

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

The potential cost of SB 168 is difficult to estimate. This is for a couple of reasons. First, it is the position of both the Auditor of Public Accounts and the Kentucky League of Cities that the Auditor already has the authority that is granted in the bill. It is also an internal policy of the Auditor to bill local governments for audits conducted only when allegations are substantiated. If after the preliminary assessment it is determined that there is no basis for moving forward with a deeper investigation into the allegations or audit request, then the Auditor does not bill for the preliminary assessment. There is no indication that this policy would change. Since the current practice is what would be codified in SB 168, the express authority granted would not change financial practices of the Auditor.

Second, billing for examination is based on the scope of the audit and the hourly rate of the auditors. Agencies and governments of different sizes require different level resources for an audit to be conducted. The scope of these audits can vary greatly. From 2008 through 2015, 20 special audits were performed by the Auditor. The actual cost of these audits ranged anywhere from \$6,000 or \$7,000 to almost \$80,000.

Data Source(s): Auditor of Public Accounts; KLC; LRC Staff

Preparer: Dale Hardy **Reviewer:** JWN **Date:** 2/18/16