

**2007 Regular Legislative Session**  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
**Prepared by the Oregon Legislative Fiscal Office**

---

**MEASURE NUMBER:** SB 72

**STATUS:** Original

**SUBJECT:** Criteria and reporting requirements for investigation of loss of public funds or property.

**GOVERNMENT UNIT AFFECTED:** Secretary of State Division of Audits; Department of Administrative Services

**PREPARED BY:** Adrienne Sexton

**REVIEWED BY:** Daron Hill, Dallas Weyand

**DATE:** January 22, 2007

---

**2007-2009**

**2009-2011**

**EXPENDITURES:**

**Indeterminate – See Comments**

**EFFECTIVE DATE:** January 1, 2008

**GOVERNOR’S BUDGET:** This bill is not anticipated by the Governor’s recommended budget.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**COMMENTS:** The measure would redefine which public officials would be subject to investigation by the Secretary of State Division of Audits, for loss of public funds or property. A statutory threshold of \$100 of loss would be established for mandatory reporting by an agency. The Division of Audits would have 30 days from receiving a report of loss to determine whether to conduct an investigation.

The number and timing of reports made under the measure’s provisions cannot be predicted. Further, the extent of an investigation would depend on the initial findings made by the Division of Audits. The Director of Audits reports that an investigation can be resolved with one phone call, or require the involvement of the state police, Department of Justice, or a district attorney. A complex investigation conducted last biennium cost \$73,000. Division of Audits expenses for conducting an investigation are recovered either through the agency’s biennial audit assessment, or if a trust fund agency, from a billed rate.

The Secretary of State’s budget funds the Division of Audits for the conduct of financial audits required by the Oregon Constitution and statute, and discretionary audits. Because investigation costs under SB 72 would be reimbursed, if the number and extent of investigations create a need for increased Other Funds limitation, the Secretary of State could submit a request to the Emergency Board.

There is no fiscal impact on the Department of Administrative Services to communicate the revised criteria to all state agencies and public officials subject to the measure.