



**Auditor of
Public Accounts
Allison Ball**

LaRue County Fiscal Court

Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the LaRue 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 LaRue 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 fiscal court and jailer did not follow bidding procedures required by the model procurement code.

The fiscal court disbursed \$184,615 for the detention center's food service program without approving a bid for the service until April 23, 2024. The jailer advertised in the newspaper for bids on food service to be opened February 28, 2023; however, no documentation was provided as to the outcome of the bid advertisement. Another bid advertisement was done and awarded for food service on April 23, 2024. In addition, the jailer did not bid disbursements of \$210,375 for the detention center's commissary vendor.

Recommendations

We recommend the fiscal court follow the model procurement code adopted by the county.

Response

County Judge/Executive's Response: The official did not provide a response.

Jailer's Response: Part 1: We disagree regarding the failure to bid food service. Notice of Bid Acceptance was done in February of 2023. The notice was advertised in the local paper for 2 weeks 08 February 23 & again on 15 February 23. The Food Service was also bid in 2024. Notice of Bid Acceptance ads were run in the newspaper 10 April 24 & again on 17 April 24. The Proof of the bid notice in the paper was provided to the Auditor. Regardless of it not being found in the Fiscal Court minutes. I have no control of what is entered into the minutes by the clerk. The newspaper ads should suffice as proof the notice of bid acceptance was completed. We disagree regarding not bidding the commissary. Jailers are not required to bid commissary as it is not a service paid for from the jail budget. There is no contracted service fee of over \$40,000. It is income. Canteen is at the jailer's discretion. As described in KRS 441.135 the jailer may maintain a canteen benefit...

Corrective Action Plan: Part 1: No Action needed as bids were taken and upon maturation of current contract in 2027 Food Services will be due for bid again and Notice of Bid Acceptance will be advertised.

Part 2: While we disagree with the finding, it was already in our strategic planning to bid the canteen services in 2027 (again when the current contract matures) to ensure the jail gains the best benefit it can from the commissary services.

Auditor's Reply (in part): We acknowledge the jailer advertised in the newspaper for bids on food service; however, per KRS 45A.365(4), bids are required to be opened publicly, and documentation should be maintained of any bids that were received and how bids were awarded. Regarding not bidding the jail commissary, as stated in the finding, the commissary vendor was paid \$210,375 from the jail bank accounts for the purchase of commissary inventory in order to resell these items to the inmates. State laws and regulations forbid officials from entering into a contract involving an expenditure of more than \$40,000 without first making newspaper advertisement for bids.

Finding: The jail's year-end commissary financial report and bank reconciliations were not accurate.

These deficiencies occurred due to the lack of sufficient supervisory review of the monthly bank reconciliations and year-end reports. The jailer's year-end bank reconciliations were inaccurate; they included incorrect amounts for outstanding checks and deposits-in-transit in both jail bank accounts. Further, the jail routinely accounts for profits from commissary sales in the inmate bank account instead of in the commissary bank account. Due to inaccurately reporting funds in the correct account, the inmate bank account has an unexplained overage in the account of \$17,860 payable to the commissary account.

Recommendations

We recommend the jailer submit a detailed and accurate annual financial statement to the county treasurer for the jail commissary fund. The financial statement should be compiled using financial information from receipts and disbursement journals, with the ending balance reconciled to the bank balance. Further, we recommend the jailer prepare accurate bank reconciliations and transfer the unexplained overage in the inmate account to the commissary account.

Response

County Judge/Executive's Response: The official did not provide a response.

Jailer's Response: We disagree regarding the accusation the jail's Commissary Financial Report and Bank Reconciliation Were Not Accurate. We consulted the vice president of [company and vice president names redacted]. See the attached reports and printed email stream. One accusation listed in the Effect line of the finding of an unexplained overage of \$17,680 is inaccurate. As provided documents show, at most the overage is \$152.00 which is funds in transit between account reconciliations. Another accusation is the jail maintains two accounts and we did not provide accurate reports nor did the two accounts correspond with each other which is correct as the two accounts never will. The two accounts mentioned are 1) the jail commissary account (which is a checking account) and 2) the inmate account (which is a trust account), they are not incorporated with each other. The inmate trust is the inmate's money for use in the inmate making purchases. The Commissary account is the jail account for jail purchases. We are required to report on the jail's commissary account to Fiscal Court. Again, please refer to enclosed documentation.

Corrective Action Plan: No action may be taken as we disagree with the finding in its entirety.

Auditor's Reply (in part): The provided documentation does not change the results of our audit testing. The jailer is correct. He is required to provide a report of the jail's Commissary Account to the county treasurer at year-end; however, as stated in the finding, the year-end commissary report presented to the county treasurer detailed receipts and disbursements from the Inmate Account and omitted receipts and disbursements of the Commissary Account. We acknowledge the Inmate Account and Commissary Account are two separate accounts and, as such, should be accounted for separately. However, DLG requires the activity of the jail's Commissary Fund to be reported to the county treasurer yearly.

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

