

1 AN ACT relating to financial transparency.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 27A IS CREATED TO  
4 READ AS FOLLOWS:

5 *(1) The Administrative Office of the Courts shall procure an annual financial audit*  
6 *of all funds and accounts under its administration. Each audit shall be conducted*  
7 *in accordance with Generally Accepted Government Auditing Standards.*

8 *(2) The Administrative Office of the Courts shall not enter into any contract with a*  
9 *certified public accountant, accounting firm, or any other entity that is qualified*  
10 *to perform financial audits, unless the Auditor of Public Accounts has declined*  
11 *in writing to perform an audit or has failed to respond to a written request for an*  
12 *audit within fifteen (15) days of receipt of the written request. If the Auditor of*  
13 *Public Accounts performs the annual audit required in subsection (1) of this*  
14 *section, the Auditor of Public Accounts shall maintain a record of all expenses*  
15 *incurred, including the number of hours audit staff worked on the audit. These*  
16 *expenses shall be charged to the Administrative Office of the Courts.*

17 *(3) Any contract with a certified public accountant, accounting firm, or any other*  
18 *entity that is qualified to perform financial audits resulting from the Auditor of*  
19 *Public Accounts declining to perform an audit shall require that:*

20 *(a) A copy of the audit report and management letter be forwarded to the*  
21 *Auditor of Public Accounts and the Legislative Research Commission; and*

22 *(b) The Auditor of Public Accounts be allowed to review the work papers and*  
23 *other documents developed by the certified public accountant, accounting*  
24 *firm, or other entity that is qualified to perform financial audits in the*  
25 *process of producing the audit report and management letter.*

26 *(4) The Auditor of Public Accounts may conduct a special audit or examination of*  
27 *the Administrative Office of the Courts or any of its subdivisions. The expense of*

1        *any special audit or examination performed pursuant to this subsection shall be*  
2        *borne by the Administrative Office of the Courts.*