

## HB 2110 A STAFF MEASURE SUMMARY

### Senate Committee On Labor and Business

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**Prepared By:** Whitney Perez, LPRO Analyst

**Meeting Dates:** 3/2, 3/7

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#### WHAT THE MEASURE DOES:

Eliminates requirement that certain state agencies withhold monies from municipal corporations that fail to file audit reports with the Secretary of State. Removes certain provisions addressing deficiencies identified in audit report. Eliminates reference to "calendar year" regarding total expenditures triggering audits and reviews. Increases expenditure thresholds for triggering certain audits. 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. Directs Secretary of State to establish, by rule, categories and types of spending that constitute expenditures for purposes of determining need for audit and filing fee costs. Repeals provisions related to federal audits and submission of audit reports to Department of Revenue. Modifies procedures taken when an audit, audit report, or expression of opinion did not follow prescribed standards. Revises fee schedule for filing fees. Repeals provisions related to roster of accountants authorized to perform municipal audits. Eliminates \$100 fee cap on biennial fee for continuance on roster of authorized accountants. Makes conforming amendments.

#### ISSUES DISCUSSED:

- Entities that are not subject to auditing requirement
- "Local government" includes special districts
- Impact of measure on local government entities

#### EFFECT OF AMENDMENT:

No amendment.

#### BACKGROUND:

The Audits Division of the Oregon Secretary of State is charged with protecting the public interest by ensuring that public funds are spent in the manner that is statutorily required and permitted, and that public moneys are properly accounted for. The 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.

House Bill 2110 A makes several technical changes to statutes related to municipal audits, eliminates the requirement that certain state agencies withhold moneys from municipal corporations that fail to file audit reports with the Secretary of State, modifies fee schedules and thresholds for reporting and audit requirements, and repeals outdated provisions.