



Auditor of Public Accounts
Mike Harmon

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Contact: Michael Goins
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Hickman County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2018 financial statement of Hickman County Clerk James S. Berry. 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 Hickman 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 Hickman County Clerk's Office lacks adequate segregation of duties: This is a repeat finding and was included in the prior year audit report as Finding 2017-001. The Hickman County Clerk's Office lacks adequate segregation of duties over the accounting and reporting functions of the clerk's office. The county clerk is responsible for receiving cash, preparing daily deposits, batching receipts, preparing and signing checks, posting to the receipts and disbursements ledgers, preparing monthly bank reconciliations, and also preparing quarterly financial reports.

According to the county clerk, this condition is the result of a limited budget, which restricts the number of employees the county clerk can hire or delegate duties to. A lack of segregation of duties or strong oversight increases the risk of undetected errors or fraud.

Proper segregation of duties over the accounting and reporting functions, or the implementation of compensating controls when necessary because of limited staff, is essential for providing protection from undetected errors. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the Hickman County Clerk separate the duties involved in writing checks, posting to the receipts and disbursements ledgers, preparing monthly bank reconciliations, and preparing quarterly financial reports. If this is not feasible due to a limited budget, cross-checking procedures should be implemented and documented by the individual performing the procedures.

County Clerk's Response: Segregation of Duties is the only response I have had in the 12 years I have been County Clerk. Our office has one full time employee who does their own daily checkout sheets, rechecks my daily sheets, and then signs off on it. I feel that our office does everything possible to run a very efficient office for the people of Hickman County.

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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