



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Former Powell County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2017 financial statement of former Powell County Clerk Karen Graham. 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 Powell 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 comment:

The former county clerk's office lacked adequate segregation of duties over disbursements: This is a repeat finding and was included in the prior year audit report as Finding 2016-004. The former county clerk's office lacked adequate segregation of duties over disbursements without sufficient compensating controls. Due to the size of the office, controls were not in place to ensure adequate segregation of duties over disbursements. A lack of segregation of duties increased the risk of misappropriation of assets, errors, and inaccurate financial reporting. If segregation is not possible, compensating controls or independent checks are needed to mitigate the risks. Strong internal controls and segregation of duties over disbursements help ensure accurate financial reporting. We recommend the county clerk's office segregate incompatible duties over disbursements or implement compensating controls to help mitigate risks.

Former County Clerk's Response: Due to the size of office staff, it is difficult to have adequate segregation of duties. Deputies are trained to perform many duties.

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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