



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

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Trimble County Fiscal Court for the fiscal year ended June 30, 2020. 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 Trimble 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 Trimble County Fiscal Court did not follow bidding procedures per state law: This is a repeat finding and was included in the prior year audit report as Finding 2019-003. The fiscal court received and accepted two bids for asphalt, rather than accepting the lowest or best bid by a qualified bidder.

Per inquiry of the judge/executive, he was not aware this action was prohibited and this action does not align with the county's administrative code procedures regarding bids.

By not accepting the lowest and best bidder for road materials, the fiscal court was not in compliance with KRS 178.140(1)(2). In addition, the fiscal court might not have received the best value for services or products provided.

Good internal controls dictate that policies and procedures be implemented to ensure the county adheres to applicable laws and regulations.

KRS 178.140(1)(2) states, “[a]ll bids for the construction or maintenance of county roads and bridges shall be received at the time and place specified in the advertisement, and shall be opened publicly at the time of awarding, and the amount of items comprising each bid shall be publicly announced. The contract shall be awarded to the lowest and best bidder[.]” The county’s administrative code states, “The county judge/executive shall open all bids publicly at the time and place stated in the advertisement, and the fiscal court shall select the lowest or best bid by a qualified bidder.”

We recommend the fiscal court follow bidding procedures as required by KRS 178.140(1)(2) and the county administrative code. We further recommend the county implement internal controls to ensure compliance with applicable laws and regulations.

County Judge/Executive’s Response: This was an oversight on how we accept bids for rock, gravel, etc. Traditionally, we would accept all bids because we use a couple of different quarries. In the future, we will accept a bid for projects near certain quarries. In all likelihood, we will accept a couple of bids and with each one we state where that location will be providing materials for us.

The Trimble County Fiscal Court did not have adequate controls over disbursements documentation: This is a repeat finding similar to the comment included in the prior year audit report as Finding 2019-002. During disbursement testing the following exceptions were noted:

- Supporting documentation was missing for a purchase of \$36,447, believed to have been made through a state price contract.
- No invoices were found for eight purchases totaling \$275,050.
- A late fee was paid.

Internal controls were not in place to ensure appropriate documentation for disbursements was maintained.

Failure to maintain all supporting documentation and invoices can result in amounts not being recorded timely or accurately on the disbursements ledger and can also result in the county paying finance charges and late fees. Also, supporting documentation for state price contracts is necessary to ensure a verified state price contract vendor was used for the purchase.

Proper internal controls over disbursements are important to ensure invoices are paid timely, reported accurately and adequately supported. State price contract purchases should always be documented with the official vendor documentation indicating they are a state price contract approved vendor.

We recommend the county implement proper internal controls over disbursements and ensure they are operating effectively by paying all invoices timely and maintaining all invoices and supporting documentation for purchases as required.

County Judge/Executive's Response: We will improve our internal controls to ensure that claims are paid in a timely manner. However, there are some claims that arrive the day after a fiscal court meeting and are then laid over until the next month to be paid.

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

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