

Audit Requirements for Local Extension Units

In response to legislation (K.S.A. 75-117) which raised the municipal audit thresholds and requires the use of agreed upon procedures or enhanced agreed upon procedures in lieu of an audit under certain circumstances, the State of Kansas Department of Administration, Municipal Services, has issued new audit guidelines:

- An audit, performed by a licensed certified public accountant, is required if annual receipts from any source total over \$500,000.
- Municipalities with receipts in excess of \$275,000, but less than \$500,000 are required to have agreed upon procedures, in lieu of an audit, and if at that level for three consecutive years, enhanced agreed upon procedures are required in the third year.
- Municipalities with receipts of \$275,000 or less do not meet the agreed upon procedures or audit requirements of the legislation, thus no audit is required.

An additional requirement (K.S.A. 75-1124) is that the audit report or agreed upon procedures report, and any recommendations such as management letters, be filed by the auditor with Municipal Services, State of Kansas Department of Administration within one year after the end of the audit period. The report must be filed before the final payment can be made to the auditor. The audit filing fee must be paid to the Division when the audit report is filed. An acknowledgment letter is mailed to the auditor by Municipal Services immediately upon receipt of the audit. All audits or agreed upon procedure reports are required to be in an electronic format. Instructions for the electronic submission of audits/reports can be found on the Municipal Services website: <http://www.admin.ks.gov/offices/chief-financial-officer/municipal-services>.