



**Auditor of
Public Accounts
Allison Ball**

Crittenden County Fiscal Court

Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Crittenden County Fiscal Court for the fiscal year ended June 30, 2024. State law requires annual audits of county fiscal courts.

Auditing standards require the auditor's letter to communicate whether the financial statements present fairly the receipts, disbursements, and changes in fund balances of the Crittenden 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 116 of 120 fiscal court audits in Kentucky.

Finding: The jailer failed to implement adequate internal controls over the accounting functions and financial reporting of the commissary account

The Crittenden County Jailer failed to establish and implement adequate internal controls over the Commissary Account. As a result, the following control issues were noted: the jail commissary annual financial statement was misstated and not reconciled to the bank, receipts are not issued in compliance with state regulations or batched daily, commission earned on canteen sales were not transferred the Inmate Account timely, and there was a lack of segregation of duties.

Recommendations

We recommend the Crittenden County Jailer implement internal control policies and procedures to ensure complete and accurate financial records are maintained.

County Officials Response

County Judge/Executive's Response: Discussion with Jailer regarding finding. Jailer Hayes has assured that she has addressed this issue with her staff and that they have made adjustments to correct processes.

Jailer's Response: Throughout the course of this audit, the bookkeeper and I learned that the accounting practices that have been in place for years are erroneous. We will work together seeking guidance from the auditor's office, and county treasurer to ensure proper accounting function and adequate internal controls over the commissary account to ensure that the Commissary Account is balanced and reported as required by KRS 46.01(3). We will put internal control policies and procedures for accounting practices in place to ensure that we meet all requirements. We have immediately implemented many measures to correct the accounting practices to ensure compliance. I anticipate no further issues with this finding.

Finding: The fiscal court's outstanding debt balances were understated

For the fiscal year ending June 30, 2024, the Crittenden County Fiscal Court reported outstanding debt principal of \$7,785,133 and interest of \$1,941,108 on the fourth quarter financial statement submitted to the Department for Local Government. However, the balances were understated by \$221,444 for principal and \$101,666 for interest. According to the county treasurer, due to an oversight, a new debt that was acquired at the end of the fiscal year was not added to the long-term liabilities section of the fourth quarter. The outstanding debt balances reported to the Department for Local Government was understated by \$323,110.

Recommendations

We recommend the Crittenden County Fiscal Court implement internal control procedures to ensure outstanding principal and interest balances are accurately reported. At a minimum, the fiscal court should compare schedule of liabilities to debt schedules.

County Officials Response

County Judge/Executive's Response: Discussion with Treasurer revealed that a new debt acquired during the fourth quarter of Fiscal Year 2024 was inadvertently left off the submitted fourth quarter report. This omission has been corrected and is reflected on current statements.

Finding: The fiscal court had inadequate controls over disbursements resulting in noncompliance

During fiscal year 2024, the Crittenden County Fiscal Court had internal control deficiencies and noncompliances regarding disbursements. Sixty disbursements were tested and the following deficiencies were noted: three invoices tested, totaling \$39,727, were not paid within 30 working days of receipt; 14 invoices, totaling \$571,325, tested had purchase orders dated after the invoice date; one invoice, totaling \$34 was for a disbursement that is not a valid obligation of the fiscal court; and one disbursement, totaling \$53,500, for an ambulance was not properly procured, as the county did not advertise for bids as required by KRS 424.260.

Recommendations

We recommend the Crittenden County Fiscal Court improve procedures over disbursements by strengthening their internal controls over purchase orders and ensuring that purchase orders are fully filled out per DLG guidelines and obtained prior to all purchases. We also recommend that disbursements be paid within 30 working days of receipt in accordance with KRS 65.140(2). In addition, we recommend that the fiscal court properly bid out all disbursements that require a bid. We also recommend the fiscal court comply with the requirements of KRS 64.710 and stop the practice of paying employees a lump sum expense allowance for cell phones.

County Officials Response

County Judge/Executive's Response: Upon exit a review of the Auditor's specific purchase order and invoice deficiencies were reviewed. During Fiscal Year 2024 there was a change in staffing which resulted in some errors in data entry. This matter has been addressed with staff and additional training provided as needed. The \$34.00 reimbursement to our Animal Control Officer was approved by action of the Fiscal Court in consideration of their personal phone use for shelter business. A portion of their personal bill was found to be less expensive than securing a plan for a dedicated shelter cell phone. Since this time we no longer provide this reimbursement. Due to the inability to locate a replacement ambulance for one which was totaled out in an accident, our contracted service provider found a replacement from their fleet and to price was determined to be comparable to other units, yet was in better condition and immediately available. In our haste to ensure that we had available EMS response units we failed to bid out this replacement.

Finding: The jailer failed to bid out the contract for the purchase of e-cigarette inventory

During the fiscal year, the Crittenden County Jailer expended \$110,977 on the purchase of e-cigarette inventory. Although this is an allowable commissary purchase, the jailer failed to adhere to the state and county's competitive bid requirements. The jailer did not realize this contract was required to be bid since it was not a single purchase exceeding the bid threshold. Due to this misunderstanding, the Crittenden County Jail was not in compliance with state or county competitive bidding requirements. This may increase the risk of misappropriation of funds, and potentially, the county did not get the best price for the goods and services purchased.

Recommendations

We recommend the Crittenden County Jailer strengthen internal controls to ensure compliance with KRS 424.260(1) for all future purchases. We also recommend that all contracts be presented to the fiscal court prior to their ratification to ensure fiscal court's acknowledgement.

County Officials Response

County Judge/Executive's Response: Discussion with Jailer Hayes regarding the requirement to comply with the procurement procedures as set forth in administrative code as well as KRS. Jailer Hayes states she was unaware that canteen expenses would fall under the procurement procedure policies and will comply going forward.

Jailer's Response: During the course of this audit, I was made aware that expenditures that total more than \$40,000 for the year, to an individual contractor, must be bid out in accordance to KRS 424.260. I will bid out annually the contract for e-cig inventory in compliance with KRS 424.260 with the Crittenden County Fiscal Courts approval for the acceptance of the bid. I anticipate that I will complete this by April 30, 2025.

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

