

**GENERAL GOVERNMENT**  
**Auditor of Public Accounts**  
**(Amendment)**

**45 KAR 1:030. Audits of sheriffs' tax settlements.**

RELATES TO: KRS 43.070, 43.075, 64.810, 68.210

STATUTORY AUTHORITY: KRS 43.075

NECESSITY, FUNCTION, AND CONFORMITY: KRS 43.075 requires the Auditor of Public Accounts to promulgate administrative regulations developing uniform standards and procedures for conducting, and uniform formats for reporting, audits of counties and elected county officials. This administrative regulation establishes the auditing standards, procedures, and formats for sheriffs' tax settlement 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 sheriff's tax settlement shall be conducted and reported in accordance with:

(1) Generally accepted auditing standards [~~Auditing standards generally accepted in the United States of America~~], referenced in 201 KAR 1:290[~~201 KAR 1:300, Section 5(1)(a)~~];

(2) Generally accepted government auditing standards, referenced in 201 KAR 1:290[~~201 KAR 1:300, Section 5(1)(b)~~]; and

(3) The "Audit Program for Sheriffs' Tax Settlements," issued by the Auditor of Public Accounts, September 26, 2022[~~July 1, 2017~~].

Section 3. Auditor's Independent Judgment. 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 sheriff's tax settlement shall be an audit report that provides an opinion on whether the financial statement of a sheriff's tax settlement presents fairly, in all material respects, the taxes charged, credited, and paid during the tax year.

(2) An auditor shall make tests sufficient to determine whether:

(a) The sheriff 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 sheriff has complied with all other legal requirements relating to the management of public tax funds by his or her office.

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

(1) Fees for sheriffs' tax settlement audits shall be allowable as reasonable and necessary expenses of a county or county fee official if the independent accountant's audit has been performed and reported in compliance with the standards, procedures, and formats promulgated by this administrative regulation.

(2) A sheriff 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 sheriff's tax settlement audit report.

(3) Failure by an independent certified public accountant to comply with the "Audit Program for Sheriff's Tax Settlements" and this administrative regulation, shall disqualify him from conducting sheriff's tax settlement audits.

Section 6. Incorporation by Reference.

(1) The "Audit Program for Sheriffs' Tax Settlements," Auditor of Public Accounts, September 26, 2022~~[July 1, 2017]~~, 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.

(18 Ky.R. 1692; 2195; eff. 1-10-1992; 22 Ky.R. 1325; 3-7-1996; 31 Ky.R. 785; 1049; eff. 1-4-2005; 33 Ky.R. 2-2-2007; 44 Ky.R. 258; eff. 11-3-2017; 49 Ky.R. 1473; eff. 7-5-2023.)

*MIKE HARMON, Auditor*

APPROVED BY AGENCY: December 14, 2022

FILED WITH LRC: December 14, 2022 at 2:20 p.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on February 21, 2023, at 10:00 a.m. Eastern Time at the office of the Auditor of Public Accounts, 209 St. Clair Street, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through February 28, 2023. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Graham Gray, General Counsel, Auditor of Public Accounts, 209 St. Clair Street, Frankfort, Kentucky 40601; phone 502-209-2870; fax 502-564-2912; e-mail [Graham.Gray@ky.gov](mailto:Graham.Gray@ky.gov).

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

**Contact Person:**Graham Gray

**(1) Provide a brief summary of:**

**(a) What this administrative regulation does:**

This administrative regulation promulgates uniform standards and procedures for conducting, and uniform formats for reporting, all audits of sheriffs' tax settlements performed under KRS 43.070 or KRS 64.810.

**(b) The necessity of this administrative regulation:**

KRS 43.075 requires the Auditor of Public Accounts to promulgate this administrative regulation.

**(c) How this administrative regulation conforms to the content of the authorizing statutes:**

This administrative regulation conforms to the content of the authorizing statutes by promulgating uniform standards and procedures for conducting, and uniform formats for reporting, all audits of sheriffs' tax settlements performed under KRS 43.070 or KRS 64.810.

**(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:**

This administrative regulation currently assists or will assist in the effective administration of the statute by promulgating uniform standards and procedures for conducting, and uniform formats for reporting, all audits of sheriffs' tax settlements performed under KRS 43.070 or KRS 64.810.

**(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:**

**(a) How the amendment will change this existing administrative regulation:**

The amendment will change the existing administrative regulation by replacing the "Audit Guide for Sheriffs' Tax Settlements," issued by the Auditor of Public Accounts, July 1, 2017, with the "Audit Program for Sheriffs' Tax Settlements," issued by the Auditor of Public Accounts, September 26, 2022, which is incorporated by reference, to make auditing procedures and report formats conform to the regulatory basis of accounting and applicable auditing standards. The amendment also updates the regulatory references in Section 2.

**(b) The necessity of the amendment to this administrative regulation:**

Amending this administrative regulation by updating the regulatory references in Section 2 and incorporating the updated "Audit Program for Sheriffs' Tax Settlements" is necessary to conform this administrative regulation to current sheriffs' tax settlement audit practices and procedures.

