the county but mainly overpayments that were refunded to the customer at the time of the transaction. It is now understood that those should be included on the quarterly statement and will be going forward.

The Ballard County Clerk’s office did not make deposits into the proper fee account: Of the five daily checkouts tested, four were deposited into the wrong fee account and then subsequently transferred to the proper account. According to the bookkeeper, this was due to an oversight and was corrected as soon as it was found.

We recommend the Ballard County Clerk’s Office implement procedures to ensure deposits are made daily and into the proper fee account.

County Clerk’s Response: This was an error made by the office staff doing the daily deposits. The wrong book of deposit tickets was grabbed when the previous book was empty. Unfortunately, the bank account numbers were very similar, and the error was not noticed for a week. This was corrected immediately, and all new books of deposit tickets have the correct “ year” written on them to alleviate this from happening again.

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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