Auditor of Public Accounts
Mike Harmon

## Harmon Releases Audit of Logan County Fiscal Court

**FRANKFORT, Ky. –** State Auditor Mike Harmon has released the audit of the financial statement of the Logan County Fiscal Court for the fiscal year ended June 30, 2018. 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 Logan 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 Logan County Jailer has not followed up on all outstanding checks in a timely manner:** During our audit, we noted that the jailer has outstanding checks dating back to 2015. This deficiency was the result of KRS 441.137 and could result in improper cash balances. Not following up on old outstanding checks can cause the cash balance to be misleading and not show the correct cash. KRS 441.137 states:

(1) For any moneys in an inmate account or prisoner canteen account of a jail that are not returned to a prisoner at the time he or she is released from the jail, the jailer shall transmit a check for the balance of the moneys by first class mail to the released prisoner at his or her last known address. If the check is returned as undeliverable, then the jailer shall

attempt to contact the prisoner at a telephone number on file, if any, to arrange the return of the moneys. If the moneys are not claimed after the jailer fulfills the requirements of this subsection, the moneys shall be presumed abandoned after one (1) year after the date the check is mailed or, if an attempt to call is made, the date of the phone call.

(2) Any abandoned moneys as set out in subsection (1) of this section shall, if in a prisoner account, be transferred into the canteen account if these are two (2) different accounts, or shall remain in the canteen account and be available for the purposes set out in KRS 441.135.

We recommend the jailer follow up on all outstanding checks by following the procedures of KRS 441.137. If monies are not claimed after that, they should be transferred to the commissary account.

*County Jailer's Response: The Logan County Jailer will follow up on all outstanding checks as outlined in KRS 441.137. If the monies are not claimed after the Logan County Jailer has fulfilled these requirements, they should be transferred back into the commissary account. We have implemented a new procedure method to ensure this is done correctly in the future. We have been in contact with our commissary company as well as our Jail Management software provider. They are working on a new information spreadsheet that has all the information available so jail staff can document the following: check number, name of recipient, amount, recipient's telephone number, date of contact, and to comment on how many attempts were made and the outcome of those attempts. Thank you for bringing this issue to light and assisting us in correcting the matter.*

The audit report can be found on the auditor's website.

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