



Auditor of Public Accounts
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Harmon Releases Audit of Taylor County Fiscal Court

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Taylor County Fiscal Court for the fiscal year ended June 30, 2021. 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 Taylor 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 comments:

The Taylor County Fiscal Court and Jailer did not follow bidding and contract procedures required by the county’s administrative code: This is a repeat finding and was included in the prior year audit report as Finding 2020-001. The fiscal court and jailer are not in compliance with the county’s administrative code related to bidding and contracts. The following deficiencies were noted during disbursements testing:

- Documentation of approval by the fiscal court to advertise for any bids could not be found in the fiscal court minutes.

- The jail did not advertise for bids for the detention center’s food service program for Fiscal Year 2021.
- The contract for the detention center’s food service program was signed by the jailer, not the county judge/executive, and was not presented to fiscal court for approval.
- The contract for the detention center’s medical services was signed by the county/judge executive, but was not presented to fiscal court for approval.
- The jail paid \$1.199 per tray served from the food service provider based on an average population of 224 inmates, and \$1.25 per tray based on an average population of 199 inmates. These amounts do not agree to the contract price per tray of \$1.1759 and \$1.23, respectively.
- The jail did not advertise for bids for inmate’s text, picture, and email services for Fiscal Year 2021.
- The jail did not advertise for bids for e-cigs for inmates for Fiscal Year 2021.
- The jail did not advertise for bids the commissary vendor for Fiscal Year 2021.

These exceptions occurred due to lack of management oversight over bidding and contract procedures. As a result, the fiscal court and jailer are not in compliance with the county’s administrative code related to bidding and contracts. In addition, the county may not have received the best value for services or products provided.

According to the Taylor County Administrative Code Section 8.2 Selection of Vendors and Contractors (Procedures for Sealed Bidding) subsection C: “Any expenditure or contract for materials, supplies (except perishable meat, fish, and vegetables), equipment, or for contractual services other than professional, involving an expenditure of more than Thirty Thousand Dollars (\$30,000) shall be subject to competitive bidding. Except State Bid Pricing.”

In addition, the Taylor County Administrative Code Section 8.1 Authorization of County Contracts states in part, “Every contract, change or amendment thereto, shall be authorized or approved by the Fiscal Court before being executed by the County Judge, except for small purchases.”

We recommend the fiscal court follow their own administrative code policy, as it relates to bidding for contractual services over \$30,000. Further, we recommend the jailer abstain from entering into any contracts unless authorized or approved by the fiscal court. Finally, we recommend that all supporting documentation for disbursements be reviewed to ensure the contract price is being charged.

County Judge/Executive’s Response: Jailer and Fiscal Court will bid all contracts going forward.

County Jailer’s Response: Every effort will be made to meet the criteria as set forth in the administrative code of Taylor County. For the current fiscal year, the detention center advertised for bids as required.

The Taylor County Jail Commissary does not have adequate segregation of duties: The Taylor County Jail Commissary does not have adequate segregation over all jail commissary accounting functions. The jailer’s bookkeeper receives the mail, collects cash, issues receipts, prepares and deposit receipts, writes and signs checks, and prepares bank reconciliations. The

bookkeeper also post to the receipts and disbursements ledger. The jailer initials bank reconciliations and bank statement. Dual signatures are noted on all checks.

According to the jailer's bookkeeper, this condition is a result of a limited budget, which restricts the number of employees the jailer can hire or delegate duties. A lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to the fiscal court.

A proper segregation of duties over the accounting functions or implementing compensating controls, when necessary because of a limited number of staff is essential for providing protection from undetected errors occurring. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the jailer segregate the duties of preparing deposits, recording receipts, preparing the bank reconciliations, and signing checks. If segregation of duties is not feasible due to lack of staff, we recommend the jailer implementing and documenting compensating controls to offset this control deficiency.

County Judge/Executive's Response: Jailer will respond.

County Jailer's Response: Moving forward, an effort will be made to have the bank deposits reviewed by a second person.

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

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