



**Auditor of
Public Accounts
Allison Ball**

McLean County Clerk's Fee Account Audit

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2024 financial statement of McLean County Clerk Carol Eaton. 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 McLean 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.

Finding: Lacks adequate segregation of duties.

The McLean County Clerk's office lacks adequate segregation of duties over the accounting and reporting functions of the clerk's office. Deputies who collect receipts also close out the cash drawers on a daily basis, prepare the checkout sheets, prepare the deposit tickets, prepare daily, weekly, and monthly reports, reconcile these reports, and also sign checks on the fee accounts. The county clerk implemented compensating controls to help alleviate the risks associated with the lack of segregation of duties, however, these controls were deemed to be ineffective. According to the county clerk, the lack of segregation of duties exists over the accounting and reporting functions of the office because only a limited number of employees are available to perform these job duties. A lack of segregation of duties or strong oversight increases the risk that errors or fraud could occur without being detected.

Recommendations

We recommend the county clerk segregate duties involving the collection and reporting of receipts, the preparation and recording of disbursements, and bank reconciliations. If segregation of duties is not feasible due to a lack of staff, we recommend the county clerk implement and document effective compensating controls to offset this control deficiency in the form of strong oversight from an employee not performing any of those functions.

County Officials Response

County Clerk's Response: Compensating controls for McLean County Clerk's Office are not ineffective. There is a good plan in place and executed well. This office will continue to serve McLean County in the most efficient and cost-effective way.

Finding: Fourth Quarter Report was materially misstated.

The McLean County Clerk's Fourth Quarter report for calendar year 2024 was materially misstated. The fourth quarter report had the following misstatements:

- Accounts receivable credit memo receipts were overstated by \$15,513.
- Miscellaneous income receipts were overstated by \$21,422.
- Additional receipts were understated by \$248 when compared to bank account receipts.
- Fiscal court receipts in the amount of \$2,508 were coded to the wrong account.
- \$3,710 in license and transfer disbursements were not included on the fourth quarter report.
- \$44,189 in tangible personal property tax disbursements to the state were coded to the wrong account.

- \$36,489 in tangible personal property tax disbursements to other districts were coded to the wrong account.
- Additional disbursements were understated by \$246 when compared to bank account disbursements.
- \$8,916 in lease disbursements were not included on the fourth quarter report.
- Other refund disbursements were overstated by \$15,513.
- Transfer of funds disbursements were overstated by \$21,422.

Recommendations

We recommend the county clerk implement procedures to ensure the correct line items and amounts are reported on the fourth quarter report for all receipts and disbursements per the ledgers before signing off on the report for approval and submission to the Department for Local Government.

County Officials Response

County Clerk's Response: Materially misstated in this case means put in the wrong line item. The funds were collected and disbursed correctly. This error is corrected by simply changing the code in the budget program.

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](#).

