



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: Michael Goins
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Former Breathitt County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2015 financial statement of former Breathitt County Clerk Mary Lois Stevens. 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 Breathitt 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 non-compliance 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 former county clerk's office lacked adequate segregation of duties over receipts. The employee who collected cash receipts also prepared the daily checkout sheets, the deposit slips, and the bank reconciliations. The same employee also took the deposit to the bank. Good internal controls dictate that different individuals should perform these duties. Numerous adjustments and reclassifications (three of which were material) were necessary to make the former clerk's financial information complete and accurate. The lack of segregation of duties allowed material errors to occur and go undetected. As a result, inaccurate financial reporting to external agencies occurred. Likewise, lack of segregation of duties could have resulted in misappropriation of assets as well. If these duties could not be segregated, the former county clerk should have implemented compensating controls. The former county clerk could have reviewed the deposit and compared

it to the daily checkout sheet and receipts ledger as a compensating control. This procedure could have been documented by the former county clerk initialing the checkout sheet, receipts ledger, deposit slip, and the bank reconciliation.

Former County Clerk's response: No response.

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](#).

###

The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.

