



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

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**Harmon Releases Audit of Edmonson County Fiscal Court**

**FRANKFORT, Ky.** – State Auditor Mike Harmon has released the audit of the financial statements of the Edmonson County Fiscal Court for the fiscal year ended June 30, 2015. 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 cash and cash equivalents of the Edmonson 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 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 comment:

**The fiscal court lacks segregation of duties over receipts, disbursements, and reconciliations.** The fiscal court lacks adequate segregation of duties over receipts, disbursements, and bank reconciliations. The finance officer receives the mail, makes copies of the checks, prepares and takes deposit to bank. The county treasurer posts the receipts and disbursements to the ledgers, prepares and signs the checks, and reconciles the bank account monthly. In addition, the county treasurer prepares the financial report. The condition is a result of a limited budget, which restricts the number of employees fiscal court can hire or delegate duties to. Lack of segregation of duties increases the fiscal court's risk of misappropriation of assets, errors, and inaccurate financial reporting. Segregation of duties over receipts, disbursements, and the reconciliation process, or implementation of compensating controls, is essential for providing protection to

employees in the normal course of performing their duties and can also prevent inaccurate financial reporting and misappropriation of assets. We recommend the fiscal court strengthen internal controls by segregating these duties. If segregation is not possible due to a limited number of staff, strong oversight should be implemented. The employee providing this oversight should document his or her review by initialing all source documentation.

*County judge/executive's response: We will look over the bank reconciliation and ledgers making sure they agree and sign off on the form.*

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

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