



Auditor of Public Accounts  
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### **Harmon Releases Audit of Former Graves County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the March 1-December 31, 2017 financial statement of former Graves County Clerk Devonda Wilford. 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 former Graves County Clerk in accordance with accounting principles generally accepted in the United States of America. The former clerk's financial statement did not follow this format. However, the former 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 comments:

**The former Graves County Clerk did not reconcile accounts receivable subsidiary ledgers to the fee ledgers:** During calendar year 2017, the former Graves County Clerk allowed customers to charge for services provided by the clerk's office. The former clerk did not maintain subsidiary ledgers to account for charges and charges paid. Instead the former clerk relied on reports which listed charges in total from the point of sale system. The former clerk relied on the point of sale system to account for all customer charges. Due to there not being subsidiary ledgers that reconcile to the amount on the settlement, it is not possible to determine if charges were properly accounted for or if there is an outstanding balance. This could lead to customers receiving services without settling their accounts. Accounts receivable are vulnerable to manipulation and should be

accounted for by each individual account and reconciled to the total account balance. Subsidiary ledgers are needed to account for these charges to ensure the correct amounts are reported.

We recommend the Graves County Clerk's Office strengthen controls over accounting for these charges by developing a written policy regarding charges and maintaining subsidiary records for each customer that are reconciled to the clerk's ledgers on a monthly basis.

*Former County Clerk's Response: The clerk's office used the Point of sales (POS) which was created & maintained by the State of Ky. This option was provided to every county to use if they so desired. We felt their system was accurate so we did not maintain a 2<sup>nd</sup> way of charging items.*

Auditor's Reply: While the point of sale system accounts for charges in total, individual customer charge detail is not tracked within that system. The county clerk's decision to allow customers to charge includes the responsibility to maintain sufficient detail to collect payment from each customer.

**The former Graves County Clerk's fee disbursements were materially misstated by \$276,273:** The former clerk's fee disbursements were misstated by \$276,273 due to not recording and reporting motor vehicle tax paid for December 2017. Since the former clerk was just appointed to this position in March of 2017, she was not familiar with the proper procedures to completing the quarterly financial report. Due to the former clerk not recording and reporting motor vehicle tax payments for December 2017, the quarterly financial reported submitted to the Department for Local Government (DLG) was materially misstated. Good internal controls dictate that all expenses be recorded for the calendar year in order to ensure financial information is accurately reported.

We recommend the clerk's office accurately report fee disbursements in the future to ensure financial information submitted to DLG is accurate.

*Former County Clerk's Response: Motor Vehicle or any other disbursements collected in December 2017 cannot be disbursed until Jan of 2018. Therefore, it gives December a false number. It automatically corrects itself the following month.*

Auditor's Reply: Regardless of when the disbursement is made, disbursements should be recorded in the correct period to ensure accurate financial reporting.

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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