



## Auditor of Public Accounts Allison Ball

**FOR IMMEDIATE RELEASE**

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### **Ball Releases Audit of Elliott County Clerk's Fee Account**

**FRANKFORT, Ky.** – State Auditor Allison Ball released the audit of the 2023 financial statement of Elliott County Clerk Jennifer Carter. 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 -- County Clerk in accordance with accounting principles generally accepted in the United States of America. 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.

The audit contains the following findings:

**The county clerk is not fulfilling her duties as an elected official:** The county clerk is not fulfilling her duties as an elected official. We have noted the following deficiencies: lacks segregation of duties, Department for Local Government (DLG) fourth quarter report contained material errors, an annual statement was not presented to the Elliott County Fiscal Court at year end, delinquent tax bills were not remitted timely, affordable housing payments were not remitted timely to the state, didn't comply with the county's fee pooling ordinance, lacked controls over non-sufficient fund checks, and has not settled fee accounts for 2020, 2021, or 2022.

We recommend the county clerk take immediate action to remedy the issues outlined in these findings and recommendations. Further, we recommend the county clerk implement policies and procedures for her office to ensure these issues are corrected for future periods. This matter will be referred to the Department of Revenue, Office of the Attorney General, and DLG.

*County Clerk's Response: My office performs many duties throughout the year, along with daily duties we perform for the public, our community, while we have fallen short on some reporting, etc. we continue to place our customers on the highest priority while improving on reporting and timely payments, as this audit reflects improvement from past audits.*

**The county clerk's office does not have adequate segregation of duties and internal controls over receipts and disbursements:** The county clerk prepares daily deposits, prepares checks, signs checks, and collects cash from customers. The bookkeeper posts to the receipts and disbursements ledgers, reconciles bank accounts, and prepares the quarterly report.

We recommend the county clerk's office adequately segregate duties—receiving, posting, and reconciling—and implement internal controls to ensure transactions are recorded timely. Proper segregation of duties may not be possible with a limited number of employees. In that case, the county clerk or bookkeeper should implement compensating controls.

*County Clerk's Response: While this most likely will be a comment on the present year audit (2024) we are implementing changes to deputy responsibilities which should help alleviate this issue.*

**The county clerk's fourth quarter report was not submitted to the DLG and it contained material errors:** The county clerk prepared a fourth quarter report at the beginning of the audit, but it has not been submitted to DLG. No other quarterly reports were prepared or submitted to DLG for calendar year 2023. Also, though most were posting errors, numerous adjustments were necessary to correct material errors. Adjustments were made in the amount of \$269,460 to the county clerk's disbursements ledger.

We recommend the county clerk submit her quarterly reports to DLG timely in the future. Also, we recommend the county clerk reconcile her ledgers to weekly and monthly reports to ensure amounts are posted to the correct category to help prevent material errors from occurring.

*County Clerk's Response: Some calculations were entered into an incorrect category causing the material errors. We hope to improve our report submission to DLG, and currently reviewing different actions to help us succeed in this area.*

**The county clerk did not present an annual settlement to the fiscal court:** The lack of compliance with applicable state laws and DLG reporting requirements has led to the fiscal court not being adequately informed of the financial activities of the county clerk's office, resulting in the limited ability to appropriately monitor the financial activity and make fully informed financial decisions for the county.

We recommend the county clerk implement controls to ensure compliance with KRS 64.152 by presenting an annual settlement to the fiscal court by March 15.

*County Clerk's Response: The county clerk did not provide a response.*

**The county clerk did not remit payments on delinquent taxes to taxing districts timely:** For 2023, payments made in four months were remitted to the taxing districts late, and payments made to the clerk in two months were not remitted to the taxing districts at all. One payment in July 2023, and all payments made in August 2023 and December 2023 were unremitted to the taxing districts. The unremitted payments to taxing districts totals \$41,178.

We recommend the county clerk implement controls to ensure monthly delinquent tax payments are paid by the tenth of each month in accordance with KRS 134.126(3).

*County Clerk's Response: These taxes have now been paid and cleared.*

**The county clerk did not remit affordable housing or legal process payments to the state timely:** The county clerk remitted quarterly affordable housing payments between 87 to 308 days late and monthly legal process taxes between 27 to 365 days late.

We recommend the county clerk implement internal controls to ensure that affordable housing fees and legal process taxes are paid timely.

*County Clerk's Response: These reports and payments have been submitted but not yet cleared.*

**The county clerk did not comply with the county's fee pooling ordinance:** The county clerk did not remit monthly excess fees timely to the fiscal court per the fee-pooling ordinance. Monthly fees were remitted between three and 102 days late. In addition, the county clerk remitted payment for 11 invoices for postage totaling \$205 instead of submitting the invoices to fiscal court for payment.

We recommend the county clerk comply with the county's fee pooling ordinance by paying excess fees based on calculations from the county clerk's financial records no later than the tenth of the month for the preceding month and implement controls to ensure that excess fees are paid timely.

*County Clerk's Response: We continue to improve on timely payments to the fiscal court.*

**The county clerk does not have adequate controls over Non-Sufficient Funds (NSF) checks or storage fees:** The bank returned two checks from customers for NSF. Of those two NSF checks, the county clerk did not receive repayment and failed to properly handle follow-up protocols on two of the checks totaling \$81. These two checks were not turned over to the county attorney, nor were the services cancelled in Kentucky Automated Vehicle Information System (KAVIS). The county clerk did not maintain proper documentation for these checks, so auditors were unable to verify whether any of the checks were for the county clerk or one of her employees. Further, the county clerk collected \$8,210 in storage fees but did not account on the quarterly report or turn over to the fiscal court.

We recommend the county clerk ensure that NSF checks are collected, and if not, either turn the check over to the county attorney or cancel the KAVIS service, delinquent tax, etc. We further recommend that the county clerk ensure she is maintaining all relevant documentation for NSF checks. We also recommend the county clerk properly account for her storage fees on her quarterly report and turn those fees over to the fiscal court by the tenth of each month.

*County Clerk's Response: Moving forward, a party who has a check returned NSF has 30 days to recover the check and pay the fees associated with the NSF, after the 30 days have lapsed with no recovery the NSF check will be transferred to the county attorney for collection. To start with the 2025 calendar year.*

**The county clerk has not settled the 2020, 2021, or 2022 fee accounts:** The county clerk has not settled her 2020, 2021, or 2022 fee accounts, \$12,713, \$41,721, and \$81,443, respectively.

We recommend the county clerk settle all fee accounts and strengthen internal controls to ensure fee accounts are settled correctly and timely.

*County Clerk's Response: Currently reviewing balances and processing to the appropriate departments for closing.*

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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