



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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**Edelen Releases Audit of Powell County Fiscal Court**

**FRANKFORT, Ky.** – State Auditor Adam Edelen has released the audit of the financial statements of the Powell 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 Powell 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 (Note: Due to the number of comments, the details and recommendations have been omitted from this release. Please see the audit report linked at the bottom of this release for the full comments.):

- The General, Jail, and Ambulance funds have deficits totaling \$587,957.
- The County did not provide an accurate financial report to State Local Finance Officer.
- The County lacks adequate segregation of duties over receipts, disbursements, and record-keeping functions.
- The County should ensure receipts are accounted for properly.
- Internal controls over transfer station receipts should be improved.
- The Treasurer should comply with uniform system of accounts.

- The Jail Fund disbursements should not exceed budgeted appropriations.
- The County should ensure all disbursements are accounted for properly.
- The Treasurer should use more care when posting debt payments and ensure debt balances on financial report are accurate.
- The Fiscal court is not paying all invoices within 30 days of receipts as required by Kentucky statute and finance charges were incurred on late payments.
- Encumbrances are not reported on the Treasurer's quarterly report or the financial statement.
- The Fiscal Court should approve all invoices prior to payment. The Fiscal Court did not approve all disbursements prior to payment.
- The County should maintain evidence for all disbursements.
- The County lacks adequate segregation of duties over the payroll function.
- The payroll revolving account was not reconciled to zero on a monthly basis.
- Employees should not receive additional pay for performance of regular job duties.
- Part-time employees should not receive full-time benefits.
- Leave balances are not maintained properly.
- Employee insurance premiums were not accounted for properly.
- The Fiscal Court should pay overtime properly.
- The County should ensure all eligible employees participate in retirement.
- The County should approve a salary schedule.
- The County should maintain complete and accurate capital asset schedules.
- The Fiscal Court minutes should be complete, adequately maintained, and filed in the proper location.
- The County should annually review the Administrative Code and make any changes or revisions they deem necessary.
- The Detention Center lacks adequate segregation of duties.
- The Jailer should maintain accurate accounting records for the Jail Commissary Fund.
- The Jailer did not submit an annual canteen report to the County Treasurer.
- The Jailer is not maintaining proper inventory logs on e-cigarettes.
- The Jailer should maintain detailed invoices for all purchases.
- The Jailer should improve controls over inmate refunds.
- The County did not properly manage the activity of \$2,921,538 of CSEPP funds.
- The County should improve controls relating to the single audit compliance requirements of allowable costs for the CSEPP.
- The County should improve controls relating to the single audit compliance requirements of cash management for the CSEPP.
- The County should improve controls and comply with requirements of procurement, suspension, and debarment for the CSEPP and should comply with KRS 424.260 and bid all expenditures over \$20,000.
- The County should improve controls and comply with requirements of Davis Bacon Act.
- The County should improve controls and comply with requirements of equipment and real property management.

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

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