



**Auditor of
Public Accounts
Allison Ball**

Spencer County Clerk's Fee Account Audit

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2024 financial statement of Spencer County Clerk Lynn Hesselbrock. 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 Spencer 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: Lack of segregation of duties resulting in ineffective internal controls over the usage account and financial reporting.

The bookkeeper receives cash, prepares the daily checkout, prepares checks, records receipts, and disbursements in the ledger, and reconciles the bank accounts. To offset the controls deficiency, the county clerk has implemented compensating controls, but they were deemed to be ineffective. The following were noted during the audit:

- Usage Account – Payments made to the Department of Revenue were underpaid by \$5,030, overpaid \$401, missed a payment totaling \$21,254, and made payment of \$13,558 twice.
- Financial statement receipts were misstated by \$111,716.
- Financial statement disbursements were misstated by \$132,508.

Recommendations

We recommend the county clerk's office segregate duties. If this is not feasible due to limited staff or budget, the clerk should implement strong and effective compensating controls to offset lack of adequate segregation of duties. Management oversight is essential to effectively implementing strong compensation controls. We also recommend the county clerk request a \$13,959 refund from Department of Revenue and deposit it to the usage tax account and pay \$26,284 in missed/underpayments due to the state from the usage tax account.

County Officials Response

County Clerk's Response: The Spencer County Clerk's Office will implement effective compensating measures to offset the lack of adequate segregation of duties to increase oversight over receipts and disbursements which occurred due to limited qualified staff and change in office personnel.

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](#).

