



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Edmonson County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2015 financial statement of Edmonson County Clerk Kevin Alexander. 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 Edmonson 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 county clerk's office lacks adequate segregation of duties over cash, receipts, disbursements, and reconciliations. The county clerk collects receipts, prepares deposits and daily checkout sheets, prints and signs checks, and prepares quarterly reports. He also posts to the ledgers and reconciles the bank statements. This condition is a result of a limited budget, which restricts the number of employees the county clerk can hire or delegate duties to.

A lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies, such as the Department for Local Government. The segregation of duties over various accounting functions such as preparing deposits, preparing daily checkout sheets, and issuance of cash receipts is essential for providing protection from asset

misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

Adequate segregation of duties would prevent the same person from having a significant role in the receiving process, recording, and reporting of receipts and disbursements. If this is not feasible, due to a limited budget, cross checking procedures could be implemented and documented by the individual performing the procedure.

County Clerk's Response: Currently, both the Clerk and Deputy Clerk [name redacted] can do deposits and print-out reports. Going forward, we will try to do train another person in our office on these reports. In an attempt to further adhere, we will get different employees to initial off on the work of the Clerk. Currently, we have dual signatures on checks, have multiple review on mail, etc. Deposits are made by different employees as well.

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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