**(c) How the amendment conforms to the content of the authorizing statutes:**

The amendment conforms to the content of the authorizing statute, KRS 43.075, by updating current standards and procedures for conducting, and formats for reporting, sheriffs' tax settlement audits performed under KRS 43.070 or KRS 64.810.

**(d) How the amendment will assist in the effective administration of the statutes:**

The amendment will assist in the effective administration of the statute, KRS 43.075, by updating current standards and procedures for conducting, and uniform

formats for reporting, all sheriffs' tax settlement audits performed under KRS 43.070 or KRS 64.810.

**(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:**

All Kentucky counties, certified public accountants licensed in Kentucky who perform sheriffs' tax settlement audits, and the Auditor of Public Accounts, are affected by this administrative regulation.

**(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:**

**(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:**

The regulated entities identified in question (3) will not be impacted by the change to this administrative regulation that this amendment effectuates; the groups identified will continue to audit and be audited using uniform standards and procedures for conducting, and uniform formats for reporting, sheriffs' tax settlement audits.

**(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):**

There is no cost to the entities identified in question (3) in complying with the amendment to this administrative regulation.

**(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):**

The entities identified in question (3) will all benefit by having an updated "Audit Program for Sheriffs' Tax Settlements" to follow in completing all sheriffs' tax settlement audits conducted pursuant to KRS 43.070 or KRS 64.810, consistent with the regulatory basis of accounting or Generally Accepted Accounting Principles (GAAP).

**(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:**

**(a) Initially:**

No cost.

**(b) On a continuing basis:**

No cost.

**(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:**

Payments by sheriffs to the agency for the expense of the tax settlement audits pursuant to KRS 43.070.

**(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:**

No increase in fees or funding will be necessary to implement the change in the amendment of this administrative regulation.

**(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:**

This administrative regulation does not establish any fees, nor does it increase any fees, directly or indirectly.

**(9) TIERING: Is tiering applied?**

No, tiering was not applied. Tiering is not applicable to this amendment to this administrative regulation. Neither the amendment nor the administrative regulation disproportionately impact certain classes of regulated entities, as all sheriffs are audited using the same uniform standards and procedures for conducting, and uniform formats for reporting, audits.

## FISCAL NOTE

**(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation?**

All 120 Kentucky sheriffs, certified public accountants licensed in Kentucky that perform sheriff's tax settlement, and the Auditor of Public Accounts, are affected by this administrative regulation.

**(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation.**

KRS 43.075.

**(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.**

The effect of this amended administrative regulation on the expenditures and revenues of sheriffs is neutral, resulting in no increase or decrease in expenditures or revenues.

**(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year?**

None.

**(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years?**

None.

**(c) How much will it cost to administer this program for the first year?**

There will be no cost to administer this program for the first year, other than the expenses provided for under KRS 43.070.

**(d) How much will it cost to administer this program for subsequent years?**

There will be no cost to administer this program for subsequent years, other than the expenses provided for under KRS 43.070.

**Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.**

**Revenues (+/-):**The fiscal impact of this amendment to this administrative regulation on the revenues of sheriffs is neutral, resulting in no increase or decrease in revenues.

**Expenditures (+/-):**The fiscal impact of this amendment to this administrative regulation on the expenditures of sheriffs is neutral, resulting in no increase or decrease in expenditures.

**Other Explanation:**

None.

**(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.**

The effect of this amended administrative regulation on the expenditures and revenues of sheriffs is neutral, resulting in no increase or decrease in expenditures or revenues.

**(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year?**

The fiscal impact of this amendment to this administrative regulation on the revenues of sheriffs is neutral, resulting in no increase or decrease in cost savings.

**(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years?**

The fiscal impact of this amendment to this administrative regulation on the revenues of sheriffs is neutral, resulting in no increase or decrease in cost savings.

**(c) How much will it cost the regulated entities for the first year?**

There will be no cost to administer this program for the first year, other than the expenses provided for under KRS 43.070.

**(d) How much will it cost the regulated entities for subsequent years?**

There will be no cost to administer this program for the first year, other than the expenses provided for under KRS 43.070.

**Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.**

**Cost Savings (+/-):**The fiscal impact of this amendment to this administrative regulation on the revenues of sheriffs is neutral, resulting in no increase or decrease in cost savings.

**Expenditures (+/-):**The fiscal impact of this amendment to this administrative regulation on the revenues of sheriffs is neutral, resulting in no increase or decrease in cost savings.

**Other Explanation:**

None.

**(5) Explain whether this administrative regulation will have a major economic impact, as defined below.**

"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)] This amendment to this administrative regulation will not have a major economic impact. The fiscal impact of this amendment to this administrative regulation on the revenues and expenditures of sheriffs is neutral, resulting in no increase or decrease in revenues or expenditures of sheriffs. There will be no cost to administer this program for the first year or subsequent years, other than the expenses provided for under KRS 43.070.