



**Auditor of
Public Accounts
Allison Ball**

Perry County Clerk's Fee Account Audit

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2024 financial statement of Perry County Clerk Wayne Napier. 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 Perry 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: Fourth quarter financial statement was materially misstated.

The county clerk's fourth quarter financial statement report submitted to the Department for Local Government (DLG) was materially inaccurate. Receipts were overstated by \$133,915, disbursements were understated by \$283,498 and excess fees reported were overstated by \$330,086. While receipts and disbursement ledgers were accurate and properly maintained, the bookkeeper did not include the following disbursements on the fourth quarter report submitted to DLG:

- Tangible personal property tax payments of \$223,497
- State advancement repayment of \$60,000

Additionally, the bookkeeper overstated the receipts on the fourth quarter report by including \$134,521 of state grant receipts, which are not part of excess fees collected by the office.

Recommendations

We recommend the county clerk implement stronger internal controls in the review of the financial reporting process and ensure that underlying accounting records, such as receipts and disbursements ledgers, reconcile with financial reports.

County Officials Response

County Clerk's Response: We have received additional training to ensure the 4th quarter is accurately reflected on the report. This will be implemented immediately.

Finding: Lacks adequate segregation of duties.

The Perry County Clerk's Office lacks adequate segregation of duties over receipts, disbursements, and bank reconciliations. During our review of internal controls, we noted the bookkeeper receives cash, posts revenue and disbursements to the ledger, and completes the monthly bank reconciliations with the county clerk providing oversight of these duties. The lack of segregation of duties occurred because the county

clerk failed to segregate incompatible duties. The county clerk states that he cannot hire additional employees to allow segregation of duties due to budget limitations. The limited number of employees restricts how the county clerk can delegate duties. Lack of segregation of duties resulted in inaccurate financial reporting to state and local taxing districts.

Recommendations

We recommend the county clerk segregate duties over receipts, disbursements, and reconciliations. If segregation of duties is not feasible due to lack of staff, we recommend the county clerk implement and document strong oversight over incompatible functions. The person providing this oversight should document his or her review by initialing all source documentation.

County Officials Response

County Clerk's Response: A limited budget restricts the number of employees the clerk can hire. We are currently in the process of additional training in our office.

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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