

# Senate Bill 298

Sponsored by Senator THATCHER (Presession filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires Oregon Department of Administrative Services to contract with private auditing firm not located in this state to conduct audit of all nonprofit organizations that since January 1, 2019, received moneys paid, directly or indirectly or through state agency or otherwise, from State Treasury. Specifies standards for and contents of audit. Requires auditing firm to submit report to Legislative Assembly not later than December 31, 2024.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to audits of nonprofit organizations that receive state moneys; and prescribing an effective  
3 date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. (1)(a) The Oregon Department of Administrative Services shall contract with**  
6 **a private firm with experience in auditing the financial condition and financial practices of**  
7 **nonprofit organizations, the principal office of which is not located in this state, to conduct**  
8 **an audit of all nonprofit organizations that since January 1, 2019, have received moneys paid,**  
9 **directly or indirectly or through a state agency or otherwise, from the State Treasury. The**  
10 **audit, at a minimum, must:**

11 **(A) Determine how much of the nonprofit organization's budget and expenditures in each**  
12 **fiscal year in which the nonprofit organization received moneys paid as provided in this**  
13 **paragraph consisted of moneys paid as provided in this paragraph;**

14 **(B) List for each nonprofit organization the source of moneys paid as provided in this**  
15 **paragraph and whether the nonprofit organization received the moneys through a compet-**  
16 **itive process or as a direct grant;**

17 **(C) Identify any statutes, administrative rules or state agency policies that applied to the**  
18 **award of the grant and the nonprofit organization's use of the moneys paid as provided in**  
19 **this paragraph;**

20 **(D) Examine the nonprofit organization's expenditures to determine whether the**  
21 **nonprofit organization used the moneys paid as provided in this paragraph in accordance**  
22 **with the statutes, rules and policies identified in subparagraph (C) of this paragraph; and**

23 **(E) Identify how much of the moneys paid as provided in this paragraph that the**  
24 **nonprofit organization spent on administration, including amounts the nonprofit organization**  
25 **spent on executive salaries or salaries for board members, listing the actual amounts for**  
26 **each nonprofit organization and each position and calculating as a percentage of the moneys**  
27 **the nonprofit organization received the amounts that the nonprofit organization spent as**  
28 **described in this subparagraph.**

29 **(b) The auditing firm must conduct the audit in compliance with generally accepted au-**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **ding standards or, if appropriate for the type of audit the firm must conduct to make a**  
2 **finding required under paragraph (a) of this subsection, other applicable auditing standards,**  
3 **and must examine the extent to which each nonprofit organization's accounting practices**  
4 **comply with generally accepted accounting principles.**

5 **(2)(a) The auditing firm shall prepare a report that summarizes and explains the firm's**  
6 **findings and provides supporting evidence for any conclusions the firm reaches concerning**  
7 **the findings.**

8 **(b) The firm shall recommend any changes in state agency oversight or the accountabil-**  
9 **ity, practices or operations of nonprofit organizations that receive moneys paid as provided**  
10 **in subsection (1)(a) of this section that are necessary to ensure that:**

11 **(A) Adequate competition for state funding exists to ensure that recipients of moneys**  
12 **paid as provided in subsection (1)(a) of this section do not receive undue advantages over**  
13 **other potential recipients; and**

14 **(B) Moneys paid as provided in subsection (1)(a) of this section fund intended programs**  
15 **and provide intended benefits, with minimal expenditures on administrative costs and or-**  
16 **ganizational overhead.**

17 **(c) The auditing firm shall submit the report in the manner provided by ORS 192.245 not**  
18 **later than December 31, 2024, and in addition shall submit copies of the full report to each**  
19 **member of the Joint Committee on Legislative Audits, the presiding officers of each house**  
20 **of the Legislative Assembly and the leaders of the minority caucus in each house. The report**  
21 **may include recommendations for legislation.**

22 **SECTION 2. This 2023 Act takes effect on the 91st day after the date on which the 2023**  
23 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

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