



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 Clay County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2017 financial statement of Clay County Clerk Michael Baker. 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 Clay 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 Clay County Clerk's Office lacks adequate segregation of duties over receipts, disbursements, and bank reconciliations:** This is a repeat finding that was included in prior year audit report as Finding 2016-001. The Clay County Clerk and the clerk's bookkeeper are responsible for performing incompatible duties by taking payments from customers, recording receipts and disbursements to ledgers, performing bank reconciliations, reviewing bank reconciliations, preparing and reviewing deposits, and processing and signing checks for disbursement.

According to the county clerk, this condition is a result of a limited number of staff, preventing proper segregation of duties.

A lack of segregation of incompatible duties or strong oversight increases the risk that undetected errors could occur.

Adequate segregation of duties dictate that duties involving the collection and reporting of receipts, the preparation and recording of disbursements, and bank reconciliations should be separated or strong oversight should be performed by an employee not performing any of those functions. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the county clerk segregate duties over receipts, disbursements, and reconciliations. If this is not feasible due to a limited budget, cross-checking procedures for the recording of usage tax, and license and transfer tax could be implemented and documented by the individual performing the procedure.

*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.*

