



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Carlisle County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2022 financial statement of Carlisle County Clerk Becky Martin. 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 Carlisle 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 finding:

The Carlisle County Clerk does not have adequate internal controls over financial reporting:

This is a repeat finding and was included in the prior year audit report as Finding 2021-002. The Carlisle County Clerk does not have adequate internal controls over financial reporting. The fourth quarter financial report does not foot and cross-foot accurately, does not agree to the receipts and disbursements ledgers, and was not properly reconciled to the bank account. Receipts were understated by \$10,493 and disbursements were understated by \$34,419, resulting in a net variance of \$23,926.

The county clerk does not compare quarterly reports to the receipts and disbursements ledger to ensure the report is mathematically accurate and properly reconciles to the bank account. The

county clerk's fourth quarter financial report presented to the fiscal court was not a complete and accurate depiction of the financial activities of the county clerk's office.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts, which includes minimum accounting requirements. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to perform monthly bank reconciliations.

Strong internal controls include procedures to ensure that the quarterly report is complete and accurate and properly reconciled to the bank account.

We recommend the county clerk implement procedures to ensure the quarterly reports agree to the receipts and disbursements ledgers, foots and cross-foots accurately, and reconciles to the bank account.

County Clerk's Response: In regards to the findings for Exit Audit 2022 The Carlisle County Clerk's Office intends to take action to correct the lack of adequate controls of our Financial Reporting by reconciling the bank statements to [software name redacted] and in doing so the Clerk will look at the findings and have a deputy also check the numbers in order to put as many eyes on the balancing of our books as possible. The bookkeeper will prepare the report monthly and will follow up with review. In the event that the numbers are not balancing we will identify the problem and address it as soon as possible. We also acknowledge that the ledgers should be printed out on a quarterly basis as well as the bank statements and both need to match or address the problem if this is not the case.

Additionally upon recommendation of the Auditor we will start posting our obligations in regards to Lease agreements on our reports as we will implement this change immediately.

The Auditor advised to disburse our Escrow account and we will do so as soon as is practical.

Any comments that our Auditor had was met with agreement in trying to improve our office and achieve full transparency.

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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