

Summer Sears CPA, LLC

Finance & Accounting Support for Local Governments

Testimony in SUPPORT of HB 2110 *relating to municipal audits.*

I work as a financial consultant to many smaller local governments in Oregon, including cities and special districts (libraries, park and recreation, etc.). For many of my clients, obtaining an annual financial review or audit, and filing timely, has become extremely challenging.

- No CPAs / Auditors to be found
- COST greatly outweighs VALUE
- Lack of Skills, Knowledge, or Expertise (SKE) within the government agency

→ Why are CPAs /Auditors so hard to find?

- Government audits and reviews are highly complex, with low margin
- Smaller clients' lack of financial SKE increases audit risk
- Other barriers – Municipal Auditor License, Oregon Minimum Standards

For smaller organizations with few (and sometimes no) staff, the financial burden and effort required takes away time and resources to provide services to citizens.

Why HB 2110 matters:

#1 - Raising the thresholds for exceptions to full audits will:

- Allow the smallest municipalities to focus resources on providing services, and
- Free up municipal auditors to review higher-risk governments and projects.

#2 – Replacing Reviews with Agreed-upon Procedures will:

- Focus the financial burden and effort on information that is critical to ensuring transparency and accountability, and
- Provide more value to citizens and the municipality.

**** The primary objective of municipal audit law is to ensure accountability and transparency. This is an incredibly important point and should not be ignored. ****



99% of total municipal expenditures will still be subject to a full-blown AUDIT conducted by a Licensed Municipal Auditor

Thank you for this opportunity to submit testimony in SUPPORT of HB 2110.