

**REVENUE:** No revenue impact

**FISCAL:** Fiscal statement issued

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by prior reference
<b>Vote:</b>	5 - 3 - 0
<b>Yeas:</b>	Clem, Matthews, Smith J., Holvey, Whisnant
<b>Nays:</b>	Cameron, Conger, Sheehan
<b>Exc.:</b>	0
<b>Prepared By:</b>	Jan Nordlund, Administrator
<b>Meeting Dates:</b>	3/8, 4/20

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**WHAT THE MEASURE DOES:** Requires contracting agency that conducts procurement for public improvement to pay a fee equal to one-tenth of one percent of contract price to Office of the Secretary of State (SOS) unless contract funds restrict such use. Allows SOS to require contracting agency to pay for audit if the one-tenth of one percent fee was not paid. Requires SOS to use the money to conduct financial, compliance and performance audits of public improvement contracts. Requires SOS to publish report of each audit on the SOS website and Oregon transparency website. Allows the Legislative Assembly to review or convene work group to review audit reports. Declares an emergency, effective on passage.

**ISSUES DISCUSSED:**

- Positions of various contracting and trades associations and municipalities
- Existing internal audits of public improvement contracts by municipalities
- Random selection of contracts to audit
- Whether state has an interest in local contracts when no state funds are involved

**EFFECT OF COMMITTEE AMENDMENT:** Deletes requirement that fee be paid if contracting agency uses funds subject to provisions that restrict the use of funds for such purpose. Allows SOS to require a contracting agency to pay for the audit if the fee was not paid. Deletes random selection of contracts to be audited. Allows the Legislative Assembly to review or convene work group to review audit reports.

**BACKGROUND:** Although the Secretary of State currently has constitutional authority to audit any public account, House Bill 3415-A directs the Secretary to use money available in Public Contracting Audit Account to conduct specified audits.