



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2019 financial statement of Pike County Sheriff Rodney Scott. 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 statements presents fairly the receipts, disbursements and excess fees of the Pike County Sheriff and the receipts, disbursements, and fund balances of the Pike County Sheriff's operating fund and county fund 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 sheriff's office did not follow the fiscal court's procurement code: The sheriff purchased three Ford Explorers in September 2019 for a total purchase of \$134,212 without following the fiscal court's purchasing section of its administrative code, which has adopted the state's Model Procurement Code. Per the Model Procurement Code, the sheriff has the option to negotiate with a vendor as long as the final price does not exceed the state price contract. The vehicles that were purchased exceeded the state price contract.

The sheriff does not have procedures in place to ensure that large purchases are made in accordance with procurement laws as adopted by the Pike County Fiscal Court.

The fiscal court's purchasing section ensures that the sheriff procures materials and services at the best price available. By limiting competition, the sheriff may not get this benefit. Section 500 of the Pike County Administrative Code states, "[a]ll purchases of items of like or similar nature, or construction projects that are in excess of \$20,000 in a fiscal year shall be advertised for bids, except as otherwise provided[.]" In addition, with the adoption of the state's Model Procurement Code (KRS 45A.343-460), if any purchase is made over \$20,000 without advertising for bids, the sheriff has the following options:

1. Purchasing the vehicles from state price contract vendors.
2. Advertising for bids to negotiate a lower price.
3. Negotiating directly with a vendor as long as the final price does not exceed the state price contract.

We recommend the sheriff follow the fiscal court's administrative code for purchasing and ensure all purchases over \$20,000 is bid or within the state price contract.

Sheriff's Response: During the process of purchasing new vehicles for the PCSO, the price submitted to the local dealer followed the state's model procurement code. After additional charges were necessary for upgrades, the final price exceeded the contract price. The PCSO has adopted the fiscal court's purchasing section of its administrative code to ensure all state price contracts are secure.

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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