



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Nelson County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2021 financial statement of Nelson County Clerk Jeanette Hall Sidebottom. 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 Nelson 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 Nelson County Clerk did not properly account for daily collections: The Nelson County Clerk did not properly account for daily collections for the week tested. The week of June 14–18, 2021, noted daily deposits of cash did not agree to the daily checkout sheet due to collection of lien payments.

Per the bookkeeper, the difference is a result of a lien that shows as a refund for the day tested; however, it does not get processed or deposited until the following day.

Improper accounting for receipts increases the risk of error or fraud. Also, funds collected not being deposits intact on the day of collection, significantly increases the risk and opportunity for the undetected misappropriation of assets.

Proper accounting procedures for receipts dictate that cash and check totals per daily checkout sheets should agree to the cash and check totals for the daily deposit ticket. In addition, the Department for Local Government (DLG) was given the authority by KRS 68.210 to prescribe a uniform system of accounts. The minimum requirements for handling public funds as stated in the instructional guide for *County Budget Preparation and State Local Finance Officer Policy Manual* include performing daily check-out procedures and making daily intact deposits to a federal insured banking institution. Daily intact deposits are defined as deposits that include cash and checks actually received per the daily collection report.

We recommend the county clerk implement procedures to comply with KRS 68.210, to ensure that all money collected daily is processed and deposited each day.

County Clerk's Response: Due to title liens being paid in motor vehicle department. Will change procedure on how to show payments same day.

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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