



Auditor of Public Accounts  
Adam H. Edelen

**FOR IMMEDIATE RELEASE**

**Contact: Stephenie Hoelscher**  
[stephenie.hoelscher@ky.gov](mailto:stephenie.hoelscher@ky.gov)  
**502.564.5841**  
**502.209.2867**

**Edelen Releases Audit of Carlisle Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Adam Edelen today released the audit of the 2014 financial statement of Carlisle County Clerk Michael Toon. State law requires the auditor to conduct annual audits of county clerks and sheriffs.

Recent changes in auditing standards require the auditor's letter to communicate whether the financial statement presents fairly the revenues, expenditures and excess fees of the Carlisle County Clerk in accordance with generally accepted accounting principles in the United States. The report found that the financial statement of the Clerk 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 comments:

**The Carlisle County Clerk's office lacks adequate segregation of duties.** The Carlisle County Clerk's office lacks adequate segregation of duties over the accounting and reporting functions. Due to a limited number of staff and the diversity of operations, the County Clerk is responsible for multiple tasks such as preparing weekly and monthly reports, preparing checks for disbursements, completing monthly bank reconciliations, and preparing quarterly reports.

Segregation of duties over these tasks or the implementation of compensating controls, when limited by the number of staff, is essential for providing protection against the misappropriation of assets and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the County Clerk separate the duties involved in writing checks, preparing weekly and monthly reports, completing monthly reconciliations, and preparing quarterly reports. If, due to a limited budget, this is not feasible, cross-checking procedures could be implemented. Such procedures should be documented by the individual performing them.

*County Clerk's response: The County Clerk did not respond.*

**The Carlisle County Clerk should strengthen internal controls over payroll and timekeeping.**

The following findings were noted with the Carlisle County Clerk's payroll and timekeeping:

- The Clerk's withholdings for his training incentive benefit were not paid over to the County's payroll revolving account.
- Accumulated leave balances were not maintained for all employees.
- Review and approval of timesheets was not documented.

Strong internal controls over payroll and timekeeping are vital in ensuring that payroll amounts are calculated and accounted for properly. Strong internal controls over timekeeping are also important to ensuring that employees are being compensated for hours actually worked and that leave balances are being maintained and used in accordance with county policy.

The County Clerk's failure to implement strong internal controls leaves payroll susceptible to misappropriation and errors. Therefore, we recommend that the County Clerk strengthen internal controls over payroll and timekeeping by paying over withholdings timely, maintaining leave balances for all employees, and reviewing and approving all employees' timesheets.

*County Clerk's response: The County Clerk did not respond.*

**The Carlisle County Clerk had \$474 of disallowed disbursements.** The Carlisle County Clerk had \$474 of disallowed disbursements for calendar year 2014. These disbursements were disallowed based on their lack of necessity or due to their personal nature.

The disallowed disbursements were:

|                            |               |
|----------------------------|---------------|
| Meals for election workers | \$ 269        |
| Clerk's personal travel    | <u>205</u>    |
|                            | <u>\$ 474</u> |

In accordance with Funk vs. Milliken, 317 S. W. 2d 499 (Ky. 1958), Kentucky's highest court ruled that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature. Given the fact that these disbursements did not meet the necessary criteria, they have been disallowed.

Disallowed disbursements should be repaid with a deposit of personal funds; therefore, we recommend that the Carlisle County Clerk repay \$474 from his personal funds to the Carlisle County Fiscal Court.

*County Clerk's response: I will strive to improve my documentation processes.*

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.*

