

HOUSE COMMITTEE ON AUDITS

May 03, 2005 Hearing Room D

8:30 A.M. Tapes 71 - 72

MEMBERS PRESENT: Rep. Jerry Krummel, Chair

Rep. Tom Butler, Vice-Chair

Rep. Diane Rosenbaum, Vice-Chair

Rep. Alan Brown

Rep. Jackie Dingfelder

STAFF PRESENT: Jim Keller, Committee Administrator

Kellie Whiting, Committee Assistant

MEASURES/ISSUES HEARD:

HB 2026 – Work Session

HB 2166 – Work Session

HB 2236 – Work Session

HB 3028 – Work Session

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/# Speaker Comments

TAPE 71, A

002 Chair Krummel Calls the meeting to order at 8:40 a.m. and opens the work session on HB 2026.

HB 2026 – WORK SESSION

008 Jim Keller Committee Administrator. Explains HB 2026 and refers to the -1 amendment (**EXHIBIT A**).

011 Rep. Butler Comments on the internal audits' purpose as written in the -1 amendment. States opinion on internal auditing standards.

015 Rep. Butler **MOTION: Moves to ADOPT HB 2026-1 amendments dated 2/7/05.**

020 **VOTE: 5-0-0**

Chair Krummel **Hearing no objection, declares the motion CARRIED.**

021 Rep. Butler **MOTION: Moves HB 2026 to the floor with a DO PASS AS AMENDED recommendation.**

028 **VOTE: 5-0-0**

AYE: In a roll call vote, all members present vote Aye.

Chair Krummel **The motion CARRIES.**

REP. BUTLER will lead discussion on the floor.

035 Chair Krummel Closes the work session on HB 2026 and opens the work session on HB 2166.

HB 2166 – WORK SESSION

038 Jim Keller Committee Administrator. Explains HB 2166 and refers to the – 1 amendment (**EXHIBIT B**).

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| 056 | Rob Douglas | Oregon Society of Certified Public Accountants. States the department has seen the -1 amendment and is in support of the bill as amended. |
| 062 | Chair Krummel | Inquires who presented the -1 amendment. |
| 067 | Keller | Responds Rep. Butler and Ms. Carol Reeves. |
| 068 | Chair Krummel | Refers to (EXHIBIT B, page 1) and inquires about the deletion of roster requirements. |
| 074 | Rep. Butler | Provides clarification about the language regarding the roster requirements in the -1 amendment. Comments on the required necessary training in the state of Oregon. |
| 112 | Chair Krummel | Inquires about the rule making authority on page four. |
| 117 | Rep. Butler | Speaks to the continuing education issues. |
| 130 | Douglas | Responds they would oppose the abolishment of the municipal roster. |
| 140 | Chair Krummel | Inquires if it is common to be in conflict with the board and the association. |
| 141 | Perry Ankerson | Comments they are not in conflict with the board, and concurs with Rep. Butler with respect to Oregon having unique auditing requirements. Explains the licensure requirements and continuing education for auditing. |
| 184 | Rep. Butler | States he will stand by the bill. Explains how the bill provides employment protection for those who have the examination and for persons grandfathered in. |
| 248 | Ankerson | Responds about the requirements of continuing education. Comments on the field work standards. Suggests adopting the government auditing standards or municipal licensing. |
| 297 | Rep. Butler | Responds about the continuing education requirements. |
| 319 | Chair Krummel | Inquires about the municipal rules. |

- 336 Carol Reeves Administrator, Board of Accountancy. Clarifies that the Board of Accountancy has not considered the -1 amendments. Comments on the continuing education requirements.
- 369 Chair Krummel Clarifies the amendments allows the board to set the continuing education standards for audits.
- 374 Reeves Concurs.
- 394 Rep. Butler Comments on the continuation of competency and the comments on the grandfathered in licenses. Comments on the cost incurred from the unique municipal roster.

