



**Auditor of
Public Accounts
Allison Ball**

Morgan County Clerk's Fee Account Audit

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2024 financial statement of Morgan County Clerk Randy Williams. 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 Morgan 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: The Morgan County Clerk's Office Lacks Adequate Segregation Of Duties

The Morgan County Clerk's office lacks adequate segregation of duties. This deficiency exists because one individual's duties include the preparation and reviewing of receipts and disbursements ledger and preparing monthly bank reconciliations. The county clerk has not structured his office in a way that segregates duties and responsibilities over accounting functions. The county clerk has also not provided sufficient oversight of the financial reporting process. A lack of oversight could result in misappropriation of assets or inaccurate financial reporting to external agencies such as Department of Local Government (DLG), which could occur and go undetected.

Recommendations

We recommend the county clerk's office implement internal controls and segregate duties as much as possible. One individual should not be preparing and reviewing the receipts and disbursements ledger and preparing monthly bank reconciliations. Proper segregation of duties may not be possible with a limited number of employees, and, in that case, the county clerk could take on the responsibility of reviewing the receipts and disbursements ledgers and performing bank reconciliations. These reviews must be documented in a way that indicates what was reviewed, by whom, and when, because signing off on inaccurate information does not provide internal control.

County Officials Response

County Clerk's Response: Plan to ensure that each daily checkout is reviewed by at least two employees and that bank statements are checked by reconciliation reports from bookkeeper.

Finding: The Morgan County Clerk's Fourth Quarter Financial Report Was Materially Misstated

The Morgan County Clerk's Fourth Quarter Financial Report submitted to the DLG was materially misstated. The county clerk's receipts per the fourth quarter report were understated by \$64,860 and also included \$8,741 of misclassifications. Misstatements to the disbursements on the fourth quarter report included \$58,803 that was not posted, \$18,425 in posting errors, and \$4,389 of misclassifications.

Recommendations

We recommend the county clerk ensure that he is complying with applicable state laws and DLG's manual. We also recommend the county clerk reconcile the ledgers monthly, review reclassifications and adjustments, and develop policies for posting transactions to ensure that receipts and disbursements are categorized correctly on the ledgers and quarterly report.

County Officials Response

County Clerk's Response: Plan to review more closely quarterly reports to ensure that all receipts and disbursements are properly categorized.

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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