



Auditor of Public Accounts  
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### **Edelen Releases Audit of Bullitt County Fiscal Court**

**FRANKFORT, Ky.** – State Auditor Adam Edelen has released the audit of the financial statements of the Bullitt County Fiscal Court for the fiscal year ended June 30, 2014. State law requires annual audits of county fiscal courts.

Recent changes in auditing standards require the auditor's letter to communicate whether the financial statement presents fairly the receipts, disbursements and changes in cash and cash equivalents of the Bullitt County Fiscal Court in accordance with generally accepted accounting principles in the United States. The report found that the financial statement of the Fiscal Court 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 non-compliance 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 comments:

**The Jailer should follow county's required bid procedures for purchases in excess of \$20,000 KRS 424.260.** During our audit, we became aware that the Jailer purchased a 2014 Ford Explorer for \$26,400 and a 2013 Ford Club Wagon E350 for \$25,605 using Jail Commissary funds. These were purchased from a dealership that does not have a current state price contract. Therefore, the Jailer should have obtained bids according to the County's bid procedures. Additionally, we noted that neither of the sales agreements reviewed were signed. The Jailer is not following KRS requirements on bidding procedures, therefore, there is a possibility that the Jailer is paying more for assets than if it was bid out. The Jailer does not have adequate policies and procedures in place to review purchasing requirements before purchases are made. KRS 424.260(1) requires that "Except where a statute specifically fixes a larger sum

as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for materials, supplies except perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than twenty thousand dollars (\$20,000) without first making newspaper advertisement for bids.” We recommend that the Jailer follow the County’s bid procedures and the Jailer should review sales agreements for accuracy and sign the agreements. The bid process should be properly documented and maintained on file.

*County Jailer’s response: Please note this same comment was addressed in the 2013 audit, even though the purchases were made in the 2014 fiscal year. The response remains the same, “All future purchases will be handled following the guidelines outlined in KRS 424.260(1) along with the County’s bid procedures. We will also have complete documentation. We were unaware that the dealership did not have a state price contract, even though we were given state pricing. This particular dealer has been used for years for purchasing other county vehicles.*

**The Bullitt County Animal Control lacks adequate segregation of duties over receipts.** The Bullitt County Animal Control office lacks adequate segregation of duties over receipts. Animal Control collects payments from customers and prepares deposits. Pre-numbered three-part receipt forms are not issued and no daily checkout sheets prepared. There is no accounting for the Dog Licenses sold and receipts books used are not numbered.

Lack of oversight could result in misappropriation of assets and/or inaccurate financial reporting to the County Treasurer which could occur and go undetected.

The segregation of duties over various receipts accounting functions such as collection of payments from customers, batching daily receipts, preparation of daily checkout sheet and preparing deposits, or the implementation of compensating controls is essential for providing protection from asset misappropriation and/or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

In an effort to help strengthen internal controls, we recommend that the Bullitt County Animal Control issue pre-numbered three-part receipt forms in accordance with KRS 64.840. The original receipt should be given to the payor, copy to be attached in sequential order to daily cash check-out or daily deposit record, and copy to remain in file. Voided receipts should be so marked, copies one and two kept in numerical order with check-out records, and copy three remaining in file. The receipts are then batched daily and posted to a daily checkout sheet. KRS 68.210 states that deposits should be made daily. The Bullitt County Animal control should take the previous day batched receipts with copy of daily checkout to County Treasurer for deposit to the General Fund.

*County Judge/Executive’s Response: As this is the first time this issue was brought to our attention, controls will be put in place to ensure compliance with all KRS requirements.*

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

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