



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Clay County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2022 financial statement of Clay County Clerk Beverly Craft. 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 Clay 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 Clay County Clerk's Office does not have adequate segregation of duties over receipts and disbursements: This is a repeat finding and was included in the prior year audit report as Finding 2021-001. The Clay County Clerk's Office does not have adequate segregation of duties over receipts and disbursements. Deputy clerks who receive payment from customers also prepare daily checkout sheets. The county clerk receives payments from customers and is responsible for posting to the ledgers, preparing monthly reports, performing bank reconciliations, preparing deposits, and preparing disbursements and/or reviewing disbursements.

According to the clerk, a limited number of staff prevents proper segregation of duties and compensating controls over daily deposits were not designed effectively. Without adequate segregation of duties, there is an increased risk of misappropriation of assets, errors, and inaccurate

financial reporting to external agencies, such as the Department for Local Government (DLG). Adequate segregation of duties dictates that duties involving the collection and reporting of receipts, the preparation and recording of disbursements, and bank reconciliations should be separated, or strong oversight should be performed by an employee not performing any of those functions. The county clerk could implement oversight when duties cannot be segregated.

We recommend the county clerk segregate duties over receipts, disbursements, and reconciliations. If segregation of duties is not feasible due to lack of staff, the county clerk should implement compensating controls.

County Clerk's Response: I plan to continue cross training the current and future employees so that they are better able to participate in the oversight process.

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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