



Auditor of Public Accounts  
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### **Harmon Releases Audit of Former Menifee County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2018 financial statement of former Menifee County Clerk Brenda Carty. 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 receipts, disbursements and excess fees of the former Menifee County Clerk in accordance with accounting principles generally accepted in the United States of America. The former clerk's financial statement did not follow this format. However, the former 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 noncompliance 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 former county clerk's office lacked adequate segregation of duties:** This is a repeat finding and was included in the prior year audit report as Finding 2017-001. All employees of the former county clerk's office collected receipts. Also, the former county clerk and all deputy clerks could prepare daily checkout sheets, bank deposits, and post items to the receipts ledger. The former county clerk and all deputy clerks could prepare and record disbursements and the former county clerk reconciled the bank account.

According to the former county clerk, this was caused by a limited budget which restricted the number of employees that the county clerk could delegate duties to. This increases the risk of misappropriation of assets and inaccurate financial reporting to external agencies.

Good internal controls dictate that the collections of receipts, recording of transactions, and bank reconciliation duties be segregated. If segregation of duties is not feasible, compensating controls should be implemented.

We recommend the county clerk's office implement the following procedures to strengthen controls:

- An employee independent of the cashier functions should be appointed to open mail and prepare a receipts list.
- The employee responsible for bookkeeping functions, bank reconciliations, and comparing mail receipts to deposit slips should not have access to cash.
- Employees authorized to sign checks should be independent of report preparation, approval of payments, and purchasing and receiving.

*Former County Clerk's Response: The former county clerk did not provide a 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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