



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 Robertson County Fiscal Court

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Robertson County Fiscal Court for the fiscal year ended June 30, 2018. 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 Robertson 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 general fund owes the road fund \$63,150 from prior years: This is a repeat finding and included in the prior year audit report as Finding 2017-001. In Fiscal Year 2009, the road fund transferred \$96,500 to the general fund in excess of the approved amount. This created a receivable and payable between the funds, since the road fund is a restricted fund. The fiscal court has made periodic payments from the general fund to the road fund to reduce the liability to \$63,150 as of June 30, 2018.

In 2009, the general fund needed \$96,500 to be transferred from the road fund for general operations of the county. As a result, the fiscal court was in violation of KRS 177.320.

KRS 177.320 requires road funds to be used for the “construction, reconstruction and maintenance of secondary and rural roads and for no other purpose[.]” The road fund is restricted for transportation, with the exception of the approved amount calculated on the road fund cost allocation worksheet.

Under the regulatory basis of accounting, fund balances are not adjusted on the financial statement for the unpaid liability; however, the liability is still owed. The general fund and road fund balances have been adjusted in Note 11 of the Notes to the Financial Statement.

We recommend the general fund liability be paid as money becomes available.

County Judge/Executive’s Response: General Fund Owes the Road Fund \$63,150. The Fiscal Court will continue to make annual payments to reduce the debt. This debt was incurred before my administration.

The fiscal court did not comply with bidding requirements and did not have policies and procedures in place for purchases exceeding \$20,000: During the fiscal year ending June 30, 2018, the fiscal court spent \$97,252 for paving roads and \$42,585 for gravel without advertising for bids. According to the county judge/executive, these purchases were made in accordance with the amount approved by the Buffalo Trace Area Development District (BTADD). However, there was no documentation maintained by the county of these amounts and nothing approved in the minutes of the fiscal court to accept these amounts. Without competitive bidding, the county may not be getting the best price for materials and services. The county’s administrative code does not address policies and procedures related to bidding for goods and services.

KRS 424.260 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 for perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than twenty thousand dollars (\$20,000) without first making newspaper advertisement for bids.”

Having standard policies and procedures over key processes is an important internal control to ensure compliance with various laws and regulations. The county’s administrative code is used to communicate administrative policies and procedures to employees, but it did not address the requirement to advertise for bids, procedures in place to award bids, maintain bid documentation, or other procurement policies.

We recommend the fiscal court comply with KRS 424.260 by advertising for bids for purchases exceeding \$20,000. Additionally, we recommend in the future purchases that are exempt from the advertisement and bidding process be properly documented in the fiscal court’s bid files and the official minutes recorded in the county clerk’s office. Also, we recommend the county update their administrative code to include policies and procedures for purchases exceeding \$20,000.

County Judge/Executive’s Response: The Fiscal Court will adopt the Ky Model Procurement Code. Section 8.2

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.

