

# 2022 Conference On Assessment Administration

## New PVA Training and AUP update

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Shari Scott- Western Branch Manager



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# Today we will talk about:

- What an AUP is,
- The difference between an audit and an AUP,
- Why PVAs have AUP's,
- How often an AUP is required,
- Financial records that should be kept by the PVA office, and
- Other Guidance and Rules....



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# What is an AUP?

An agreed-upon procedures (AUP) engagement is one in which a practitioner is engaged to issue, or does issue, a practitioner's report of findings based on specific agreed-upon procedures applied to subject matter for use by specified parties.



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# What Does That Mean?

An agreed-upon procedures engagement often referred to as an AUP, is a type of engagement where specific procedures are performed and results are reported.

Before beginning an AUP, the Auditor's office (APA) has entered into an agreement with the Department of Revenue (and in agreement with the PVA Association) to establish the scope of work and procedures to be performed. These are agreed to by the PVA prior to beginning the AUP.

The APA would then report the findings or results of the procedures.



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# What is the difference between an audit and an AUP?

## Purpose of an Audit

- Auditor provides a (written) opinion on whether the financial statements are presented fairly, in all material respects, in accordance with an applicable financial reporting requirements.

## Purpose of an AUP

- Auditor performs specific procedures agreed to by the official.
- Written report is issued that describes the procedures applied and the findings.



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Why do  
PVAs  
have  
AUPs?



**KRS 132.601 Administrator's use  
of local funds accruing to office --  
Bank account -- Expenditures --  
Supervision**



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# Why do PVAs have AUPs?

## **KRS 132.601**

(1) The property valuation administrator of any county may, after receiving an approved budget from the Department of Revenue under the provisions of KRS 132.590, obligate and spend any of the local funds accruing to his office under the provisions of KRS 132.590 or KRS 132.285, over and above that actually used in compensating his deputies and assistants, for the purchase of any maps, lists, charts, materials, supplies or equipment, or for other expenses necessary to the proper assessment of property or preparation and maintenance of assessment rolls and records.



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# Why do PVAs have AUPs?

## **KRS 132.601**

(2) The property valuation administrator shall maintain a bank account for the management of local funds received by his office under the provisions of KRS 132.590 and 132.285. Beginning with the 1990-1992 biennium, at the end of each fiscal year a cumulative carryover of local funds equivalent to the total annual local appropriation for the ending fiscal year or five thousand dollars (\$5,000), whichever is greater, shall be retained. Any funds in excess of this amount shall be refunded by the property valuation administrator no later than August 1 to the appropriating local governments in direct proportion to their respective appropriations.



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# Why do PVAs have AUPs?

## KRS 132.601

(3) Expenditures made by the office of the property valuation administrator under the provisions of subsection (1) of this section shall be governed by **procurement procedures adopted by the fiscal court** in the county administrative code required by KRS 68.005. However, after approval of the annual budget for the office of the property valuation administrator provided in KRS 132.590 by the Department of Revenue, the necessity of the expenditure shall not be questioned by the fiscal court. **The Department of Revenue shall have neither authority nor responsibility in the auditing of expenditures made by the property valuation administrator from locally appropriated funds. The Auditor of Public Accounts shall assume the responsibility.**



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# What about my expenditures/ disbursements?

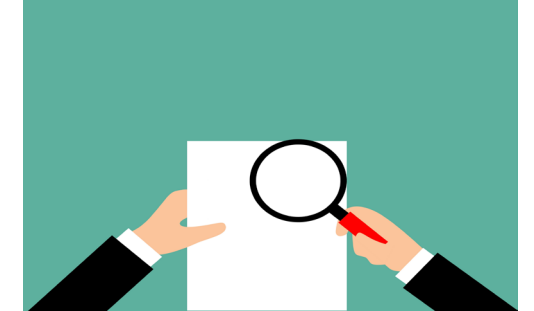
## Allowable Disbursements (Expenditures=Disbursements)

Department of Revenue (DOR) Policy - PVA Office Allowable Disbursements – [PVAAllowableExpenditures.pdf](#)

This document can be found on the DOR - PVA network

### For an expense to be allowable, it must be

- Necessary for the Office
- Beneficial to the public
- Not personal in nature
- Reasonable in amount and content



Additionally, the expense must be evidenced by adequate supporting documentation.



