



Auditor of Public Accounts  
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: **Michael Goins**  
[Michael.Goins@ky.gov](mailto:Michael.Goins@ky.gov)  
502.564.5841  
502.209.2867

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

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2020 financial statement of Todd County Clerk Cindy O'Bryan. 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 Todd 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 Todd County Clerk's Office does not have segregation of duties over receipts and reconciliations:** This is a repeat finding and was included in the prior year audit report as Finding 2019-001. The county clerk's office does not have adequate segregation of duties over receipts and reconciliations. The county clerk is responsible for receiving cash, preparing daily checkout sheets, entering financial information into the ledgers, preparing financial reports, and preparing monthly bank reconciliations.

According to the county clerk, the lack of segregation of duties existed over the receipts and reconciliations functions of the clerk's office because of a limited number of employees available to properly segregate these job duties. A lack of segregation of duties could result in undetected

misappropriation of assets and inaccurate financial reporting to external agencies such as the Department for Local Government (DLG).

Segregation of duties or the implementation of compensating controls, when needed because of the number of staff is limited, 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's office segregate the duties over receipts and reconciliations in order to adequately protect employees in the normal course of performing their duties and to help prevent misappropriation of assets and inaccurate financial reporting. If the county clerk's office cannot segregate duties, we recommend the implementation of compensating controls over these processes to mitigate the risks.

*County Clerk's Response: I agree with these findings. I do have compensating controls over receipts and disbursements. Each deputy is responsible for her cash drawer and balancing at the end of day with a summary print out. I, or 1 of 2 other deputies verify and make deposit. Deposit ticket is initialed by preparer. Next morning Amanda or I do daily and initial. Either of us can enter in check book or accounts receivable.*

Auditor's Reply: The duties of cash receipts are not properly segregated from the duties of recording, approval, and reconciliation. Any compensating controls are not properly documented.

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](#).

###

*The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.*

*Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.*

