



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 statements of the Monroe 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 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 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 jail commissary lacks an adequate segregation of duties over accounting functions. A lack of segregation of duties exists over the jail commissary accounting functions. These control deficiencies are present because the bookkeeper receives the mail, prepares and deposits receipts, prepares and signs checks, and performs the monthly bank reconciliation. This condition is a result of a limited budget, which restricts the number of employees the county can hire or delegate duties to. If one employee is solely responsible for the receipt, disbursement, and reporting and reconciling process, the risk of misappropriation of assets and/or inaccurate financial reporting increases. Adequate segregation of duties would prevent the same person from having a significant role in the receiving process, recording, and reporting of receipts and disbursements.

In addition, a proper segregation of duties protects employees in the normal course of performing their daily duties. We recommend the Jailer separate the duties in preparing and depositing receipts, recording transactions, preparing and signing checks, and reconciling bank accounts. If these duties cannot be segregated due to a limited number of staff or budget, strong oversight should be provided over the employee responsible for these duties. In addition, any compensating controls performed should be documented.

County Judge/Executive's response: No response.

County Jailer's response: No response.

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

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The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

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