



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Christian County Fiscal Court

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Christian County Fiscal Court for the fiscal year ended June 30, 2016. 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 Christian 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 the internal control over financial operations and reporting.

The audit contains the following comment:

The Christian County Fiscal Court did not have adequate internal controls over credit card disbursements. The following deficiencies were documented regarding credit card transactions:

- Two of the eight statements tested were not paid in full or on time, resulting in finance charges and late fees of \$132.02.
- One of the 88 transactions tested did not have adequate supporting documentation in the form of an itemized invoice.

- Four of the 22 transactions tested that related to lodging disbursements included federal and state tax payments when the fiscal court should be consistently receiving a government rate.
- Three of the 34 transactions that related to meal disbursements exceeded the amount allowable for meals in accordance with fiscal court policy.

These deficiencies in credit card disbursements occurred because of the fiscal court's lack of internal controls and oversight. By failing to maintain adequate documentation, the fiscal court increased the risk of paying invoices for goods or services that were not provided to the fiscal court or for items that are not allowable. Also, by not paying credit cards timely and in full each month the fiscal court could be issued late fees and finance charges.

Good internal controls dictate that adequate supporting documentation should be maintained for all credit card transactions. All vendor invoices and receipts should be maintained, including any additional supporting documentation and agreed to the corresponding purchase order and reports. We recommend the fiscal court further develop internal control procedures to ensure that credit card transactions are properly supported and are allowable. We also recommend the fiscal court consider including an explanation of why the travel occurred and the individuals participating in the meals, if applicable, to provide further documentation to ensure that all meals and travel are fiscal court related.

County Judge/Executive's response: Further improvements have been made with regard to this deficiency. We fully expect this recommendation to be resolved in the fiscal year 2016-2017 audit.

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

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