



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of LaRue County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2021 financial statement of LaRue County Clerk Rhonda Metcalf. 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 LaRue 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 LaRue County Clerk's Office does not have adequate segregation of duties over receipts, disbursements, and reconciliations: This is a repeat finding and was included in the prior year audit report as Finding 2020-001. The county clerk's office does not have adequate segregation of duties over receipts, disbursements, and reconciliations. The county clerk collects cash, has access to all cash, issues receipts, prepares daily checkout sheets and reports, deposit tickets, and reconciles daily, weekly, and monthly reports. In addition, the county clerk prepares and signs checks, posts to the receipts and disbursements ledgers, reconciles the bank accounts, and prepares quarterly financial reports. Dual signatures are also not required on checks.

According to the county clerk, this condition is a result of a limited budget, which restricts the number of employees the county clerk can hire or delegate duties to. A lack of oversight could result in the undetected misappropriation of assets and could also result in inaccurate financial reporting to external agencies, such as the Department for Local Government (DLG). The segregation of duties over various accounting functions such as preparing deposits, preparing daily checkout sheets, posting to the ledgers, preparing checks, performing bank reconciliations and reports is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. Adequate segregation of duties would prevent the same person from having a significant role in the receiving process, recording, and reporting of receipts and disbursements. If this is not feasible due to lack of staff, then cross checking procedures could be implemented and documented by the individual performing the procedure.

We recommend the county clerk's office segregate duties or implement documented compensating controls to mitigate this control deficiency to ensure accurate financial reporting.

County Clerk's Response: Being a small office I have done my best to ensure there is segregation of duties, however with small staff numbers I am limited in what we can manage.

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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