



Auditor of Public Accounts  
Mike Harmon

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## **Auditor Harmon: New Law Leading to Savings for Taxpayers on Audits of County Sheriffs, Clerks**

*Auditor releases initial savings numbers for agreed-upon procedures (AUP) engagements*

**FRANKFORT, Ky. (February 5, 2020)** – Acknowledging how every dollar counts for many counties across the Commonwealth, today Auditor Mike Harmon announced the first-year savings from a new law that allows agreed-upon procedures, or AUP engagements, for county sheriffs and county clerks that meet eligibility requirements to receive them.

“Initially, when we pushed for legislation to allow AUP’s for local sheriffs and county clerks in Kentucky, we estimated counties would save between 25 and 50 percent on the cost of an AUP compared to a full financial statement audit,” Auditor Harmon said during remarks at the Kentucky County Judge/Executives Association’s winter conference in Lexington. “Based on the first year of AUPs, the savings for sheriffs and clerks exceed 60 percent.”

According to Auditor Harmon, there has been a 62 percent reduction in audit costs for county clerks who received an AUP, and a savings of 67 percent for eligible county sheriffs that got an AUP instead of an audit. The numbers are based on 42 of the 45 county clerks who received an AUP for calendar year 2018 compared to the financial audit they received for 2017, and 16 of 19 county sheriffs who were approved for an AUP for 2018 that had an audit the year before.

The average cost savings amount for county sheriffs who received AUPs is more than \$6,700, and over \$5,600 for county clerks compared to the cost of a full financial audit.

“The other six AUPs, three for county clerks and three for county sheriffs, will be completed soon, so we could still see the average savings increase,” Auditor Harmon said. “The AUPs have proven to be extremely cost-effective for our counties while at the same time holding sheriffs and clerks to a high level of transparency.”

Auditor Harmon proposed the idea of AUPs for county sheriffs and county clerks during the 2018 Regular Session, and the idea became a reality with the passage of Senate Bill 144, sponsored by Sen. Stan Humphries. The legislation, which received bipartisan support during the 2018 session, allows for local sheriffs and clerks who have a past record of clean audits to be eligible to receive an AUP.

“The idea was that it would both save counties money and allow us to operate more efficiently by spending less time on low-risk audits,” said Auditor Harmon. “It also offers an incentive to sheriffs and clerks who may have only one finding to address the issue, so they could be eligible for the cost savings an AUP could provide to their county.”

Auditor Harmon acknowledged the assistance of the bill’s sponsor, the Kentucky Association of Counties (KACo), the Kentucky Sheriff’s Association, and the Kentucky County Clerk’s Association in the crafting of the AUP law, which still allows the Auditor of Public Accounts to conduct an audit of a sheriff or clerk’s office if any issues are identified during an AUP.

“County fiscal courts are not eligible to receive an AUP because most carry debt, which requires a full financial statement audit,” Auditor Harmon said. “But given that some of our counties are struggling financially, anything that my office can do to help mitigate those expenses is a responsible thing to do for taxpayers.”

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