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What  
about my  
expenditures/  
disbursements?

## Unallowable Disbursements:

Any disbursements not meeting allowability criteria **could** be disallowed.

Disallowed expenses are required to be reimbursed by the PVA from **personal funds**.



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# How often do I need an AUP?

PVA AUP's are performed on a four-year rotation. Each PVA will have one AUP performed during each 4-year term.

Additionally, any time a PVA leaves office, a close-out AUP is performed by the APA in conjunction with the Department of Revenue's close out procedures.



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# PVA Accounting Records

## The following records must be maintained by each PVA Office:

- Bank statements (including copies of cancelled checks (Front and Back).
- Deposit tickets
- Bank reconciliations
- Disbursements ledger
- Receipts ledger



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# PVA Accounting Records

## The following records must be maintained by each PVA Office:

- **Note:** a check register does not qualify as a receipt or disbursement ledger
- Paid invoices or bills
- Copies of receipts issued to customers (if any)
- Agreements and Contracts
- Inventory list



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# PVA Accounting Records

## The following records must be maintained by each PVA Office:

- New employees list
- Ethics forms
- Office closing dates
- PVA office closing form
- Names, phone #'s, and email addresses of city clerks



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# PVA Accounting Records

## The following records must be maintained by each PVA Office:

- Revenue Cabinet- Request for deputy salary allocation
- Final approved budget
- Time sheets or daily sign in log sheets

Note: Additional items may be needed, however the items listed above are the items that the PVA should have ready upon the auditor's arrival.



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# PVA Accounting Procedures

**Additional accounting procedures that should be performed by the PVA include:**

- Daily deposits (or as often as required by DOR)
- Issuance of receipt for all monies collected in PVA office
- Establishment of internal controls to safeguard assets (**PVA responsibility**)
- Maintaining ledgers for all accounts



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# PVA Accounting Procedures

Additional accounting procedures that should be performed by the PVA include:

- Inclusion of all accounts into actual financial reports (PVA's are required to disclose all bank accounts)
- Proper classification of all expenses into the budget (All expenses should be categorized- Auditors will look for uncategorized expenses)



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# Other Guidance and Rules:



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**132.420**  
**Duties and**  
**powers of**  
**property**  
**valuation**  
**administrator**

The property valuation administrator shall, **subject to the direction, instruction, and supervision of the Department of Revenue**, make the assessment of all property in his county except as otherwise provided, prepare property assessment records, and have other powers and duties relating to assessment as may be prescribed by law or by the department.



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KRS 132.370  
Property  
valuation  
administrator's  
status as state  
official

(1) There shall be a property valuation administrator in each county in lieu of a county assessor. Property valuation administrators **shall be state officials** and all deputies and assistants of their offices shall be unclassified state employees.



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**132.605 Purchase of  
assessment supplies  
and equipment by  
county  
-- Purchase and loan  
by Department of  
Revenue--  
Maintenance**

(1) The fiscal court of each county shall have jurisdiction and the power to **purchase and supply** to the property valuation administrator any maps, lists, charts, materials, supplies, equipment or instruments which are reasonably necessary for a complete and accurate assessment of property in the county. The Department of Revenue is authorized to purchase and loan any property valuation administrator such maps, lists, charts, materials, supplies, equipment or instruments as are urgently needed by any property valuation administrator, provided that the Department of Revenue keeps a record thereof.



