



Auditor of Public Accounts
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Ball Releases Audit of McLean County Fiscal Court

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the McLean County Fiscal Court for the fiscal year ended June 30, 2023. 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 McLean 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.

The audit contains the following finding:

The McLean County Fiscal Court failed to implement adequate internal controls to ensure complete and accurate accounting records were maintained: The internal controls implemented by the fiscal court over the work performed by the county treasurer failed to provide adequate oversight, allowing the following errors to occur:

- The general fund budget was out of balance by \$15,000.
- The schedule of expenditures of federal awards (SEFA) was misstated by \$231,304.
- The fourth quarter financial statement was materially misstated by \$1,315,861.

We recommend the McLean County Fiscal Court strengthen oversight and internal controls in order to ensure complete and accurate accounting records are maintained and establish checks and balances to verify amounts recorded and reported are accurate.

County Judge/Executive's Response: Cash and account balances are crucial for effective financial security for the McLean County Fiscal Court. The court and staff realize that robust policy amendments are needed to strengthen the facilitation of effective internal controls including amendments to specific job duties. The fiscal court is comforted by the fact that this finding is clerical in nature regarding budget appropriation transfers and not materially negative on a cash basis and has not resulted in a cash loss, but rather a misstatement of account values for limited funds. Additionally, the fiscal court has adopted policies related to major interfund and interline transfers to correctly log the creations of both new fund accounts and new checking accounts. Lastly, specific instances of clerical mistakes have allowed for constructive internal policies with the creation of new department policies coupled with software training.

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

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