

**Local Government Mandate Statement  
Kentucky Legislative Research Commission  
2018 Regular Session**

**Part I: Measure Information**

**Bill Request #:** 1639

**Bill #:** SB 144 GA

**Document ID #:** 4264

**Bill Subject/Title:** AN ACT relating to audits of county officers.

**Sponsor:** Senator Stan H. Humpries

Unit of Government:  City  County  Urban-County  
Unified Local  
 Charter County  Consolidated Local  Government

Office(s) Impacted: Sheriffs and County Clerks

Requirement:  Mandatory  Optional

Effect on Powers & Duties:  Modifies Existing  Adds New  Eliminates Existing

**Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government**

The fiscal impact of SB 144 on local governments could be a savings of 25-50% of the cost of the required annual audit performed by the State Auditor’s Office. Local Governments are responsible for the cost of the audit.

SB 144 allows the State Auditor to conduct “agreed-upon procedures (AUP)” engagements of a county clerk’s office or a sheriff’s office by agreed-upon procedures in lieu of full financial audits if certain criteria (detailed below) is met. If the Auditor and county clerk or sheriff cannot agree to procedures or at the discretion of the Auditor, the AUP may be converted to a full financial audit inclusive of the books, accounts, and papers of the county clerk or sheriff.

The criteria that must be met to be eligible for an AUP engagement are listed below:

- The county clerk or sheriff must make application on a form provided by the Auditor and by the application deadline;
- The county clerk or sheriff did not have any reported audit comment or finding in its most recent audit report;
- The county clerk or sheriff and the Auditor agree to the scope and to specific procedures for the agreed-upon procedures engagement;
- The county clerk or sheriff must agree to any additional criteria proposed by the Auditor.

The State Auditor is proposing this change and estimates that an AUP will save 25-50% of the cost compared to the cost of a standard financial audit. The AUP process allows for focused work on specific areas of concern while meeting the requirements of the American Institute of Certified Public Accountants.

### **Part III: Differences to Local Government Mandate Statement from Prior Versions**

The GA version to this bill does not have any changes from the bill as introduced. There were no committee substitutes or floor amendments adopted.

**Data Source(s):** LRC Staff, Auditor of Public Accounts (State Auditor)

**Preparer:** Wendell F. Butler      **Reviewer:** KHC      **Date:** 2/27/18