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**132.605 Purchase of  
assessment supplies  
and equipment by  
county  
-- Purchase and loan  
by Department of  
Revenue--  
Maintenance**

(2) The fiscal court of any county **shall provide** for the maintenance of all maps, lists, charts, materials, supplies, equipment or instruments owned by a county or supplied to it by the Department of Revenue or by any source in cooperation with the Department of Revenue for the purpose of facilitating the assessment of property.



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132.590  
Compensation of  
administrator -- Salary  
schedule -- Salary  
adjustments --  
Advancement in  
grade -- Biennial  
budget -- Allowances  
for deputies --  
Payments by fiscal  
court

(12) After submission to the State Treasury or to the property valuation administrator of the county funds budgeted for personnel compensation under subsection (11) of this section, the fiscal court shall pay the remainder of the county appropriation to the office of the property valuation administrator on a quarterly basis. Four (4) equal payments shall be made on or before September 1, December 1, March 1, and June 1 respectively. Any unexpended county funds at the close of each fiscal year shall be retained by the property valuation administrator, except as provided in KRS 132.601(2). **During county election years the property valuation administrator shall not expend in excess of forty percent (40%) of the allowances available to his office from county funds during the first five (5) months of the fiscal year in which the general election is held.**



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FINANCE AND  
ADMINISTRATION  
CABINET  
MANUAL OF  
POLICIES AND  
PROCEDURES

Amended February  
2016

This manual is incorporated by  
reference as an administrative  
regulation, pursuant to 200 KAR 5:021.

This manual provides guidance over  
the following related subjects:

- USE OF PUBLIC FUNDS
- CASH HANDLING
- INTERNAL CONTROLS (INCLUDING  
THE SEGREGATION OF DUTIES)



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Current  
2021-2022  
Agreed  
Upon  
Procedures

here &  
NOW



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# Current PVA AUP Procedures

1. Determine if the PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. Re-perform the year-end bank reconciliation (June 30, 2022) for all bank accounts, to determine if amounts are accurate.
2. Confirm all payments made by the city to the PVA. Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also compare recorded city receipts to the DOR list of cities to determine if the PVA has accounted for all city receipts.



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# Current PVA AUP Procedures

3. Confirm all payments made by the fiscal court to the PVA. Compare the budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.
4. Select one month (July 2021 – June 2022) and review bank statement to determine if deposits were made weekly at a minimum or if receipts of \$250 or more are deposited daily. Choose one week from month selected and determine if pre-numbered receipts were issued.



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# Current PVA AUP Procedures

5. Determine if the PVA has a change fund and document the amount of the PVA's change fund.
6. Judgmentally select 15 disbursements from PVA records and agree amounts to paid invoices or other supporting documentation and bank records. Determine if the disbursement is for official business. Inspect all credit card statements (if any) to determine if disbursements are for official business.



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# Current PVA AUP Procedures

7. Compare capital outlay disbursements with supporting documentation, bank records, and proper purchasing procedures. Observe newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.
8. Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.



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# Current PVA AUP Procedures

9. Compare the PVA's final budget to actual disbursements to determine if the PVA overspent in any account series.
10. Determine whether cash balances were properly transferred from the former PVA to the new PVA.



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# Current PVA AUP Procedures

11. For PVA office employees hired between July 1, 2021, and June 30, 2022, determine if the Ethics Certification Form has been completed and is on file.
12. Determine if the PVA's office was closed any day other than the state's approved holidays. If so, determine if the proper procedures and forms were completed.



