



**Auditor of
Public Accounts
Allison Ball**

Estill County Fiscal Court

Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Estill 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 Estill 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: Did not have adequate internal controls over disbursements.

Internal controls over disbursements were not operating as intended. Proper procedures for disbursements were not followed to ensure payments were accurate and timely. During testing of disbursements, we noted the following exceptions:

- Three instances where sales tax totaling \$21 was paid.
- One invoice totaling \$50 was not presented to the fiscal court for approval.
- Two instances totaling \$5,077 where purchase orders were issued after receiving an invoice.
- One instance totaling \$281 where a duplicate payment was made.
- One invoice totaling \$81,590 was paid prior to receiving fiscal court approval.
- Four instances totaling \$617,500 where invoices were not paid within 30 days of purchase.
- Encumbrances listing included encumbrances from prior years that were not outstanding.

Recommendations

We recommend the fiscal court monitor internal controls over disbursements to ensure they operate effectively.

County Officials Response

County Judge/Executive's Response: Purchase orders are issued for all purchases. Purchase orders are closed once materials are received and paid.

Claims are submitted to fiscal court for approval before payment is made. Invoices are not submitted until all items are received. If receipt is expected prior to next meeting, court may approve it to be paid upon receipt of items.

If a payment is needed before court meeting – judge has polled the magistrates for approval – payment made and presented to court at next meeting.

Encumbrances may remain from prior years, when a project has not been completed.

We feel our purchase order and payment procedures are adequate. We will continue to be more diligent in review and implementation of same.

Finding: Failed to implement adequate internal controls over federal programs.

The Estill County Fiscal Court did not establish and maintain effective internal controls over compliance with Chemical Stockpile Emergency Preparedness Program (CSEPP) requirements, resulting in the fiscal court being non-compliant with federal regulations. Additionally, during testing we noted one expenditure in the amount of \$412,662 was not paid within 30 working days and there were 23 instances where equipment or property purchased was not added to the master inventory list as required. The master inventory list has not been updated since September 2022.

Recommendations

We recommend the fiscal court design and implement internal controls that ensure material compliance with applicable requirements for all federal awards.

County Officials Response

County Judge/Executive's Response: Claims are submitted to fiscal court for approval for payment. Checks are processed the following day. With the CSEPP program some payments are dependent on advance payments being received.

Master inventory is maintained at state level. Local inventory is being updated and will be completed by 12/31/2025.

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



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