



Auditor of Public Accounts  
Mike Harmon

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## Legislation Supported by Auditor Mike Harmon Passes Senate Committee

*Senate Bill 144 seeks to reduce audit costs for county government while continuing to hold local offices accountable to taxpayers*

**FRANKFORT, Ky. (February 21, 2018)** – A bill supported by Mike Harmon, Kentucky’s 47<sup>th</sup> Auditor of Public Accounts, was approved today in Frankfort by the Senate Standing Committee on State and Local Government. Senate Bill 144, sponsored by Sen. Stan Humphries, R-Cadiz, would help reduce audit costs on annual audits for county sheriffs and county clerks, while at the same time still holding them accountable to the taxpayers.

“An internal review of our 2015 audit reports found that around half of Kentucky’s sheriffs, and two-thirds of county clerks had clean audits, or no reported findings,” said Auditor Harmon. “This bill would allow my office the option to do a less costly agreed-upon procedures engagement for those county officials instead of a full financial statement audit.”

SB 144 would allow the Auditor of Public Accounts to do an agreed-upon procedures engagement, or AUP, which would review key internal controls or specific activities of a county sheriff or county clerk’s office. The bill is based on similar legislation that passed in Ohio, and the estimated cost of an AUP would be between 25 and 50 percent less than a full financial statement audit.

“Like the budget crunch we face on the state level, many counties are struggling to make ends meet,” Auditor Harmon said. “This bill is one way to help counties save money, recognize the good work that many of our clerks and sheriffs are doing in managing their finances, and also serve as an incentive for those who may only have one audit finding to strive toward meeting the requirements for an AUP.”

The proposed legislation would still allow the Auditor's office to convert an AUP to a full financial statement audit if at any time they determine more oversight is needed. The Auditor's office would also have the option to decline a request for an AUP due to risk assessment, the number of consecutive years a county sheriff or clerk receives an AUP, or other factors related to proper oversight.

While county sheriffs and county clerks would have the option for AUP's under SB 144, county fiscal courts would not since most Kentucky fiscal courts carry some level of debt which requires a full financial statement audit.

Auditor Harmon worked with Senator Humphries, the Kentucky Association of Counties (KACo), the Kentucky Sheriffs Association, and the Kentucky County Clerks Association in crafting the bill. Senate Bill 144 passed out of committee, and now moves on to the full Senate for consideration. The full legislation can be reviewed [here](#).

*(Photo cutline 1: (Right) Sen. Stan Humphries, R-Cadiz (1<sup>st</sup> District) discusses the context of Senate Bill 144 while Kentucky Auditor Mike Harmon looks on. Senate Bill 144 passed the Senate Standing Committee on State and Local Government, and moves on for consideration by the full Senate. (Photo: Office of Auditor Mike Harmon)*

*(Photo cutline 2: Kentucky Auditor Mike Harmon talks about how Senate Bill 144 will help local sheriffs and county clerks save money while still promoting transparency during a presentation to the Senate Standing Committee on State and Local Government's February 21 meeting in Frankfort. (Photo: Office of Auditor Mike Harmon)*

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