



Auditor of Public Accounts
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Harmon Releases Audit of Meade County Sheriff's Office

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2017 financial statement of Meade County Sheriff William “Butch” Kerrick. State law requires the auditor to annually audit the accounts of each county sheriff. In compliance with this law, the auditor issues two sheriff’s reports each year: one reporting on the audit of the sheriff’s tax account, and the other reporting on the audit of the fee account used to operate the office.

Auditing standards require the auditor’s letter to communicate whether the financial statement presents fairly the receipts, disbursements, and excess fees of the Meade County Sheriff in accordance with accounting principles generally accepted in the United States of America. The sheriff’s financial statement did not follow this format. However, the sheriff’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 all 120 sheriff audits in Kentucky.

As part of the audit process, the auditor must comment on noncompliance with laws, regulations, contracts, and grants. The auditor must also comment on material weaknesses involving internal control over financial operations and reporting.

The audit contains the following comments:

The sheriff did not comply with bid procedures for purchases in excess of \$20,000: The Meade County Sheriff purchased three vehicles in the amount of \$85,712. These vehicles were purchased from a dealership that did not have the state price contract. In accordance with county bid procedures and Kentucky Revised Statutes (KRS), the sheriff should have either obtained bids through advertisement or purchased the vehicles through the vendor who was awarded the state price contract. The sheriff does not have adequate policies and procedures in place to review purchasing requirements before purchases are made. The sheriff is not following KRS

requirements on bidding procedures, therefore, there is a possibility that the sheriff is paying more for assets than if they were bid.

KRS 424.260(1) states, “[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for materials, supplies except for perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than twenty thousand dollars (\$20,000) without first making newspaper advertisement for bids.”

We recommend the sheriff comply with KRS 424.260 by advertising for bids for purchases exceeding \$20,000, or ensure he purchases from the vendor that was awarded the state price contract. The procurement process should be properly documented and supporting documentation maintained on file.

Sheriff's Response: The sheriff's office did not provide a response.

The Meade County Sheriff loaned funds from the drug forfeiture account to the fee account:

The sheriff transferred \$50,000 from the drug forfeiture account in January and deposited the funds into the fee account. The sheriff transferred the money back from the fee account to the drug forfeiture account in December. The sheriff said he considered the transfers from the drug forfeiture account to the fee account a “loan.” However, the sheriff cannot loan money to himself through the transfer of funds from one account to another. The sheriff may participate in a borrowing program through the state called the State Advancement program. Through this program the sheriff is limited by KRS 64.140(1) to borrow \$60,000 per month, and he already received \$60,000 in January when he transferred an additional \$50,000 from his drug forfeiture account.

By borrowing from the drug forfeiture fund, the sheriff was not in compliance with KRS 218A.420(4). KRS 218A.420 (4) states that seized funds are to be used for direct law enforcement purposes. This money can be spent for law enforcement purposes, but should not be transferred between accounts for loan purposes.

We recommend the sheriff no longer borrow funds from the drug forfeiture fund. If the sheriff needs additional funds throughout the year, he could request an increase in the amount borrowed through the State Advancement program, or he could use money from the drug forfeiture fund to pay for some direct law enforcement expenses.

Sheriff's Response: The sheriff's office did not provide a response.

The sheriff's responsibilities include collecting property taxes, providing law enforcement and performing services for the county fiscal court and courts of justice. The sheriff's office is funded through statutory commissions and fees collected in conjunction with these duties.

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

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