

Technical Fixes to Municipal Audits

HB2103

BACKGROUND

Secretary Fagan's mission is to **build trust** between the people of Oregon and our state government so that public services can make a positive impact in people's lives. We seek to achieve this mission by extending that trust to local governments and those they serve. Making improvements to Municipal Audits Law will assist local government in being transparent and accountable to those they serve, and clarify and update the requirements of

this reporting requirement. Municipal Audit Law was compiled into its current form in 1941 and has remained relatively unchanged. Periodically, revisions are needed in the law (ORS 297.405-297.990) to update terminology to better align with current practice and professional standards and adjust requirements to further the goal of improved transparency and accountability of local governments.

THIS CLEAN-UP BILL HELPS THE PROGRAM REMAIN CURRENT AND IMPROVE ACCOUNTABILITY

<p style="text-align: center;">01</p> <p style="text-align: center;">Update and clarify definitions to better align with professional accounting and auditing standards;</p>	<p style="text-align: center;">02</p> <p style="text-align: center;">Remove amount of the municipal auditor license fee to allow the Oregon Board of Accountancy regulatory oversight as intended; and</p>	<p style="text-align: center;">03</p> <p style="text-align: center;">More clearly define terms to assist with compliance and remove outdated or unnecessary language.</p>
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Auditors must follow American Institute of CPA's (AICPA) Auditing Standards and CPA ethics rules when performing audits. The advancement in auditing standards over the past 80 years have clarified requirements for assessing risk, documenting work, considering risks of fraud and non-compliance, and communicating with those charged with governance. It is prudent to refer to those standards directly rather than specifically

list some of the components required of auditors. The minimum standards (OAR 162-010 and 162-040) remain; they require auditors to perform procedures over, and comment on, specific compliance. These clarifications do not increase or alter the authority of the Secretary of State, or impose additional requirements on auditors or municipalities than what is already required by professional auditing standards.

