



## Auditor of Public Accounts Allison Ball

**FOR IMMEDIATE RELEASE**

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### **Ball Releases Audit of Logan County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Allison Ball released the audit of the 2023 financial statement of Logan County Clerk Stacy Watkins. 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 Logan 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 finding:

**The Logan County Clerk's Office does not have adequate segregation of duties or internal controls over financial reporting:** The clerk's deputies are responsible for receiving cash, preparing daily checkout sheets, preparing, and signing checks, and preparing weekly and monthly reports. To offset the risks associated with the lack of segregation of duties, the county clerk has implemented compensating controls, which include documented reviews of daily checkout sheets, deposits, weekly and monthly reports, monthly bank reconciliations, and dual signatures on all checks. The Logan County Clerk's fourth quarter financial report was materially inaccurate by a total of \$721,123. According to the county clerk, this was due to a backup performed by their IT personnel, which caused the formulas in the Excel workbook for the fourth quarter financial report to not function and total properly.

We recommend the Logan County Clerk strengthen internal controls over financial reporting to ensure the fourth quarter financial report is complete and accurate. This should include a thorough review of financial reports, and a comparison to the receipts and disbursements ledgers and monthly bank reconciliations before submitting to DLG.

*County Clerk's Response: Once our bookkeeper identified the error created by a glitch in accounting software (during a system update), she corrected the final budget to reflect the missing fees (specifically December of the 4th quarter). I presented the corrected budget to Fiscal Court, along with the corrected fees on 2/27/24. After it was approved, the correct version of the budget was sent to DLG with detailed explanations. In every attempt to prevent another similar discrepancy, the master copy of our bookkeeping software has been saved to an on-site and an off-site server. In the future when updates are performed on her workstation, she will retrieve the saved copy of the accounting file from the server to be sure no modifications have been made to our program during unrelated updates to her computer.*

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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