



Auditor of Public Accounts  
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FOR IMMEDIATE RELEASE

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### **Harmon Releases Audit of Monroe County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2016 financial statement of Monroe County Clerk Teresa Sheffield. 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 Monroe 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 internal control over financial operations and reporting.

The audit contains the following comment:

**The county clerk's office lacks adequate segregation of duties over receipts.** Deputies collecting receipts also close out cash drawers, prepare daily checkout sheets and deposit tickets, and reconcile daily, weekly, and monthly reports. In addition, the bookkeeper who collects recording receipts and has access to all cash, posts to the receipts ledger, takes deposits to the bank, and prepares quarterly financial reports. No documented compensating controls were noted to offset this control deficiency. 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, and prevents a proper segregation of duties.

A lack of segregation of duties increases the risk of misappropriation of assets, errors, and inaccurate financial reporting. Segregation of duties over the receipt process or implementation of compensating controls, when needed due to limited staff, is essential for providing protection to employees in the normal course of performing their duties and can also help prevent inaccurate financial reporting and misappropriation of assets.

We recommend the county clerk strengthen internal controls by segregating duties. If segregation of duties is not possible due to a limited number of staff, compensating controls which provide strong oversight should be implemented.

*County Clerk's response: With such a small office and staff it is impossible to correct and no funds available to hire more employees.*

Auditor's Reply: Without additional staff, the Clerk should implement compensating controls using existing staff and cross-checking by the official.

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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