



Auditor of Public Accounts
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Ball Releases Audit of LaRue County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2023 financial statement of LaRue County Clerk Rhonda Metcalf. 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 LaRue 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 LaRue County Clerk's Office does not have adequate segregation of duties over receipts, disbursements, and reconciliations: The county clerk collects cash; has access to all cash; issues receipts; prepares daily checkout sheets, reports, and deposit tickets; and reconciles daily, weekly, and monthly reports. In addition, the county clerk prepares and signs checks, posts to the receipts and disbursements ledgers, reconciles the bank accounts, and prepares quarterly financial reports.

We recommend the county clerk's office segregate duties or implement documented compensating controls to mitigate this control deficiency to ensure accurate financial reporting.

County Clerk's Response: Being a small office it's hard to segregate duties as the auditor would like.

Auditor's Reply: As recommended if the county clerk cannot segregate duties they can implement and document compensating controls to help offset the risk of a lack of segregation of duties.

The LaRue County Clerk's fourth quarter report and ledgers were materially misstated: Receipts and disbursements were not categorized properly, and all receipts and disbursements were not included. The following issues were noted with the county clerk's financial report and ledgers:

- Reclassifications were necessary to correct the receipts on the fourth quarter report totaling \$75,589.
- Reclassifications were necessary to correct the disbursements on the fourth quarter report totaling \$3,150.
- Adjustments totaling \$3,964 were necessary to remove receipts from calendar year 2022 that were deposited to the county clerk's 2023 fee account and included on the 2023 ledgers and fourth quarter report.
- Adjustments totaling \$3,964 were necessary to remove disbursements from calendar year 2022 that were paid from the county clerk's 2023 fee account and posted to the clerk's 2023 ledgers and fourth quarter report.
- Interest earned on the clerk's bank accounts for \$58 was not included in the clerk's ledgers or fourth quarter report.
- Deposits from third party purchasers participating in the delinquent tax sale and refund checks issued to third party purchasers after the delinquent tax sale were not included on the county clerk's ledgers or fourth quarter report. Adjustments of \$87,910 to receipts and \$87,910 to disbursements were required.
- The county clerk did not report payments from customers that were returned by the bank for non-sufficient funds correctly on her fourth quarter report. An adjustment of \$1,179 to receipts was necessary to correct these errors.

We recommend the county clerk's office implement stronger internal controls over the financial reporting process to ensure amounts reported on the quarterly reports are accurate. Internal controls such as a thorough review of quarterly reports by someone independent of the accounting function can help detect misstatements and errors that have occurred. This review should include tracing transactions posted to the receipts and disbursements ledgers to actual bank statement transactions. It should also include agreeing book balances between the quarterly reports and bank reconciliations, agreeing bank balances per the bank statements to the quarterly reports and bank reconciliations, checking for mathematical accuracy, and verification of bank reconciliation amounts. Ledgers should also be reviewed to verify transactions have been recorded to the correct account codes. Once the ledgers and reconciliations are deemed accurate, the reviewer should document and submit the review to the county clerk for approval.

County Clerk's Response: All disbursements were paid correctly.

Auditor's Reply: As stated above we recommend the county clerk's office implement stronger internal controls over the financial reporting process to ensure amounts reported on the quarterly reports are accurate.

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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