



Auditor of Public Accounts
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Edelen Releases Audit of Lee Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Adam Edelen today released the audit of the 2014 financial statement of Lee County Clerk Kim Noe. 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 Lee 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 County Clerk should issue manual receipts in triplicate and account for the daily numerical sequence of these receipts. During receipt testing, auditors noted that manual receipts were not issued in triplicate and the daily numerical sequence of these receipts was not accounted for properly. Based on the uniform system of accounts, receipts should be issued for all collections. Furthermore, KRS 64.840(2) states receipts should be issued in triplicate, one given to the payee, one for the official for his own records, and one attached to the daily checkout to provide evidence of the accuracy of receipts and their valuation, and should be accounted for daily in sequential order. Therefore, we recommend the County Clerk issue receipts in triplicate and account for the daily numerical sequence of these receipts.

County Clerk's response: No response.

The County Clerk's office lacks adequate segregation of duties. The County Clerk employs a part-time bookkeeper that completes all bookkeeping functions such as all posting to the ledgers, preparing the compilation of daily checkouts, preparing the daily deposits, preparing all checks, preparing all reports, except the weekly reports for usage and license, reconciling the bank statements and preparing the financial statement. The County Clerk prepares the weekly reports for usage and license. She does agree each report to the ledgers but does not initial the supporting documentation. The County Clerk does not have an independent individual review reports, checks, or the disbursements ledger. In order to improve controls, we recommend the County Clerk implement the following:

- The County Clerk should require the deputy clerks to count each other's cash drawers.
- The County Clerk should reconcile monthly reports to the ledgers for receipts and disbursements. This can be documented by initialing the ledgers and the monthly reports.
- The County Clerk should review the bank reconciliation and agree it to the ledgers. This can be documented by initialing the bank reconciliation.
- The County Clerk should review the financial statements and agree them to the ledgers and bank reconciliations. This can be documented by initialing the financial statements.

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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