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STATE AUDITOR



**STATE OF VERMONT
OFFICE OF THE STATE AUDITOR**

To: House and Senate Committees on Government Operations
Date: 23 January 2023
Re: Lack of policies presents risks at Sheriff's departments

As you know, the State Auditor is required to contract for audits of the Sheriffs every two years.

"Biennially, according to a schedule established by the Auditor of Accounts, the Auditor shall retain a public accountant to conduct an audit of the financial systems, controls, and procedures within each department." [[24 V.S.A. § 290b\(e\)](#)]

It is not uncommon for the contracted accounting firm to find problems of varying degrees of risk in the course of the audits. They are reported in the Schedule of Findings and Questioned Costs. The audits are available [here](#).

On occasion, the audits uncover unusual activity. One such incident occurred last year when the accounting firm found that the outgoing Caledonia County Sheriff approved over \$400,000 in bonuses for 16 employees. This reduced the Department's cash balance by more than half.

In addition to the size of the bonuses, they were also unusual because they included sufficient funds to cover the taxes (not available to State employees). As a result, some of the gross bonuses were more than the employees' annual salary (see the attached memo for details).

The [Vermont Sheriff's Association Uniform Accounting Manual](#) recommends that Sheriffs adopt policies covering the payment of bonuses.

"Bonuses: Each department should have a policy covering the payment of bonuses. At a minimum, this policy should include the criteria for who is eligible for bonuses, when the bonuses can be paid, and how the bonus amount is determined." (p.15)

The Caledonia Sheriff had no such policy, so there was no formal violation. Nevertheless, this incident is a reminder of the importance of the Sheriffs having consistent policies on matters of such importance.

Therefore, I encourage you to consider discussing the matter with the Department of State's Attorneys and Sheriffs. The attached memo from our contracted accounting firm includes a few suggestions about this particular issue that might be of interest.