TAPE 72, A

- 017 Rep. Butler Comments on the reduction of cost.
- 022 Rep. Rosenbaum Inquires if the only requirement for being on the roster is to complete the annual 24 hours of continuing education, dealing with government audits.
- 024 Reeves Explains the Board of Accountancy's requirements in regards to continuing education for municipal auditing.
- 034 Rep. Rosenbaum Inquires if the language of the bill was approved, what would change about the process for certification.
- 038 Reeves Responds about the continuing education for renewal, and a possible 24 hr. renewal requirement before signing the roster in which would assure the experience in governmental auditing before conducting an audit.
- 051 Chair Krummel Clarifies there is nothing to prevent the Board from maintaining the roster.
- 054 Rep. Butler Clarifies about the fee for the roster and the continuing education.
- 062 Reeves Concurs and explains the fees incurred to be on the roster. Comments on the affects of the amendments.

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| 088 | Chair Krummel | Inquires about a company sending an unqualified auditor. |
| 101 | Ankerson | Responds about the auditing standards and the individual supervision. States they do not oppose the removal of the municipal auditor roster, if there is appropriate protection. |
| 144 | Rep. Butler | Inquires about the number of hours allowed for continuing education requirements. |
| 161 | Ankerson | Responds about the language of may and comments on the possibility of lowering the standard. |
| 165 | Chair Krummel | Comments on the responsibility of protecting the public and the role of the Board of Accountancy. |
| 188 | Ankerson | Comments the protection of the public is broad. Comments on the government auditing standards. |
| 201 | Chair Krummel | Inquires about changing the language of may to shall and insert language in terms of government standards. |
| 224 | Rep. Butler | Comments on the language regarding continuing education for competency. Reiterates his concern about the costs for small firms and small audits. |
| 281 | Ankerson | Comments on the continuation education standards. |
| 295 | Chair Krummel | Inquires if the concerns could be addressed through -2 amendments. |
| 318 | Rep. Butler | Inquires if the shall language is problematic. |
| 323 | Reeves | States she would like the language to remain at may. |
| 344 | Ankerson | Responds about the changes. |
| 354 | Chair Krummel | Closes the work session on HB 2166 and opens a work session on HB 2236. |

HB 2236 – WORK SESSION

- 363 Jim Keller Committee Administrator. Explains HB 2236 and refers to -1 amendment (**EXHIBIT C**).
- 402 Rep. Dingfelder Inquires if the Department of Veterans' Affairs and the Department of Transportation do not coordinate rental properties through the Department of Administrative Services (DAS).
- 413 Bill Foster Administrator of Facilities, Department of Administrative Services. Provides clarification.

TAPE 71, B

- 020 Chair Krummel Requests staff to contact Legislative Counsel. Closes the work session on HB 2236 and opens a work session on HB 3028.

HB 3028 – WORK SESSION

- 049 Jim Keller Committee Administrator. Explains HB 3028. Submits prepared testimony from Eugene Schoenheit (**EXHIBIT D**).
- 072 Rep. Butler Comments on the concern of implementation.
- 082 Rep. Brown Comments on the bill not specifying who can participate.
- 090 Rep. Dingfelder Expresses the concern over the bureaucracy and asks if the suggestions could go through legislators or become a part of the plan already in place.
- 103 Chair Krummel Comments on the issues of logistics, in terms of the amount of savings.
- 113 Rep. Rosenbaum Comments on the fiscal concerns and a non-monetary incentive.
- 135 Rep. Dingfelder Comments on the issues of employment exemption.
- 143 Chair Krummel Comments on the logistic and language issues.
- 158 Rep. Butler Comments on the social-economic benefits and the ideas currently being worked on. Comments on the opportunity to work on incentive plans. Comment on tax expenditures.

220

Chair Kummel

States HOB 2236 and HB 3028 will be addressed on Thursday, May 5, 2005. Closes the work session on HB 3028 and adjourns the meeting at 10:00 a.m.

EXHIBIT SUMMARY

- A. **HB 2026, -1 amendments, staff, 1p**
- B. **HB 2166, -1 amendments, staff, 9 pp**
- C. **HB 2236, -1 amendments, staff, 1 p**
- D. **HB 3028, prepared testimony of Eugene Schoenheit, staff, 2 pp**