

**AUDITOR OF PUBLIC ACCOUNTS**  
**(Amended at ARRS Committee)**

**45 KAR 1:050. Audits of fiscal courts.**

RELATES TO: KRS 43.070, 43.075, 64.810, 68.210, 31 U.S.C. 7501-7506

STATUTORY AUTHORITY: KRS 43.075

NECESSITY, FUNCTION, AND CONFORMITY: KRS 43.075(1) requires the Auditor of Public Accounts to promulgate administrative regulations developing uniform standards and procedures for conducting, and uniform formats for reporting, audits of the funds contained in county budgets (fiscal courts). This administrative regulation establishes the auditing standards, procedures, and formats for fiscal court audits.

Section 1. Definition. "Generally accepted government auditing standards" means the "Government Auditing Standards" issued by the Comptroller General of the United States.

Section 2. Auditing Standards, Procedures, and Formats. The financial and compliance audit of the funds contained in each county's budget shall be conducted in accordance with:

- (1) Auditing standards generally accepted in the United States of America, referenced in 201 KAR 1:290;
- (2) Generally accepted government auditing standards, referenced in 201 KAR 1:290; and
- (3) Fiscal Court Audit Guide, issued by the Auditor of Public Accounts, October 14, 2022.

Section 3. Auditor's Independent Judgement. The requirements of this administrative regulation shall not be interpreted in a manner that restricts the independent judgment of a certified public accountant or the Auditor of Public Accounts.

Section 4. Audit Objective.

- (1) The primary objective of an audit of a fiscal court shall be an audit report that provides an opinion on whether the financial statements of a fiscal court are presented fairly, in all material respects, in accordance with a basis of accounting prescribed or permitted by the Department for Local Government, which is the regulatory basis of accounting or Generally Accepted Accounting Principles (GAAP).
- (2) Any audit report of a fiscal court that is required to comply with the requirements of the Single Audit Act Amendments of 1996, 31 U.S.C. 7501-7506, and Title 2 C.F.R. Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), shall include a statement concerning whether:
  - (a) The Schedule of Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole; and
  - (b) The fiscal court has complied, in all material respects, with the requirements applicable to each of its major federal programs.
- (3) An auditor shall make tests sufficient to determine whether:
  - (a) The fiscal court has complied with the requirements of the uniform system of accounts adopted under KRS 68.210;
  - (b) Receipts have been accurately recorded by source;
  - (c) Expenditures have been accurately recorded by payee; and
  - (d) The county has complied with all other legal requirements relating to the management of public funds.

Section 5. Allowance of Audit Fees; Acceptance of Report.

- (1) Fees for county fiscal court audits shall be allowable as reasonable and necessary expenses of a county if the independent accountant's examination has been performed and

reported in compliance with the standards, procedures, and formats promulgated by this administrative regulation.

(2) A county shall obtain written approval of an audit report from the Auditor of Public Accounts prior to the:

- (a) Release of an audit report; and
- (b) Payment of fees for a fiscal court audit.

(3) Failure by an independent certified public accountant to comply with the Fiscal Court Audit Guide and this administrative regulation shall disqualify him from conducting fiscal court audits.

#### Section 6. Incorporation by Reference.

(1) The "Fiscal Court Audit Guide," Auditor of Public Accounts, October 14, 2022, is incorporated by reference.

(2) This document may be inspected, copied, or obtained, subject to applicable copyright law, at the office of the Auditor of Public Accounts, 209 Saint Clair Street, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 5:00 p.m., or may be obtained at <https://www.auditor.ky.gov/cpatools/Pages/APACountyAuditGuides.aspx>.

(18 Ky.R. 1695; 2197; eff. 1-10-1992; 22 Ky.R. 1329; eff. 3-7-1996; 31 Ky.R. 1052; eff. 1-4-2005; 33 Ky.R. 1425; 1789; eff. 2-2-2007; 44 Ky.R. 262; 729; eff. 11-3-2017; 45 Ky.R. 1053, 1512; eff. 1-4-2019; 46 Ky.R. 998, 1799; eff. 3-3-2020; 47 Ky.R. 552; eff. 3-2-2021; 49 Ky.R. 1135, 1597; eff. 5-2-2023.)

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