



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: **Michael Goins**
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of LaRue County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2021 financial statement of LaRue County Sheriff Russell McCoy. 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 LaRue 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 the internal control over financial operations and reporting.

The audit contains the following comment:

The LaRue County Sheriff's Office did not follow proper purchase and procurement procedures required by the model procurement code and county administrative code: The LaRue County Sheriff was not in compliance with the model procurement code adopted by the county related to bidding. During calendar year 2021, the sheriff purchased three vehicles from an out-of-state vendor each over \$30,000 totaling \$111,455. One of these vehicles also received a trade-in allowance of \$3,500 on a used sheriff's vehicle no longer needed. The vehicles were not advertised for bids by the sheriff or fiscal court, the state price contract vendor was not used, and

the final agreed prices paid were higher than the state price contract. Further, the proper surplus procedures were not followed at the time.

The sheriff was not aware of the purchasing procedures necessary when these vehicles were needed and were not available at the time due to supply issues. The fiscal court declared the trade-in vehicle as surplus and no longer needed, but not until September 27, 2022 (Nunc Pro Tunc).

As a result, the sheriff was not in compliance with purchase procedures and procurement laws or the model procurement code adopted by the fiscal court related to bidding and surplus items and may not have received the lowest or best value for the products provided. Competitive bidding ensures the sheriff procures equipment and services at the best price available.

The LaRue County Fiscal Court has adopted the provisions of the Kentucky Model Procurement Code pursuant to KRS 45A.345 through 45A.460 as authorized by KRS 45A.343. KRS 45A.365(1) states, in part, “[a]ll contracts or purchases shall be awarded by competitive sealed bidding, which may include the use of a reverse auction, except as otherwise provided by KRS 45A.370 to 45A.385[.]” The vehicles purchased did not comply with the requirements of other non-bidding alternatives allowed in KRS 45A.370 to 45A.385.

Section IV 420.1 (Purchases and Contracts) of the LaRue Administrative Code states, “State-Price Contracts shall be utilized whenever feasible, upon determination of the fiscal court and judge/executive.” Section IV 421.1 and 421.2 states, “The negotiated process may be used instead of advertisement of bids if the amount exceeds \$5,000 in the following circumstances: (a) an emergency exists; (b) the contract is for professional services; (c) all bids received exceed the amount budgeted. Before an emergency is declared the Judge/Executive shall determine whether or not delay in obtaining bids will result in danger to health, safety or property and submit such determination to the Fiscal Court.”

Furthermore, KRS 67.0802(3) states, “[b]efore selling or otherwise disposing of any real or personal property, the county shall make a written determination setting forth and fully describing: (a) The real or personal property; (b) Its intended use at the time of acquisition; (c) The reasons why it is in the public interest to dispose of it; and (d) The method of disposition to be used.” KRS 67.0802(4) states, in part, “[r]eal or personal property may be: ... (f) Traded towards the acquisition of the same or similar type of property if the value of the property the county is receiving in exchange equals or exceeds the actual fair market value of the property it traded as determined using an independent appraisal[.]”

We recommend the sheriff monitor disbursements to ensure the model procurement code and purchase procedures adopted by the county are properly followed.

County Sheriff's Response: At the time of purchase, we attempted to purchase vehicles on the state contract, but no vehicles were available for several months out due to the COVID pandemic. These vehicles were needed to replace vehicles that had developed issues due to the age and mileage and had to be replaced for safety issues. We were able to find vehicles from another dealership that we could obtain in a short amount of time to replace the older vehicles. Therefore, for the safety of officers, the vehicles were purchased from another agency. All documents pertaining to

conversations with the state contract holder and the dealership we purchased the new vehicles from were provided to the auditor.

The LaRue County Sheriff’s calendar year 2021 annual order setting maximum amount for deputies and assistants was not set by the fiscal court: The Larue County Sheriff’s Office did not ensure the fiscal court completed the Annual Order Setting Maximum Amount For Deputies & Assistants form required by the Department for Local Government (DLG) for calendar year 2021. The Larue County Judge/Executive stated the fiscal court failed to get this approved for calendar year 2021. By not setting this annual order, the sheriff’s office is not able to determine the maximum amount he can spend out of the fee account for deputies, assistants, and other employees.

KRS 64.530(3) states, in part, “the fiscal court shall fix annually the maximum amount, including fringe benefits, which the officer may expend for deputies and assistants, and allow the officer to determine the number to be hired and the individual compensation of each deputy and assistant.”

We recommend the sheriff and the Larue County Fiscal Court ensure this form is completed each year as required by statute and DLG.

County Sheriff’s Response: This issue was due to an oversight but has been corrected.

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](#).

###

The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.

