

January 18, 2023

Office of the Vermont State Auditor
 Attn: Douglas R. Hoffer, Vermont State Auditor
 132 State Street
 Montpelier, VT 05633-5101

McSoley McCoy & Co. has contracted with the State Auditor’s Office to perform audit services for all 14 Vermont Sheriff Departments. We perform a financial statement audit every other year for all Departments which involves an independent examination of the Department’s financial statements. We do this by performing various forms of test work including review of invoices, review of payroll activity, confirmation of accounts with third party institutions, analytics, etc. At the end of the audit, we provide our opinion about whether or not we have obtained reasonable assurance that the financial statements are materially correct.

During the June 30, 2022 audits, one of the Vermont Sheriff Departments transacted a significant payroll adjustment subsequent to June 30, 2022 that resulted in a substantial loss for the first quarter of the new year. Through inquiry and review of the payroll register, we learned the Department provided just over \$400,000 in gross “salary adjustments”, or bonuses, to sixteen employees of the Department, including the current Sheriff as follows:

Employee	FY22 Gross Salary	Gross Bonus	Net Bonus	% of Gross Bonus to Gross Salary
Employee #1	\$36,685	\$17,924	\$10,000	49%
Employee #2	\$18,611	\$18,257	\$10,000	98%
Employee #3	\$26,396	\$40,017	\$20,000	151%
Employee #4	\$36,014	\$30,410	\$15,000	84%
Employee #5	\$8,832	\$41,047	\$20,000	465%
Employee #6	\$23,795	\$19,717	\$10,000	83%
Employee #7	\$27,436	\$19,541	\$10,000	71%
Employee #8	\$3,489	\$8,911	\$5,000	255%
Employee #9	\$51,197	\$41,112	\$20,000	80%
Employee #10	\$59,968	\$40,754	\$20,000	68%
Employee #11	\$13,294	\$4,773	\$3,000	35%
Employee #12	\$45,853	\$23,944	\$12,000	52%
Employee #13	\$55,122	\$28,937	\$15,000	52%
Employee #14	\$49,780	\$41,112	\$20,000	83%
Employee #15	\$4,140	\$1,359	\$1,000	33%
Employee #16	\$1,122	\$23,786	\$12,000	2119%
Total	\$461,734	\$401,601	\$203,000	

As defined in Section 1 #6C of the Vermont Sheriff’s Association Uniform Accounting Manual, “the Department should have a policy covering the payment of bonuses. At 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.” The Department has no formal policy in place around the awarding of bonuses. While this transaction was approved by the Sheriff, the amount was substantial and reduced the Department’s cash balance by more than half of the June 30, 2022 balance. In addition, the Sheriff was not running for re-election.

To our knowledge, there is no Vermont Statute or regulation that provides guidelines or restrictive measures for Vermont Sheriff Departments around significant payroll adjustments or bonuses. We recommend the Office of the Vermont State Auditor work with the appropriate State of Vermont officials to consider the following:

1. Require a formal policy from each Vermont Sheriff Department in accordance with the Vermont Sheriff’s Association Uniform Accounting Manual. The policy should be reviewed and approved by the assistant judges of the applicable county.
2. Bonuses awarded above the documented policy should be approved by the assistant judges of the county.
3. Bonuses in excess of 20% of an individual’s expected annual amount require the approval of the Vermont Department of State’s Attorney and Sheriff.

We appreciate the opportunity to assist you with this matter. Please let us know if you would like to discuss any of this further.

Sincerely,
McSoley McCoy & Co.

A handwritten signature in blue ink, appearing to read "Tom Stretton", is written over the typed name.

Tom Stretton