

DECENTRALIZATION OF THE PRE-AUDIT FUNCTION

1. The FAC shall determine the capability of an agency to assume the pre-audit function and assess the agency's ability to retain the pre-audit function. If the FAC determines the agency has a capability to assume the pre-audit function, the agency shall assume pre-audit authority pursuant to KRS 45.121.
2. The pre-audit function shall consist of verification of the validity of claims. Verification shall include an edit applied to a document by the computerized system, as well as review of accounts and elements applied, and review of conformance with applicable rules, regulations or legal requirements.
3. An agency that assumes the pre-audit authority shall meet the following requirements:
 - a. An Authority Delegation Agreement and any applicable attachments to the Agreement shall be executed between the responsible official of the agency, the State Controller and the secretary of the FAC or designee. This Agreement shall incorporate by reference agency approval authorizations.
 - b. Periodic post-audit review may be made by the FAC to ensure the effective functioning of the pre-audit process. The audit may be performed randomly without any notice to the agency.
 - c. The agency shall adhere to the Kentucky Department for Libraries and Archives document retention schedule and FAC policies and procedures in regards to Document Retention, Prompt Payment of Vendors and Open Records Requests.

Relates to: KRS 45.121; KRS 45.237