

February 23, 2023

Chair Taylor, Vice Chair Bonham, and Senate Committee members:

Please vote to **APPROVE HB 2110-A** relating to municipal audits.

Why HB 2110-A matters:

#1 - Raising the thresholds for exceptions to audits and reviews 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.

I work as a financial consultant (CPA) to many smaller local governments in Oregon, including small cities and special districts (libraries, park and recreation, etc.). For many of my clients, obtaining an annual financial review or audit, and filing the report timely, has become extremely challenging for various reasons – there are not enough CPAs/Auditors available to take on these engagements; COST to the local government greatly outweighs VALUE; and there is often a lack of Skills, Knowledge, or Expertise (SKE) within the government agency.

Additionally, for smaller organizations with few (and sometimes no) staff, the financial burden and effort required to prepare for and undergo an audit *takes away time and resources to provide services to citizens*. HB 2110-A will alleviate this burden with very little sacrifice to public transparency and accountability.

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

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