



Auditor of Public Accounts  
Allison Ball

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**Ball Releases Audit of Knox County Fiscal Court**

**FRANKFORT, Ky.** – State Auditor Allison Ball has released the audit of the financial statements of the Knox County Fiscal Court for the fiscal year ended June 30, 2024. State law requires annual audits of county fiscal courts.

Auditing standards require the auditor’s letter to communicate whether the financial statements present fairly the receipts, disbursements, and changes in fund balances of the Knox 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 116 of 120 fiscal court audits in Kentucky.

The audit contains the following findings:

**The Knox County Fiscal Court did not provide the same level of health insurance benefits to all county employees:** Elected officials are receiving family health insurance coverage paid for by the county at an annual cost of \$28,580 per official, while non-elected employees only receive single health insurance coverage at an annual cost of \$8,942. The discrepancy in annual expense between family and single health insurance coverage is \$19,638 per year, per employee. The Knox County Fiscal Court believes they can separate elected officials and county employees. According to the County Administrative Code, “The County pays the premium for all individual health insurance policies offered by the county; except, however, the county will pay the premium for family health insurance plans for all elected county officials.”

We recommend the Knox County Fiscal Court discuss the discrimination of health insurance coverage between elected and non-elected county employees with the Knox County Attorney and follow the advice as expressed in OAG 94-15.

*County Judge/Executive’s Response: Elected officials are not classified as employees.*

Auditor’s Reply: As noted, OAG 94-15 states, “The basic statute providing for governmentally funded health coverage (KRS 79.080) for public employees does not provide for one level of coverage for officers, and another level for employees. Accordingly, we believe such differing coverage would not be lawful as not authorized by statute.”

**The Knox County Fiscal Court did not properly bid all purchases over \$40,000:** Based on audit testing, the Knox County Fiscal Court did not require bids for eight purchases totaling \$684,429 and ranging in costs from \$64,357 to \$121,261. All of the exceptions noted were for the purchase of material related to a construction project that had been awarded after a bidding process. The winning bidder and the fiscal court entered into an agreement for the fiscal court to make a purchase of the material necessary for the project’s completion. However, the fiscal court was unaware that bidding requirements would still need to be followed if the county was making direct purchases of material.

We recommend the fiscal court monitor disbursements to ensure procurement procedures are followed properly for all purchases and contracts in the future.

*County Judge/Executive’s Response: We agree. We have a plan of action to address this issue going forward.*

**The Knox County Jail Commissary lacks adequate segregation of duties over receipts and disbursements:** The bookkeeper prepares deposits and posts these deposits to the receipts ledger. The bookkeeper also prepares and signs checks and posts these disbursements to the disbursements ledger. By allowing the same employee to perform all functions relating to receipts and disbursements, the risk increases that errors or fraud could occur without being detected. The jail has a small staff size available to segregate duties in the financial processes.

We recommend the Knox County Jailer segregate duties over receipts, disbursements, and the bank reconciliation process. If segregation of duties is not feasible due to a lack of staff, we recommend the jailer implement and document compensating controls to offset this control deficiency.

*Jailer's Response: Bookkeeper/Deputy Jailer will empty the KIOSK and print the KIOSK receipts. Two Deputy Jailers will count the money and initial the KIOSK receipts. Jailer's Lieutenant will make the deposits for the bank. Jailer and Deputy Jailer will take deposit to Bank. Jailer will check bank statements each month and initials.*

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

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