



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: **Michael Goins**
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Carlisle County Fiscal Court

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Carlisle 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 Carlisle 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 Carlisle County Fiscal Court failed to implement internal controls over the ambulance billing services: This is a repeat finding and was included in the prior year audit report as Finding 2020-003. The Carlisle County Fiscal Court contracts with a third party to perform billing services for ambulance run fees. Ambulance run fees make up 46% of the total revenues of the ambulance fund. The ambulance director will report the number of ambulance runs to the billing service. The billing service prepares and remits bills to insurance companies or individual patients. Any payments received are directly deposited into the county’s ambulance fund. The treasurer does not receive anything from the ambulance director or billing service to know what deposits to expect and instead post run fees based on deposits made into the account.

The county treasurer was not aware that procedures needed to be in place to ensure the amounts being received on ambulance run fees were accurate. Instead, the county treasurer relies on the trust in the ambulance director and the ambulance billing service. Since the Carlisle County Fiscal Court has not implemented internal controls procedures over the ambulance billing services associated with the ambulance run fees, there is an increased risk that the county may not be receiving the proper amount of fees.

Strong internal controls dictate that oversight be provided for transactions associated with the ambulance billing services to ensure that the county receives all revenue due for ambulance runs.

We recommend the Carlisle County Fiscal Court strengthen internal controls to determine that all amounts received for ambulance runs are complete and accurate.

County Judge/Executive's Response: The Carlisle County Treasurer will now reconcile the bank statement with a report provided by [name redacted] to make sure the amount they have billed to insurance companies is the same amount deposited into our account.

The Carlisle County Fiscal Court did not comply with bid regulations: This is a repeat finding and was included in the prior year audit report as Finding 2020-002. The fiscal court failed to advertise for bids on extensive repairs to a road grader, which totaled \$35,279.

The fiscal court did not realize the repairs to the road grader should have been bid. Because the fiscal court did not bid out repairs on the grader, the fiscal court violated state regulations regarding bid procedures and their own administrative code.

KRS 424.260(1) states, “[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 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) without first making newspaper advertisement for bids.” The county administrative code also states any purchases greater than \$30,000 shall be advertised for bid.

Strong internal controls includes procedures to ensure that purchases requiring to be bid are advertised for bids.

We recommend the Carlisle County Fiscal Court implement internal control procedures to ensure the county complies with bid regulations by advertising for bids on all expenditures above \$30,000.

County Judge/Executive's Response: The Carlisle County Fiscal Court also disagrees with having to bid out repairs on the road grader. It is our opinion, and the opinion of the County Attorney, that repairs such as this would fall under professional services and there is only one repair professional in our area for this type of equipment, which is who we used for repairs.

Auditor's Reply: Generally some type of licensure is required for a professional services designation. Repairs made to a road grader do not meet that criteria. The Carlisle County administrative code also states any purchases greater than \$30,000 shall be advertised for bid.

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

###

The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.

