



**Auditor of  
Public Accounts  
Allison Ball**

# Nelson County Fiscal Court

## Audit

**FRANKFORT, Ky.** – State Auditor Allison Ball has released the audit of the financial statements of the Nelson 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 Nelson 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 had inadequate controls over disbursements**

During fiscal year 2024, the Nelson County Fiscal Court had internal control deficiencies and noncompliances regarding disbursements. The fiscal court's disbursements did not issue purchase orders as required by DLG guidelines, had invoices that were not paid within 30 working days of receipt, did not adhere to bidding requirements for purchases over \$40,000, had two vehicles over \$40,000 that were purchased from a vendor without a state contract, and did not maintain required documentation for bids.

### **Recommendations**

We recommend the fiscal court strengthen internal controls over disbursements by ensuring that purchase orders are issued prior to all purchases being made. We also recommend the fiscal court comply with bidding requirements outlined by KRS 424.260. Additionally, we recommend that disbursements be stamped with date received and paid within 30 working days of receipt in accordance with KRS 65.140(2).

### **County Officials Response**

*County Judge/Executive's Response: Inadequate controls over disbursements*

- a. *Staff continue to work to enhance procedures and internal controls related to purchase orders. Additional personnel have been hired to improve segregation of duties within disbursement functions. A standardized and structured purchase order system has also been implemented across all departments to ensure consistency and compliance.*
- b. *Invoices are paid by the 7th day of the month following purchase, or within terms that vendors have allowed, such as paying in accordance with a monthly statement. The finance office will date-stamp each invoice as it received.*
- c. *The County agrees that certain bid files may not have been properly organized. The Treasurer and County Judge have modified this process to fully follow KRS 424.260.*

## Finding: The county jail had weaknesses in internal controls that led to noncompliance with laws and regulations

During testing of the jail commissary funds, several instances of noncompliance with laws and regulations were identified, stemming from weaknesses in internal controls. These violations included failure to deposit receipts timely, late turnover of fees and phone commissions to the fiscal court, failure to separate inmate and commissary accounts, delayed payment of commissary-related disbursements, debit cards were used to make commissary purchases, and receipts issued were not accounted for in numerical sequence. (See the report for more details related to each violation.) These findings highlight significant internal control deficiencies that led to noncompliance with legal and regulatory requirements. The Nelson County Jail did not establish effective internal controls over commissary accounting, fee remittance, and expenditures, leading to a repeat finding.

## Recommendations

We recommend the Nelson County Jail strengthen controls by depositing all funds within three days of receipt to ensure timely and accurate financial reporting, remitting fees collected to the fiscal court monthly, processing reimbursements to the fiscal court on a monthly basis, discontinue use of debit cards for purchases, issue receipts in numerical sequence, and assign two employees to remove cash from the KIOSK and ensure daily receipts are initialed.

## County Officials Response

*Jailer's Response: Since taking office as Jailer in January 2023, I have made it a priority to implement changes to our booking, financial, and accounting procedures, many of which were designed to correct issues highlighted in prior audits. Below, I have provided our responses to each specific audit comment:*

1. **Failure to Deposit Receipts Daily:** *We now have four employees involved in financial processes, allowing for greater separation of duties. While we aim to make deposits daily, there are occasional delays due to staff being pulled for transport, hospital watches, facility emergencies, or scheduled time off. That said, we strive to deposit funds as promptly as staffing allows.*
2. **Late Turnover of Fees and Phone Commissions to Fiscal Court:** *This issue has been resolved. The delay stemmed from our accounting software, which did not provide the appropriate reporting needed. We have corrected this and now submit all fees and commissions on a monthly basis.*
3. **Failure to Separate Inmate and Commissary Accounts:** *This issue has also been addressed. We worked with [vendor name redacted] to conduct a full reconciliation of our books before transitioning to separate accounts. The account separation was finalized in March 2025.*
4. **Delayed Payment of Commissary-Related Disbursements:** *Similar to item 2, this issue was caused by a delay in receiving the proper reports from our accounting software. This has since been resolved, and payments are now processed on a regular monthly schedule.*
5. **Use of Debit Card for Commissary Purchases:** *At the time of issuance, neither we nor the bank were aware that debit card usage for commissary purchases was not compliant. We have since discontinued use of this card. The transaction in question was for GED testing for inmates, and unfortunately, no receipt was issued by the vendor at the time of registration.*
6. **Receipts Not Accounted for in Numerical Sequence:** *We have corrected this by using a single, sequential receipt book for all transactions, replacing the multiple books that were previously in use.*

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

