



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Livingston Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2014 financial statement of Livingston County Clerk Sonya Williams. 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 Livingston County Clerk in accordance with generally accepted accounting principles in the United States. 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 Livingston County clerk's office lacks adequate segregation of duties. The Livingston County Clerk's office lacks adequate segregation of duties over the accounting and reporting functions of the Clerk's office. A proper segregation of duties over the accounting and reporting functions or the implementation of compensating controls is essential for providing protection from errors occurring and not being detected. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

The County Clerk is responsible for preparing daily deposits, preparing and signing checks, posting to receipt and disbursement ledgers, preparing monthly bank reconciliations, and also preparing quarterly reports. A lack of segregation of duties or strong oversight increases the risk that errors could occur and not be detected.

As a result, we recommend the County Clerk separate the duties involved in writing checks, posting to the receipt and disbursement ledgers, preparing monthly bank reconciliations, and preparing quarterly reports. If, due to a limited budget, this is not feasible, cross-checking procedures could be implemented and documented by the individual performing the procedure.

County Clerk's response: None.

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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