



- the audit of the preceding year was not completed timely.

**The fiscal impact of HB 588 on local governments is indeterminable, but could be moderate for some counties.** These offices are required to complete audits. At a cost of \$65 to \$95 per hour, the impact could be moderate for some counties. Actual audit hours can vary significantly depending on the audit environment and what issues might be uncovered.

HB 588 does not provide for penalties or withholding of payment if the APA fails to complete the audits. However, a benefit for the local government might be an expedited audit in order to meet deadlines, thus limiting the dedication of time and personnel that might be needed to assist the APA at the local level. For fiscal year 2020, local governments were billed \$4,990,736 by the APA. In recent history, county governments have almost entirely used the APA or a firm under contract with the APA to complete these audits.

Counties also need to be aware that deadlines may force the scope of the audit to be limited, thus leading to a disclaimed or modified audit opinion. This could affect a number of financial areas including grant funding, borrowing, and bond rating.

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

Part II refers to HB 588 as introduced. There are no prior versions of this bill.

**Data Source(s):** LRC Staff

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