



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Wayne County Fiscal Court

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Wayne 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 Wayne 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 payroll revolving account was not reconciled to zero: The county payroll officer reconciles the payroll account each month but is unable to reconcile it to zero after considering all payroll liabilities.

Due to a lack of controls this issue is allowed to happen.

Good internal controls dictate that the payroll revolving account be reconciled to zero or a minimal carrying balance.

Since the payroll account has not been reconciled to zero or to a minimal carrying balance, there could be monies in the payroll account which belong to other funds of the fiscal court.

We recommend the payroll account be properly reconciled and the fiscal court establish internal controls to determine that the account is properly handled.

County Judge/Executive's Response: We will start reconciling monthly to better determine why it is not reconciling to zero.

The fiscal court lacks internal controls over bank reconciliations: The June 30, 2018 bank reconciliation did not tie to the fourth quarter report. The bank reconciliation for the road fund incorrectly reported \$734,243 of deposits in transit.

Due to a lack of controls this issue was allowed to happen.

Good internal controls dictate that bank reconciliations be completed monthly and those reconciliations need to be reviewed by someone other than the preparer.

Having a lack of controls over bank reconciliations could result in theft or misappropriation of funds.

We recommend the fiscal court implement controls over the bank reconciliations to prevent this issue in the future.

County Judge/Executive's Response: Both the Finance Officer and the County Judge/Executive will review each reconciliation to ensure that this does not happen in the future.

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

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