

**REVENUE:** No revenue impact

**FISCAL:** Minimal fiscal impact, no statement issued

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**Action:** Do Pass

**Vote:** 8 - 0 - 0

**Yeas:** Cameron, Clem, Conger, Matthews, Sheehan, Smith J., Holvey, Whisnant

**Nays:** 0

**Exc.:** 0

**Prepared By:** Jan Nordlund, Administrator

**Meeting Dates:** 2/24

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**WHAT THE MEASURE DOES:** Removes the Secretary of State from the process of collecting delinquent debts, approving criteria for determining uncollectible debts, and certifying debts as uncollectible. Applies to debts determined to be uncollectible on or after the effective date. Declares an emergency, effective on passage.

**ISSUES DISCUSSED:**

- Amount of time the Office of the Secretary of State spends on this responsibility
- Tightening independence standards for auditors
- Attorney General's unchanged responsibility to approve criteria

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Government auditing standards require auditors to maintain independence from the management duties that involve the areas to be audited. Since the auditing errors of Enron and Arthur Anderson Consulting were exposed, the audit standards for independence have been tightened. The Office of the Secretary of State purports that it risks losing its position of independence when it is directing an agency to write off uncollectible debts and then later auditing the same agency.