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Lessons to Learn from the OIG's Report on Sheriffs' Budgets and Expenditures

P-card and Bank Card Oversight / Cooperative Agreements / Employee Tax Classifications

The OIG's final report examining sheriffs' offices in Massachusetts led to many findings that were specific to those offices but also led to findings that can help educate municipalities to identify and avoid financial pitfalls.

Like the Commonwealth's municipal leaders, sheriffs manage large budgets as well as varied operations and personnel. Sheriffs also carry other responsibilities that can be viewed as similar to those of municipal officials. Sheriffs are responsible for procuring goods and services, keeping the jail in operation, hiring employees to fill different positions, and even taking in revenue. Another way of putting it is that the work of a sheriff can be equated to leading a city or town.

The OIG hopes that municipal officials can learn from the following financial findings outlined in greater detail in the OIG's final sheriffs' report, which issued on June 1, 2026.

Implement Effective Policies for P-Cards and Bank Cards

Some sheriffs' offices had procurement card (P-card) purchases that appeared to be for personal use, rather than for approved work-related purchases. Small-dollar purchases of candy and beverages at convenience stores, concessions, and food delivery services suggest individual, personal use of a P-card, which is an inappropriate use of public funds.

Some sheriffs' offices had other bank cards that were used to support day-to-day operations of revenue-generating functions of the office, such as civil process. The OIG found that policies governing the use of those cards lacked restrictions or limits that the OIG would expect to be in place. Bank cards tied to revenue generated by the municipality should be subject to the same limits and controls that apply to P-cards, since all funds handled by a municipality are public funds.

What can your municipality learn from these OIG findings? Consider implementing the following:

- Internal controls concerning P-cards and bank cards should include processes for reviewing transactions for inappropriate purchases.
- Access to P-cards and bank cards should be limited to authorized employees.
- Municipal policies concerning the use of P-cards and bank cards should be updated to make clear to employees that public funds are not for personal use.
- Municipal policies concerning use of public funds should be consistent with regard to the appropriate use of P-cards and bank cards.

Memorialize Cooperative Agreements with an MOU

Several sheriffs' offices have conducted law enforcement in municipal jurisdictions. In most circumstances, the sheriffs conducted these operations without any formal agreement with the municipality about the types of services to be provided and the compensation, if any, to be exchanged. The lack of a formal agreement created liability risks, including the risk of property damage and injury to officers or members of the public, that neither the sheriff's office nor the municipality fully considered. This issue is separate and apart from the issue of how or why the sheriffs' offices – and ultimately the Commonwealth – were funding municipal costs.

If your municipality works cooperatively on a regular basis with another governmental body, whether another municipality, a state agency (like a sheriff's office), or the federal government, you should create an MOU to outline the contours of the relationship. The MOU should address foreseeable risks and outline liability responsibility, time reporting compliance, equipment or vehicle usage restrictions, recordkeeping responsibilities, and any fees or reimbursements associated with the activity.

Use Proper Tax Classification for Employees

Some sheriffs' offices hired full-time W-2 employees within the revenue-generating functions of their office, such as civil process, while others paid 1099 contractors to perform similar work. Legal and tax implications can arise from misclassifying an employee as a contractor. A municipality should regularly review its payroll tax classifications and consult with counsel to ensure that hiring decisions made in the past are still appropriate.

Some sheriffs' offices created separate tax identification numbers for their revenue-generating departments. This complicated structure can lead to silos within an organization and provide opportunities for fraud, waste, and abuse of public funds. If your municipality utilizes multiple tax identification numbers when making payroll, consult with counsel about whether this is appropriate.

Conclusion

A major investigation such as the OIG's examination of sheriffs' offices often results in findings and recommendations that are relevant to other areas of government. Many of the financial issues that the OIG uncovered in its investigation are relevant for municipal officials. The same holds true for municipal investigations that can offer insight into needed risk mitigation for state entities. The OIG urges municipal officials to review the final sheriffs' report and think critically to identify and address any similar issues in your own municipality.

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