



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

**Contact: Michael Goins**  
[Michael.Goins@ky.gov](mailto:Michael.Goins@ky.gov)  
**502.564.5841**  
**502.209.2867**

**Harmon Releases Audit of Casey County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2015 financial statement of Casey County Clerk Casey Davis. 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 Casey 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 comments:

**The county clerk's office lacks adequate segregation of duties over disbursements.** The county clerk's office has a lack of adequate segregation of duties over disbursements. The county clerk prepares and signs all checks that are written out of his office and posts all disbursements to the disbursements ledger. Although the clerk has implemented some compensating controls, it does not appear these controls are documented and operating effectively.

Segregation of duties over disbursements or implementation of compensating controls, when needed due to limited staff, is essential for providing protection to employees in the normal course of performing their duties and can also help prevent inaccurate financial reporting and misappropriation of assets. Effective internal controls dictate that essential duties be separated. The clerk's office has a limited budget which restricts the number of employees the county clerk

can hire or delegate duties to. Lack of adequate segregation of duties can result in undetected misstatements and inaccurate financial reporting. Proper segregation of duties also protects employees in the normal course of performing their daily responsibilities.

In an effort to strengthen internal controls, we recommend the county clerk delegate disbursement duties to other employees within the office. If that is not feasible due to a limited number of staff, the county clerk should implement the following compensating controls to offset the lack of segregation of duties:

- The county clerk should examine checks prepared by another employee and compare them to invoices or monthly reports to taxing districts. The county clerk's review should be documented by initials and date on the invoices and monthly reports.
- An employee independent of the disbursement ledger preparation should compare the disbursements ledger to source documents, such as monthly reports, to ensure accurate recordings. The employee's review should be documented by initials on the monthly disbursements ledger.

*County Clerk's response: this is due to limited staff.*

**The county clerk had \$31 in disallowed disbursements.** The county clerk had disallowed disbursements for a training with meal reimbursements for his wife of \$31 during calendar year 2015 which were paid from the fee account. The county clerk's lack of oversight, including a lack of adequate segregation of duties, allowed unnecessary disbursements of \$31 to be paid from official fee account monies. In Funk vs. Milliken, 317 S.W.2d 499 (KY 1958), Kentucky's highest court ruled that county fee officials' disbursements of public funds will be allowable only if they are necessary, reasonable in amount, beneficial to the public, and not primarily personal in nature. Good internal controls dictate that the county clerk should monitor disbursements to ensure payments are necessary and not primarily personal in nature. We recommend the county clerk deposit personal funds of \$31 to reimburse the 2015 fee account for these disallowed disbursements.

*County Clerk's response: this amount was repaid by the clerk.*

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.*

