Auditor of
Public Accounts
Allison Ball

Ohio County Fiscal Court

Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Ohio 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 Ohio 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: Had inadequate controls over disbursements resulting in noncompliance.

The Ohio County Fiscal Court failed to implement proper internal controls over disbursements. Of the 51 transactions and 1 credit card statement tested, the following issues were noted:

- The Ohio County Fiscal Court paid $7,110 in credit card disbursements using electronic fund transfers (EFT) rather than by check.
- Three invoices totaling $555,000 were not advertised for bid.
- Twenty disbursements totaling $2,812,547 were not coded properly.
- One invoice approved amount did not agree to what was paid.
- One invoice totaling $20 was not paid within 30 business days.

Recommendations

We recommend the Ohio County Fiscal Court implement internal controls over the bidding process to ensure transparency as well as the entire process is being documented. We further recommend the fiscal court implement controls over the review process to ensure all purchases are coded properly, paid within 30 business days, amounts paid agree to the approved claims that are documented in fiscal court minutes, and have an invoice.

County Officials Response

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

Finding: Does not have adequate controls over occupational and net profit tax collections.

During the testing of occupational and net profit taxes the following exceptions were noted:

- Two out of sixteen companies selected for net profit tax testing did not file a net profit return. Follow up for one of the companies selected was not documented.
- Deposits were not made daily.
- Delinquent tax notifications are not being sent.
- Prenumbered receipts are only issued when cash is received.
- One net profit return was marked collected in the computer, but not filed appropriately.
- Tax returns are stamped by deposit date, and it could not be determined the actual collection date.

Recommendations

We recommend that the county implement internal control procedures to ensure that the county is properly processing occupational taxes and net profit taxes correctly.

County Officials Response

County Judge/Executive's Response: We are seeking out a software that will better serve our needs with less required manual time that leads to human error. We will make daily deposits as recommended. We will begin working on notifying the delinquent taxpayers with notices and reporting to the county attorney as needed. We are in the process of printing receipts for cash or check received and will be provided to the treasurer's office for verification of receipts. We will be persistent with receiving appropriate filings. Tax returns will be keyed and date stamped on the day received and receipts will be taken to the treasurer before the end of same day.

Finding: Lacks adequate segregation of duties over jail commissary receipts and disbursements.

The Ohio County Detention Center lacks adequate segregation of duties over jail commissary receipts and disbursements. The jailer prepares deposits, prepares checkout sheets for commissary commissions collected, handles cash collected from inmates, and approves and signs commissary checks.

Recommendations

We recommend the Ohio County Detention Center implement segregation of duties over jail commissary receipts and disbursements of the jail commissary. If the duties cannot be segregated due to a limited number of staff or budget, controls should be implemented over these duties such as secondary review of deposits, daily checkout sheets, and invoices, and the requirement of dual signatures on all checks. In addition, any compensating controls should be documented if performed.

County Officials Response

Jailer's Response: Ohio County Detention Center will require a second signature to every check that is written out of the commissary account. Chief Deputy[name redacted] will be the second signature.

Finding: Did not properly secure public funds with a collateral security agreement.

The Ohio County Fiscal Court did not maintain perfected pledges of securities covering all public funds. During fiscal year 2024, $540,000 from the Opioid and American Rescue Plan Act funds were used to purchase Certificates of Deposit (CDs) at two separate federally insured banking institutions. While FDIC covered $440,000 of these funds, no further collateral security agreements were entered into with these depository institutions to ensure the security of the remaining funds. Including interest accrued during this period, this left $102,448 in public funds unsecured as of June 30, 2024.

Recommendations

We recommend the Ohio County Fiscal Court monitor all bank account balances to determine if sufficient securities are being pledged to cover account balances, and to enter into collateral security agreements where necessary for any deposits not sufficiently covered by FDIC.

County Officials Response

County Judge/Executive's Response: We now ensure that we have an agreement in writing that covers all funds over the FDIC coverage.

Finding: Did not properly secure public funds with a collateral security agreement.

The Ohio County Fiscal Court failed to publicly advertise for bids for all but two of the work site projects for the Emergency Watershed Protection Program project. While the county advertised a pre-bid meeting in the local newspaper for prospective companies to get an opportunity to learn about the project, the actual request for bids should have also been advertised in the local newspaper to ensure fair and cost effective procurement procedures. The total of the amount of services paid for in our testing that was not properly advertised was $555,000. A total of $766,100 was spent for this program in the audit year.

Recommendations

We recommend that the Ohio County Fiscal Court ensure that all good or services in excess of $40,000 be procured through appropriate bidding procedures and ensure that that all bid requests are properly advertised in the local newspaper.

County Officials Response

County Judge/Executive's Response: In our audit findings there was noted $555,000 in bids awarded were not properly advertised. There was an advertisement for a pre-bid meeting for the projects. The projects were the removal of blockages on Rough River with money received from NRCS for that purpose. The intention was for the ad to say the projects were open and that bids were to be received by a certain date. The ad was improperly ran but not intentionally. We will double check all items going to bid. If an item is sent by any department it will be double checked at the Judge Executive's office. If it originates here it will be double checked by the treasurer's office.

The audit report can be found on the auditor's website.