



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Breckinridge County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2018 financial statement of Breckinridge County Clerk Jared Butler. 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 Breckinridge 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 Breckinridge County Clerk's Office lacks adequate segregation of duties over receipts and reconciliations: This is a repeat finding and was included in the prior year audit report as Finding 2017-002. Deputies prepare motor vehicle reports, collect receipts, and prepare deposits. The bookkeeper prepares ledgers and financial reports, reconciles ledgers, and reconciles checking accounts.

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 for accounting functions. The lack of segregation of duties with no independent oversight could result in undetected misappropriation of assets and

inaccurate financial reporting to external agencies such as Department for Local Government (DLG).

The segregation of duties over various accounting functions such as preparing deposits, writing checks, recording receipts and disbursements, reconciling bank statements, and preparing and reconciling quarterly reports, or the implementation of compensating controls is essential for providing protection from asset misappropriation or inaccurate financial reporting. Additionally proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend that the county clerk adequately segregate duties or implement compensating controls over receipts and reconciliations.

County Clerk's Response: Corrected during last audit cycle.

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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