



Auditor of Public Accounts  
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### Harmon Releases Audit of Mercer County Sheriff's Fee Account

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2017 financial statement of Mercer County Sheriff Ernie Kelty. 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 Mercer 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 Mercer County Sheriff did not comply with competitive procurement requirements:** During 2017, the Mercer County Sheriff purchased law enforcement equipment that was primarily funded using two grants from the Law Enforcement Protection Program. The sheriff procured items that were allowable under the scope of the two grant agreements; however, there was no evidence of competitive procurement by advertisements for bid or by use of a state pricing contract. The two expenditures were as follows:

- Guns, ammunition, and tactical gear - \$25,486
- Tasers and cartridges - \$24,190

Both of the purchases were subject to competitive procurement requirements.

The sheriff's staff was unaware of the requirement for competitive procurement for the grant purchases. This resulted in noncompliance with statutory and grant agreement requirements. It could have prevented the sheriff from obtaining the best price for the procured goods.

KRS 424.260 requires that when procuring goods at a cost exceeding \$20,000, the sheriff should make a newspaper advertisement for bids. If the sheriff uses a state price contract, the sheriff should keep a copy of that price contract as documentation of the state's competitively determined rate.

The grant agreements between the sheriff and the grantor state that the sheriff "shall use its own procurement procedures that reflect applicable state and local laws for all purchases of body armor, duty weapons, and ammunition, and/or electro-muscular disruption technology in accordance with this agreement."

We recommend the sheriff ensure compliance with bid laws governing competitive procurement, or maintain documentation if purchasing goods using state contract pricing.

*Sheriff's Response: In reference to the purchase of body armour, weapons and tasers, the tasers were purchased from the sole provider of these items for the State of Kentucky. On the purchase of body armour and weapons, they were purchased from two separate grants for each item. Both items were under the \$20,000 limit, but were bought on the same purchase order which made it over \$20,000. We were with the understanding that we were within the bid requirements, however, we have made adjustments to insure that we will put out public bids anytime we are dealing with these type expenditures.*

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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