



Auditor of Public Accounts
Mike Harmon

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Harmon Releases Audit of Russell County Fiscal Court

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Russell County Fiscal Court for the fiscal year ended June 30, 2019. 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 Russell 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 comment:

The Russell County Fiscal Court did not follow proper procurement procedures for purchases over \$20,000: The Russell County Fiscal Court did not advertise for bids on all expenditures for contracted services and materials exceeding \$20,000. The fiscal court paid \$216,297 to a food service vendor for inmates, \$71,658 for fuel at the airport, and \$44,657 for dense grade aggregate for the road department. These items were not bid by the fiscal court.

The fiscal court was not aware they needed to bid the food service contract and airport fuel. Also, they were not aware the road materials exceeded the bid amount threshold. As a result, the fiscal court was not in compliance with procurement laws or their administrative code. In addition, the county may not have received the best value for services or products provided.

Per the Russell County Administrative Code Section 8.1, the fiscal court formally adopted the Commonwealth Model Procurement Code per KRS 45A.343. According to Section 8.2 (C) of the administrative code, “[a]ny expenditure or contract for materials, supplies (except perishable meat, fish, and vegetables), equipment, or for contractual services other than professional, involving an expenditure of more than Twenty Thousand Dollars (\$20,000) shall be subject to competitive bidding.”

We recommend the fiscal court monitor disbursements to ensure procurement procedures are followed properly for all purchases and contracts in the future.

County Judge/Executive’s Response: No response.

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

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