



Auditor of Public Accounts
Allison Ball

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Ball Releases Audit of Lincoln County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2023 financial statement of Lincoln County Clerk Nancy Jackson. 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 Lincoln 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's office lacks adequate segregation of duties: The bookkeeper does not post all receipts daily using source documents but posts monthly when bank statements are received. The bookkeeper can issue checks, post to the disbursement ledger, and reconcile the bank account. While it was noted that two people prepare bank reconciliations, this was not documented.

We recommend the county clerk segregate the duties of accounting functions. If segregation of duties is not feasible due to a lack of staff, we recommend the county clerk implement and document compensating controls to offset this control deficiency.

County Clerk's Response: The bookkeeper has developed a detailed reconciliation report for the payroll account so that all withholdings and expenses balance with payroll fund transfers. Two other deputies assist the bookkeeper now in daily balance sheets and reconciliation of web renewals and other ACH business in the general account. The clerk and bookkeeper will initial and date monthly bank statements after reconciling.

The county clerk's office does not have adequate controls over the payroll process: The county clerk's internal controls were not operating effectively over payroll processing leading to deficiencies such as missing timesheets, unapproved timesheets, incorrect maintenance of sick and compensatory leave, employee paid for time not worked, and lack of reconciliations on the Payroll Revolving Account. Please refer the audit on our website for full details.

We recommend the county clerk develop and implement strong internal controls over payroll. All employees should submit a time sheet for each pay period which should be reviewed and approved. The payroll revolving account should be reconciled monthly and a current leave balance for each employee should be maintained for each pay period.

County Clerk's Response: The audit period of 11/13-12/31 was a short period of transition. Since that time, the Clerk has written a personnel policy for the office, implemented a new timesheet program correcting errors in the previous office program, such as overwrites. All employees are now under a new and enforced leave policy, and timesheets are recorded weekly and initialed by a supervisor. Going forward, the bookkeeper will review balances and records before each pay period.

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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