



Auditor of Public Accounts
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Ball Releases Audit of McCracken County Fiscal Court

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the McCracken County Fiscal Court for the fiscal year ended June 30, 2023. 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 McCracken 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 McCracken County Fiscal Court lacks adequate internal controls over the schedule of expenditures of federal awards: McCracken County’s schedule of expenditures of federal awards (SEFA) that was submitted to the Department for Local Government reported \$6,953,049 of State and Local Fiscal Recovery Fund (SLFRF) federal expenditures. This amount was declared “lost revenue” by the county, and then \$6,953,049 was transferred from the American Recovery Plan Act Fund to the General Fund on March 3, 2023.

We recommend the McCracken County Fiscal Court implement effective internal controls over reporting expenditures of federal awards to ensure amounts reported on the SEFA represent actual federal awards expended during the corresponding fiscal year in accordance with 2CFR 200.510(b).

County Judge/Executive’s Response: On January 8, 2024, the fiscal court approved an amendment to The Schedule of Expenditures of Federal Awards to include the date range of July 1, 2022 to February 28, 2023.

The McCracken County Fiscal Court failed to implement internal controls over disbursements: During our testing of the disbursements of the McCracken County Fiscal Court, we noted the following issues:

- Forty-five out of 102 disbursements tested did not have purchase orders.
- Eleven employees were paid lump sum cell phone stipend payments at a rate of \$40 per month.
- County commissioners were paid a lump sum internet stipend at a rate of \$25 per month.
- One disbursement was not paid within 30 working days of receiving the invoice.
- The county did not adhere to bidding requirements for equipment in which the purchase price exceeded \$30,000.

We recommend the McCracken County Fiscal Court strengthen internal controls over disbursements by ensuring that purchase orders are issued prior to all purchases being made. We also recommend the fiscal court comply with the requirements of KRS 64.710 and stop the practice of paying employees a lump sum expense allowance for cell phones and

internet service. We also recommend the fiscal court comply with KRS 65.140 by ensuring all invoices are paid within 30 days. Finally, we recommend the fiscal court comply with bidding requirements outlined by KRS 424.260.

County Judge/Executive's Response: While the APA's examination did find certain disbursements not accompanied with a purchase order (PO), the county maintains a set of policies and practices to ensure internal controls are adequate. McCracken County embraces the use of PO's as a necessary control on individual departments so that purchases receive prior approval, are properly coded to expenditure accounts, and sufficiency of unencumbered funds is determined.

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

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