

HB 2110 -2 STAFF MEASURE SUMMARY

House Committee On Emergency Management, General Government, and Veterans

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Meeting Dates: 1/24, 2/2

WHAT THE MEASURE DOES:

Eliminates the requirement that certain state agencies withhold moneys from municipal corporations that fail to file audit reports with the Secretary of State. Removes provisions related to addressing deficiencies identified in audit reports. Increases expenditure thresholds for audit exemptions for municipal corporations. Replaces the requirement that certain municipal corporations have financial statements reviewed with requirement to have certain procedures performed on financial statements.

ISSUES DISCUSSED:

- Updating statutes relating to municipal audits
- Selecting correct level of review
- Keeping fees consistent with costs
- No expected impact from removing sanctions related to audit compliance
- Availability of municipal auditors

EFFECT OF AMENDMENT:

-2 Replaces original measure. Eliminates the requirement that certain state agencies withhold moneys from municipal corporations that fail to file audit reports with the Secretary of State. Eliminates reference to "calendar year" regarding total expenditures triggering audits and reviews and increases thresholds for triggering audits and reviews. Directs Secretary of State to establish, by rule, procedures to be performed on financial statements, in consultation with Board of Accountancy and Oregon Society of Certified Public Accountants. Repeals provisions related to federal audits and submission of audit reports to Department of Revenue. Authorizes Secretary of State to investigate work of accountant if found to fail to comply with certain requests. Revise fee schedule for filing fees. Repeals provisions related to roster of accountants authorized to perform municipal audits. Eliminates \$100 cap on biennial fee for continuance on roster of authorized accountants.

FIS:

RIS:

BACKGROUND:

The Audits Division of the Oregon Secretary of State is charged with protecting the public interest by ensuring that that public funds are spent in the manner that is statutorily required and permitted, and that public moneys are properly accounted for. This mission includes review of financial affairs of municipal corporations, a term that encompasses counties, cities, ports, school districts, community college districts, and public universities, as well as some other quasi-public entities. Municipal corporations over a specified size, measured in terms of total expenditures, are required to file annual audit reports, or, alternatively, to file an annual review report. Both audit reports and review reports require the participation of a licensed municipal auditor.