



Auditor of Public Accounts
Mike Harmon

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

Mike Wynn
Mike.Wynn@ky.gov
502.229.8417

**Auditor Mike Harmon Releases Results of Special Examination
of Department of Criminal Justice Training and Kentucky Law
Enforcement Foundation Program Fund**

Report details multiple management issues, questionable expenditures at DOCJT

FRANKFORT, Ky. (September 29, 2016) – Mike Harmon, Kentucky Auditor of Public Accounts, today announced the findings of a special examination by his office of the Kentucky Department of Criminal Justice Training (DOCJT), and the Kentucky Law Enforcement Foundation Program Fund (KLEFPF). The report cited 10 findings related to the policies, procedures, and financial activity of DOCJT and KLEFPF, which will be referred to the Executive Branch Ethics Commission.

“Our office discovered multiple management issues at DOCJT and questionable spending of KLEFPF funds, which are supposed to pay for training and incentive payments for law enforcement officers,” Auditor Harmon said in releasing the findings. “Our examination uncovered instances where Kentucky’s merit system requirements were circumvented in the hiring of employees at DOCJT, where procurement requirements for state agencies were not followed, and confusion between DOCJT and Eastern Kentucky University on who owns and should provide maintenance for buildings that house the department on EKU’s Richmond campus.”

KLEFPF was created by law in 1972 to strengthen law enforcement across Kentucky by attracting and retaining competent, highly qualified people to the field for the purpose of providing maximum protection and safety to the Commonwealth.

KLEFPF, which is funded through a surcharge on property and casualty insurance policies issued in Kentucky, provides an annual training incentive payment to law enforcement officers who meet certain requirements. It also serves as the operating fund for DOCJT, which administers the funds and provides law enforcement training. The level of reimbursement, which was \$2,500 per officer in the late 1990's, was increased to \$4,000 per officer this year.

The surcharge amount on insurance policies was increased in 2010 from 1.5 percent to 1.8 percent, which resulted in an increase of funds to KLEFPF generated by the surcharge. Our examination found that in Fiscal Year 2016, DOCJT received \$67.6 million in KLEFPF funds, which amounted to 98 percent of the total revenue for DOJCT in FY16. Following requests to conduct an examination of DOCJT and KLEFPF, our office began the work in late April. The exam identified 10 findings, which include:

- Utilization of a \$1.6 million personnel contract with ECU that allowed DOCJT to circumvent hiring requirements under Kentucky's merit system for state employees, which could permit DOCJT employees hired through ECU to be paid higher salary and benefits than state employees in similar positions. Because ECU does not allow its employees to accrue comp time for working overtime, DOCJT also kept an unofficial comp time tracking sheet for these employees to accrue and use off-the-books.
- Questionable practices regarding hiring and contracting with family members and relatives of DOCJT employees. For example, the cousin of the former DOCJT commissioner was employed as the editor of the department's magazine, receiving an annual salary and benefits totaling more than \$158,000. In another example, we found the spouse of a high-ranking employee had a \$50,000 personal services contract with the department to monitor instructors providing law enforcement training across Kentucky.
- The use of a contract between DOCJT and ECU that allowed DOCJT to sidestep state procurement laws and regulations. The contract totaled \$3.4 million in Fiscal Year 2016 and covered a variety of things including debt service payments on DOCJT-occupied buildings, meal cards, phone service, and a wide range of routine goods and services. Questionable expenditures using this contract included a teleprompter, tablet computers, and software, in addition to larger expenditures of \$88,218 for a laser training system, and more than \$407,000 since 2005 for a leadership training program.
- Excessive spending of more than \$500,000 per year on staff, printing, and shipping costs for DOCJT's quarterly magazine, *Kentucky Law Enforcement*.
- Expenditures for items not permitted by state policies and not related or necessary to the mission of KLEFPF, including purchases of custom-engraved mint julep cups, wrist watches, bracelets, catered food and facility rental for retirement parties.
- Excessive travel costs and use of travel expense vouchers for reimbursement on non-travel related items such as gift baskets, coffee, cleaning supplies, lamp shades, and flowers. For example, \$110 was reimbursed for bourbon balls for conference attendees;

\$1,108 in travel and training costs for an employee to drive to a one-day accreditation workshop in Canada when the same training was offered the month before in much closer locations; and another employee claimed \$4,482 in expenses which was charged to KLEFPF to pay for a three week management course in Illinois.

- Confusion over ownership and maintenance responsibilities of the DOCJT buildings on EKU's campus due to the lack of any written lease agreement between the department and the university. KLEFPF funds have been used to pay the debt service on bonds issued for building construction and also often used to pay for maintenance and repairs without clear authority for this use of the funds.

In addition, the special examination by Auditor Harmon's office details broader concerns about a lack of documentation or analysis to support the insurance surcharge rate that provides funds to KLEFPF. Since the rate was raised in 2010, more than \$56 million has been swept from KLEFPF to the Commonwealth's General Fund.

"The surcharge rate increase came at a time when Kentucky was still reeling from the effects of a recession, and a deficit was projected in KLEFPF," said Auditor Harmon. "But when the fund began generating a surplus, the additional money was transferred to the General Fund instead of being used for its intended purposes toward law enforcement training. There were no plans that we could find as to why the extra funds did not lead to an increase in reimbursement pay before 2016, and the rate was only considered on a budget-cycle basis."

The examination also details concerns about DOCJT's level of influence with the Kentucky Law Enforcement Council, which is intended to be an independent entity responsible for setting law enforcement training requirements.

Auditor Harmon was joined by John Tilley, Secretary of the Justice and Public Safety Cabinet, and Rep. Denny Butler, R-Louisville (38th District), who both requested the auditor's office conduct an examination of DOCJT and KLEFPF, in announcing the findings of the special exam.

"DOCJT provides essential support to Kentucky's dedicated peace officers, and our new leadership team is committed to protecting those resources for both taxpayers and law enforcement. I called for this audit to not only restore transparency and public accountability to the department, but also ensure the integrity of KLEFPF for police," Secretary Tilley said. "I'm pleased to report that our new team is already implementing reforms based on the results of this review."

"I want to express my deepest appreciation to Auditor Harmon and his office for their due diligence that led to the findings cited in their report, and Secretary Tilley and the new administration at the Justice and Public Safety Cabinet for their commitment to change the culture at DOCJT and its use of KLEFPF funds," said Rep. Butler. "For more than a year and a half, I pushed for an audit because of my strong belief KLEFPF funds should be used for their intended purpose: providing the best level of training and education to my fellow law enforcement

officers. It is my sincere hope this report helps confirm that desire, and illustrates why state budgets should not be balanced on the backs of police officers.”

The full report of the Auditor’s examination of DOCJT and KLEFPF can be reviewed at www.auditor.ky.gov.

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