

**Report On Compliance For The U.S. Department Of Treasury
Coronavirus State And Local Fiscal Recovery Funds Program (CSLFRF)
Requirements For An Alternative CSLFRF Compliance Examination
Engagement Of The
Ohio County Fiscal Court**

**For The Fiscal Year Ended
June 30, 2022**



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable David Johnston, Ohio County Judge/Executive
Members of the Ohio County Fiscal Court

We have examined Ohio County Fiscal Court's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds of the CSLFRF section of the 2022 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the fiscal year ended June 30, 2022. Management of the Ohio County Fiscal Court is responsible for the Ohio County Fiscal Court's compliance with the specified requirements. Our responsibility is to express an opinion on Ohio County Fiscal Court's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the Ohio County Fiscal Court complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Ohio County Fiscal Court complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on Ohio County Fiscal Court's compliance with specified requirements.

In our opinion, the Ohio County Fiscal Court complied, in all material respects, with the specified requirements referenced above during the fiscal year ended June 30, 2022.



The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable David Johnston, Ohio County Judge/Executive
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on Ohio County Fiscal Court's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on Ohio County Fiscal Court's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a certain finding that is required to be reported under *Government Auditing Standards* and that finding, along with the views of responsible officials, is described in the attached Schedule of Findings and Responses.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the Ohio County Fiscal Court complied, in all material respects with the specified requirements referenced above during the fiscal year ended June 30, 2022. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

May 11, 2023

**OHIO COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For the Fiscal Year Ended June 30, 2022

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OHIO COUNTY SCHEDULE OF FINDINGS AND RESPONSES

For The Fiscal Year Ended June 30, 2022

FINDING REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS:

Exam 2022-001 The Ohio County Fiscal Court Did Not Properly Bid Out Disbursements

Federal Program: Assistance Listing #21.027 Coronavirus State and Local Fiscal Recovery Fund

Name of Federal Agency: U.S. Department of Treasury

Pass-Through Agency: Not Applicable

Award Number and Year: 2022

Amount Expended: \$1,821,974

Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles

Type of Finding: Noncompliance

Amount of Questioned Costs: \$0.00

Opinion Modification (if applicable): N/A

During fiscal year 2022, the Ohio County Fiscal Court received funds from the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). The Ohio County Fiscal Court fail to bid out disbursements appropriated to these funds.

According to auditor observation and inquiry with the treasurer, there was a typo in the approved administration code that stated that any purchase over \$10,000 had to be bid out. The treasurer stated that the fiscal court used the \$30,000 threshold to determine if a disbursement needed to be bid. Since bidding procedures were not followed, it is possible that the county did not get the lowest rate for purchases. This also puts the county at higher risk for potential fraudulent purchases. Additionally, the county was not in compliance with KRS 424.260.

Strong internal controls require management to monitor disbursements and purchase orders to ensure compliance with bid laws, and to keep good records of all bid transactions.

The version of KRS 424.260(1) in effect during fiscal year 2022 stated, “[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for: (a) Materials; (b) Supplies, except perishable foods such as meat, poultry, fish, egg products, fresh vegetables, and fresh fruits; (c) Equipment; or (d) Contractual services other than professional; involving an expenditure of more than thirty thousand dollars (\$30,000) without first making newspaper advertisement for bids.”

Also, according to the Ohio County Administration Code Chapter 11 1(a), “[b]idding will be employed when detailed specifications for the goods or services to be procured can be prepared and the primary basis for award in cost. When the cost of a contract, lease or equipment or contractual services other than those personal or professional exceeds \$10,000.00[.]”

We recommend the Ohio County Fiscal Court bid out any disbursement over the \$10,000 threshold or amend the administrative code to reflect current bidding policy.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: The County Admin Code had been updated, to reflect the \$30,000 bid limit. The Admin Code had this detail listed in two different places. One line got changed but the other did not. The bid limit was followed, It was simply a typographical error in not changing the bid limit in 2 different places.