

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 4 - 0 - 1

Yeas: Kruse, Morse, Westlund, Walker

Nays: 0

Exc.: Metsger

Prepared By: Dana Richardson, Administrator

Meeting Dates: 1/18, 2/8

WHAT THE MEASURE DOES: Directs Secretary of State to enter into agreements with semi-independent state agencies and the Oregon Tourism Commission to set financial review schedules. Deletes requirement that the Secretary set audit schedules for those entities. Allows Secretary to contract for financial reviews of semi-independent state agencies or Oregon Tourism Commission with an independent CPA. Relieves Secretary of duty to audit or review state agency when agency director retires under certain circumstances. Deletes requirement that Secretary post audit disbursements from the Department of Veterans' Affairs Conservatorship Revolving Account. Repeals requirement that Secretary audit account of sheriff who performs service for the state. Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- Deterrent effect of audit when director retires
- Assurance to retiring director that problems would not surface later
- Guarantee that audits will still be conducted when risk is identified

EFFECT OF COMMITTEE AMENDMENT: Retains requirement to audit or review state agency when agency director retires. Provides exception to this requirement if an audit or review occurred within six months prior to director retirement or if the Secretary has not received a report of malfeasance by the retiring director within the prior twelve months.

BACKGROUND: Current law requires the Audits Division of the Secretary of State to conduct audits under certain circumstances. Some audits are time-consuming and expensive. The Audits Division estimates that over the three fiscal years preceding 2005 they conducted over 47 Change of Director Audits at a cost of over \$800,000. This bill deletes required reviews and audits for areas that appear to be low-risk. It also limits instances when audits for retiring agency directors must occur.