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# 2023 NEW COUNTY OFFICIAL AUDIT CONFERENCE

New County Judge/Executives  
New Magistrates and Commissioners  
New Sheriffs  
New County Treasurers  
New County Clerks  
New Finance Officers  
New Jailers

Wednesday, January 18th

This virtual  
conference is  
**Free!**

Topics Covered include:

**What is an Audit**

**Bookkeeping/Important Dates**

**Internal Controls**

**Common Audit Findings**

**Preparing for your Audit**

**Fraud case study presented by the FBI**



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# Any Questions



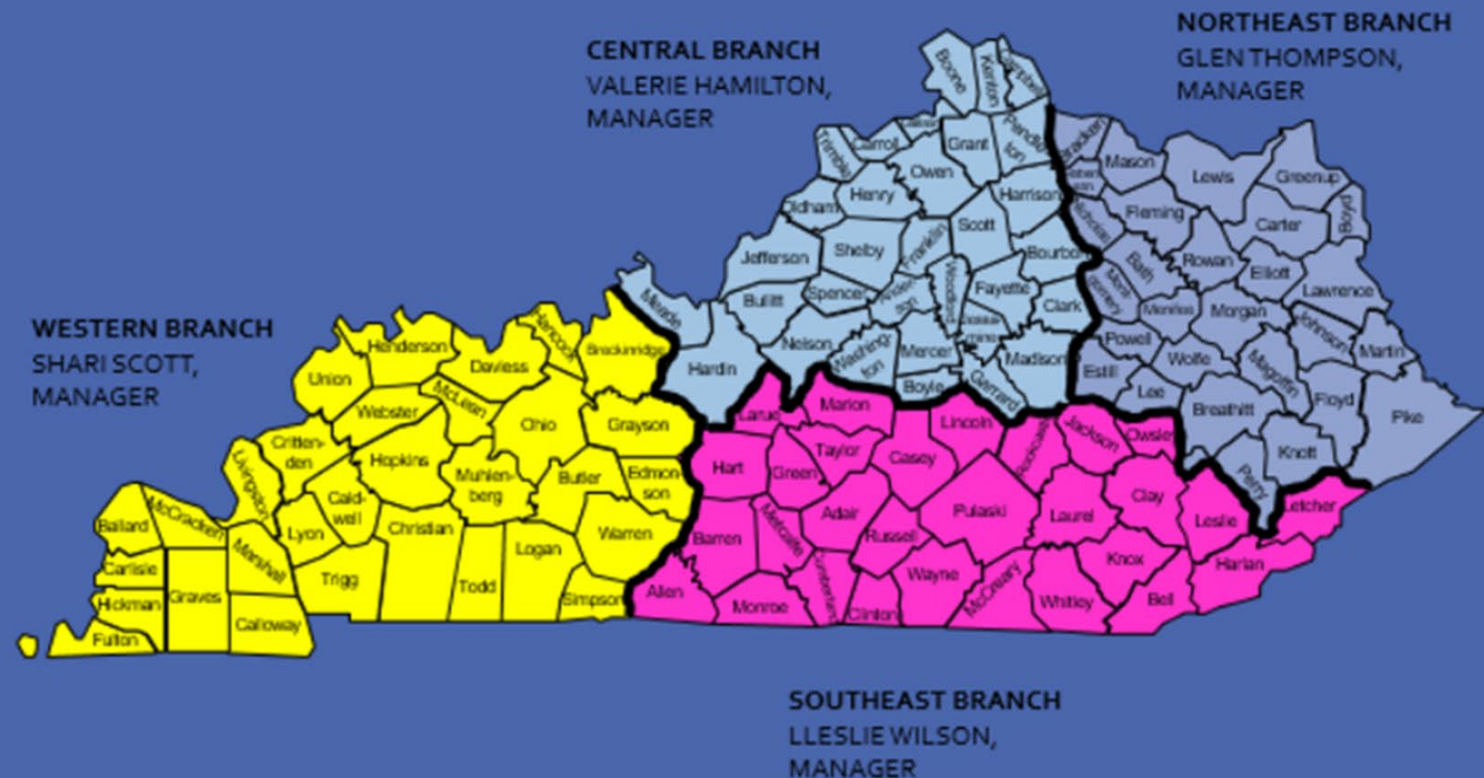
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# APA County Assignments

OFFICE OF LOCAL GOVERNMENT AUDITS  
Jim Royse, Executive Director



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