



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Lewis County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2017 financial statement of Lewis County Clerk Glenda K. Himes. 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 Lewis 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 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 2016-001. The county clerk's office lacks adequate segregation of duties over accounting and reporting functions. The county clerk is responsible for receiving cash, preparing daily deposits, preparing and signing checks, posting to receipts and disbursements ledgers, preparing monthly bank reconciliations, and also comparing the weekly, monthly and quarterly reports to the ledgers. According to the county clerk, the clerk's office has a small budget which limits the number of employees the county can hire.

A lack of segregation of duties or strong oversight increases the risk of undetected errors. A proper segregation of duties over the accounting and reporting functions such as preparation of the quarterly reports, or implementing compensating controls, is essential for providing protection from undetected

errors. The county clerk has implemented compensating controls to offset the risk of lack of segregation of duties, but the compensating controls aren't always documented. We recommend the county clerk separate the duties involved in receiving cash, preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliation, and comparing financial reports to ledgers. The county clerk should continue to document and do random reviews of compensating controls to properly offset the lack of segregation of duties.

County Clerk's Response: In a small office segregation of duties is difficult but I will continue to document and have compensating controls. We check each others work and I will implement more internal controls.

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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