



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Trimble County Fiscal Court

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Trimble 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 Trimble 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 county was not in compliance with applicable laws over disbursements. We noted the following non-compliances during our disbursement testing:

- Four invoices were not paid within 30 days.
- Five invoices were paid before fiscal court approval.
- One payment was made without the treasurer's signature.

Because invoices are not date stamped when received and no log of outstanding purchase orders is maintained, payments are not being made timely. In addition, two of the late payments noted

were due to the county waiting to receive vehicles before issuing payment. A payment was also issued without the treasurer's signature because she was not available to sign the check.

When invoices are not paid within thirty days, the county could incur late penalties and interest. In addition when invoices are paid before fiscal court approval and without the treasurer's signature, the county is in violation of the Department of Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*.

Per KRS 65.140(2), payments should be made within thirty working days of receipt. KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. This uniform system of accounts, as outlined in the *County Budget Preparation and State Local Finance Officer Policy Manual*, directs the treasurer to countersign checks only if the claim has been reviewed by fiscal court. The treasurer is not authorized to designate anyone to sign checks on his or her behalf. Per KRS 68.020 and KRS 68.275, the treasurer must co-sign all checks.

We recommend the fiscal court maintain a log of outstanding purchase orders and date stamp invoices when received to help ensure payments are made within 30 working days of receipt, as required by KRS 65.140(2). We also recommend the treasurer sign all checks after claims are approved by fiscal court to comply with the DLG Budget Manual.

County judge/executive's response: None.

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

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