



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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

Six-Figure Bonus to Spouse, Public Funds Used to Pay for Personal Expenses, Questionable Spending Among Issues Identified in Exam of Select County Attorney Offices

Special Examination of Nine County Attorney Offices Results in Nine Findings

FRANKFORT, Ky. (May 21, 2020) – Following a special examination by the Kentucky Auditor Mike Harmon’s office, issues identified with the Boyd, Gallatin, and Lawrence County Attorney offices are being referred to federal and state law enforcement. The report, “Examination of Certain Financial Operations and Internal Policies and Controls of Select Kentucky County Attorney Offices” covered activity between July 1, 2017 and June 30, 2019, was released today by Auditor Harmon’s office.

“Based on our special exam of the Cabinet for Health and Family Services’ Child Support Enforcement (CSE) Program, which my office released last December, we identified various issues that prompted our decision to conduct an examination of nine county attorney offices,” Auditor Harmon said. “We found numerous issues related to poor oversight and lack of controls over taxpayers funds, and little guidance and review from the state level.”

The auditor’s office conducted an initial survey of 16 county attorney offices from across the Commonwealth, and nine offices were selected for further examination based on survey results, concerns that had been received by Auditor Harmon’s office, and issues identified during the CSE examination. These nine offices were in the following counties: Boyd, Breathitt, Christian, Clark, Gallatin, Knox, Lawrence, Pike, and Todd.

Of the nine county attorney offices examined, auditors identified issues in three offices that will be referred to law enforcement and other agencies:

- **Lawrence County Attorney:** Auditors found that, over a two fiscal year period, the Lawrence County Attorney awarded \$134,500 in bonuses from delinquent tax fees to

employees within his office. Of the bonus amounts, 94 percent of the money was given to the Lawrence County Attorney's wife, totaling \$126,500. Auditors noted the awarding of bonuses violates the Kentucky Constitution unless the bonus is paid for work performed. The bonuses may also violate local ethics rules because more than 90 percent of the amount went to his wife, thereby providing a substantial benefit to the Lawrence County Attorney. This finding is being referred to the Federal Bureau of Investigations (FBI), Internal Revenue Service (IRS), the Kentucky Office of the Attorney General, Kentucky Department of Revenue, and the Lawrence County Ethics Commission.

- **Boyd County Attorney:** In the course of reviewing documents with the Boyd County Attorney's Child Support Enforcement (CSE) office, auditors discovered more than \$16,000 had been paid to a former CSE office supervisor in Fiscal Year 2018. The documents detailed questionable activity by the former office supervisor, including falsified expense reimbursement requests, altered supporting documents for expenditures, and excess income and unearned benefits paid to the former CSE office supervisor. This activity was uncovered after our auditors requested bank records related to the Boyd County Child Support program. At that time, the Boyd County Attorney informed us the former CSE office supervisor had returned the bank records, and acknowledged she had taken money from the child support office. Kentucky State Police conducted an investigation, which led to the former CSE office supervisor being indicted on 77 charges last November relating to more than \$113,000 allegedly taken by the former CSE office supervisor over a seven-year period. "In this case, by simply asking questions and providing a bit of sunlight, our auditors led to the law enforcement investigation that brought about her indictment," said Auditor Harmon. In addition to a referral to KSP, Auditor Harmon's office will also refer the findings to the FBI and the Kentucky Office of the Attorney General.
- **Gallatin County Attorney:** Auditor Harmon's office discovered the Gallatin County Attorney's office paid over \$36,000 for both personal expenses and expenses related to the Gallatin County Attorney's private law office. The majority of those funds came from the office's delinquent tax fund, for which the county attorney's wife is responsible as the county attorney office's bookkeeper. Auditors discovered through an examination of records and interviews, accounts with the county attorney's office were used to pay credit card bills, a family monthly cell phone bill, expenses for the private law practice, and a loan to the county attorney's private law office. This finding will be referred to the FBI, the Kentucky Office of the Attorney General, and the Gallatin County Ethics Commission.

In addition to the three referrals to law enforcement, the examination by Auditor Harmon's office details a wide variety of issues within the nine offices reviewed. They include:

1. For six current county attorney offices, the percentage of expenditures tested that had no supporting documentation exceeded 36%. Similar issues were also discovered for county attorney offices in Christian and Clark County, but they took place under the prior county attorneys in both counties.

2. Donations to various local organizations were made, including \$1,900 by the Pike County Attorney to local groups and organizations, including local high school sports teams, which were documented under the office's expenses as "bad check advertising." Also, one instance was identified where the Lawrence County attorney used public funds to pay for an advertisement for his private law practice.
3. Eight of the nine county attorney offices examined failed to turn over excess cold check fees to their respective fiscal court, which is required by state law.

"We also found that when it comes to state laws pertaining to the operation and oversight of county attorney offices, they are minimal at best and don't require an annual audit of county attorney offices by our office or any outside firm," said Auditor Harmon. "Based on the findings identified in our exam, including the referrals to federal and state law enforcement, I am calling on the Kentucky General Assembly to pass legislation in 2021 to require an annual audit of all county attorney offices. If we truly want to shine the light of transparency on how public funds are spent, then county attorneys must be included in the same way fiscal courts, sheriffs, and clerks are held accountable to the taxpayers."

The full report, which includes responses from the county attorneys, 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.



www.auditor.ky.gov