



Auditor of Public Accounts
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Auditor Mike Harmon Announces Results of Audit of Kentucky 911 Services Board

Audit of financial activities for Fiscal Years 2014-2017 produces 11 findings

FRANKFORT, Ky. (June 28, 2018) – Mike Harmon, Kentucky’s 47th Auditor of Public Accounts, today released the results of an audit of the Kentucky 911 Services Board, formerly known as the Commercial Mobile Radio Service (CMRS) Board, for Fiscal Years 2014 through 2017. The audit report presents a qualified opinion on the financial statements of the Board for these four fiscal years. Because of the amount of missing and inadequate documentation, auditors were not able to obtain sufficient audit evidence to ensure the accuracy, completeness, and proper classification of accounting entries in each of the four years. The audit report also identifies 11 findings during the time period reviewed.

Auditor Harmon’s office was contacted by John Holiday, Executive Director of the Kentucky Office of Homeland Security (KOHS) and Chairman of the Kentucky 911 Services Board about doing an audit of the former CMRS board after Governor Matt Bevin announced a reorganization of the group last year that reconstituted the Board’s membership and granted KOHS oversight of its daily operations.

“When Director Holiday and his staff realized the former CMRS Board had not been in compliance with the state law requiring biennial audits, they requested my office audit the last four fiscal years to get caught up and give the new board guidance going forward,” said Auditor Harmon in releasing the report. “We found many issues relating to the former Board’s expenditures, including missing or inadequate documentation that made it difficult for our auditors to confirm the accuracy of the Board’s accounting during the time period we audited.”

“The audit findings perfectly explain why KOHS sought increased oversight and accountability of the Kentucky 911 Services Board through Governor Bevin’s executive order,” KOHS Executive Director and current Kentucky 911 Services Board Chair John Holiday said. “Aggressive action

during the past year taken by new Board staff—working in conjunction with KOHS personnel—will prevent the broad range of deficiencies outlined in this audit to be replicated in the future. In fact, most findings and deficiencies were either corrected or remedied prior to the release of the APA report, including reimbursing a grant fund designated for enhancing capabilities of Kentucky’s certified 911 call centers \$233,149 for unallowable expenses made by previous leadership of the board.”

Included among the 11 findings in the audit report:

- More than \$233,000 was paid to a single contractor over the four-year period; however, only \$20,918 of invoices were on file with board. The contractor was supposed to work with the former CMRS board on a new statewide 911 plan, but there is no evidence the work was done. The statewide 911 plan has not been updated since 2009. Furthermore, the Board paid the technical consultant out of a fund dedicated to 911 call center grants, a violation of KRS 65.7631.
- The Board was unable to provide documentation on fees generated by the retail sale of cell phones and prepaid calling cards, and whether the amounts paid were accurate.
- Retailers and the Department of Revenue (DOR) may retain percentages of the tax due; however, without detailed information, the Board could not determine if retailers or DOR retained the correct amounts.
- Accurate documentation was also an issue on payments made by phone service providers to the Board, which provides funding to approximately 116 Public Service Answering Points (PSAPs), or 911 centers, across Kentucky, and for reimbursement payments to wireless carriers from the Wireless Providers Fund. Without the documentation, auditors could not determine whether the payments provided to the 911 centers and telecommunication providers were the correct amounts.
- Biennial audits of 911 centers as required by state law were not being carried out. During our audit, we found several issues including one 911 center purchasing a vehicle with 50 percent of CMRS funds, which is not an allowable expense.
- Paperwork on applications and certification of three 911 centers that were certified during the audit period were missing. Centers that are certified receive funding from money paid by phone service carriers to the board.

The full audit report, including responses from management, can be found on the [auditor’s website](#).

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