



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Allen County Fiscal Court**

**FRANKFORT, Ky.** – State Auditor Mike Harmon has released the audit of the financial statement of the Allen County Fiscal Court for the fiscal year ended June 30, 2019. 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 fund balances of the Allen 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 noncompliance with laws, regulations, contracts, and grants. The auditor must also comment on material weaknesses involving internal control over financial operations and reporting.

The audit contains the following comment:

**The Allen County Detention Center does not have adequate segregation of duties over the jail commissary fund:** The Allen County Detention Center does not have adequate segregation of duties over jail commissary receipts and disbursements. The bookkeepers collect receipts, prepare deposits, prepare daily checkout sheets, prepare monthly reports, posts to the ledgers, reconcile bank statements, and prepare checks. To mitigate this lack of segregation of duties, the jailer has implemented some compensating controls such as having bookkeepers review each other's daily checkout work.

According to the jailer, this lack of segregation of duties is a result of a limited budget, which restricts the number of qualified employees the commissary can hire for accounting functions.

Without the proper internal controls the jailer creates the opportunity for misappropriation of assets and inaccurate financing reporting to occur and go unnoticed.

Good internal controls dictate that duties over the various accounting functions such as preparation of deposits, daily checkout sheet process, collection of cash, and preparation of checks and reports be segregated in order to lower the risk of misappropriation of assets and inaccurate financial reporting occurring and going unnoticed.

We recommend the Allen County Detention Center implement segregation of duties over receipts and disbursements of the jail commissary. If the duties cannot be segregated due to a limited number of staff or budget, then the jailer can implement additional compensating controls and document the controls performed.

*County Judge/Executive's Response: The official did not provide a response.*

*County Jailer's Response: No comment.*

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

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