



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Monroe County Fiscal Court

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Monroe County Fiscal Court for the fiscal year ended June 30, 2016. State law requires annual audits of county fiscal courts.

Auditing standards require the auditor's letter to communicate whether the financial statement presents fairly the receipts, disbursements and changes in fund balances of the Monroe County Fiscal Court in accordance with accounting principles generally accepted in the United States of America. The fiscal court's financial statement did not follow this format. However, the fiscal court'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 115 of 120 fiscal court audits in Kentucky.

As part of the audit process, the auditor must comment on noncompliance with laws, regulations, contracts, and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comment:

The Monroe County Jail Commissary lacked adequate segregation of duties over all accounting functions. A lack of segregation of duties existed over all jail commissary accounting functions. These control deficiencies were present because the bookkeeper received the mail, prepared and deposited all receipts, prepared and signed disbursements, and performed the monthly bank reconciliations with little or no oversight. This is a repeat finding and was included in the prior year audit as finding 2015-001.

This condition was the result of a limited budget, which restricted the number of employees the county could hire and delegate duties to. The lack of oversight could have resulted in misappropriation of assets and inaccurate reporting. Adequate segregation of duties would have

prevented the same person from having a significant role in the receiving process, recording, and reporting of receipts and disbursements. In addition, proper segregation of duties should protect employees in the normal course of performing their daily duties.

The jailer should have separated the duties in preparing and depositing receipts, recording transactions, preparing and signing disbursements, and reconciling the bank account. If the duties could not have been segregated due to a limited number of staff or budget, strong oversight should have been provided over the employee responsible for the duties. In addition, compensating controls should have been documented if performed.

County's response: The county did not provide a response.

The audit report can be found on the [auditor's website](#).

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