



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Owsley Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2013 financial statement of Owsley County Clerk Shanna Oliver, for the period June 17, 2013 through December 31, 2013. 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 revenues, expenditures and excess fees of the Owsley 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 non-compliance 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 Owsley County Clerk's office lacks adequate segregation of duties. The Owsley County Clerk's office lacks adequate segregation of duties due to the responsibilities of recording, depositing, and reconciling cash being delegated to the same individual. The functions of receiving, recording, depositing, and reconciling cash should be separated whenever possible in order to decrease the risk of undetected errors, misstatements, and/or fraud. Since only one person performs these functions, there is no assurance that financial transactions are accurate, complete, and free of error/misstatement. We recommend the county clerk segregate the duties

of recording, depositing, and reconciling cash or implement and document compensating controls to offset this deficiency. Examples of compensating controls include:

- An employee could compare daily checkout sheet to receipts ledger and bank deposit prepared by another employee.
- An employee could review bank reconciliations prepared by another employee for accuracy.
- An employee could review all financial reports and compare to supporting documentation.

These compensating controls could be documented by initialing the documentation reviewed by employees.

County Clerk's response: No response.

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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