



Auditor of Public Accounts  
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### **Edelen Releases Audit of Nelson Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Adam Edelen today released the audit of the 2014 financial statement of Nelson County Clerk Elaine Filiatreau. 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 Nelson 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 comment:

**The County Clerk's office has a lack of segregation of duties over the reconciliation process.** While documenting internal controls in the Nelson County Clerk's office, we noted that there is a lack of segregation of duties over reconciliations. A lack of segregation of duties or strong oversight increases the risk that errors could occur and not be detected. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities. The Clerk has implemented some compensating controls to mitigate the risks that arise from this situation, but the controls are not yet complete or consistently applied. To adequately protect employees in the normal course of performing their assigned functions and to protect the Clerk against inaccurate financial reporting, we recommend the following:

- Bank reconciliation prepared by an employee other than the bookkeeper or a close review of bank reconciliations by another knowledgeable employee, if prepared by the bookkeeper. The review must be documented by dating and initialing the document.
- Continue cross-training employees so that duties can periodically be transferred between employees.

*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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