

HOUSE COMMITTEE ON AGENCY OVERSIGHT AND EFFICIENCY

January 21, 1997 Hearing Room H-170

1 P.M. Tapes 2 - 3

MEMBERS PRESENT:

Rep. Jane Lokan, Chair

Rep. Richard Devlin, Vice-Chair

Rep. Tom Bryan

Rep. Ryan Deckert

Rep. Steve Harper

Rep. Eldon Johnson

Rep. Mike Lehman

MEMBER EXCUSED:

STAFF PRESENT:

Brian Griffin, Administrator

Valerie Luhr, Administrative Support

Jennifer Peck, Committee Clerk

MEASURE/ISSUES HEARD:

Roles of Secretary of State and Legislative Fiscal Office in Audits

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 2, A		
005	Chair Lokan	Calls the meeting to order at 1 p.m.
008	Brian Griffin	Committee Administrator. Announces the changes in the day's agenda.

	Chair Lokan	Comments on scheduling procedures for the committee and future meetings subjects.
<u>ROLES OF SECRETARY OF STATE AND LEGISLATIVE FISCAL OFFICE IN AUDITS</u>		
044	John Lattimer	Legislative Fiscal Officer. Submits and summarizes written information [EXHIBIT A] on the auditing process.
090	Lattimer	Continues testimony.
138	Chair Lokan	Asks if program evaluations are the same as the compliance parts of audits.
138	Lattimer	Explains evaluations and compliance. Continues testimony.
183	Lattimer	Continues testimony.

* Management reviews

* Policy analysis

* Relationship between Legislative Fiscal Office and Audits Division

246	Chair Lokan	Questions and discussion on how audits are done in conjunction with other agencies.
288	Rep. Harper	Questions and discussion on the decision to perform audits.
336	Chair Lokan	Questions and discussion on the budgeting process.
363	Vice Chair Devlin	Questions and discussion on accountability of audit recommendations.
TAPE 3, A		
018	Vice Chair Devlin	Questions and discussion on relationship between the legislative and executive branches pertaining to audit recommendations
066	Griffin	Questions and discussion on effectiveness of the Oregon Benchmarks in the audit process.
099	Rep. Harper	Questions and discussion on review financial compliance audits.
141	Rep. Lehman	Questions and discussion the state's contracting procedures.
168	Rep. Deckert	Questions and discussion on how the Legislature can assist agencies.
179		Rep. Brian arrives at 1:41 p.m. and will leave at 2 p.m.

203 Chair Lokan Acknowledges her constituents in the audience.

245 Douglas Parham Certified Public Accountant (CPA), Boldt, Carlisle & Smith, Salem, Oregon. Comments on his experience as an independent auditor working with state and local governments and offers recommendations to the committee.

* Size of staff

* Who is the user of the information

* The role of the Audits Division

300 Parham Continues presentation.

* Financial Audits

* Performance Audits

374 Chair Lokan Questions and discussion on the differences between performance and program audits.

393 Parry Ankersen CPA, Markusen, Schwing & Ankersen, Lake Oswego, Oregon. Comments on standards and procedures for performance, program, and financial compliance audits.

TAPE
2, B

029 Chair Lokan Questions and discussion on the skills required to perform audits.

052 Rep. Johnson Comments and discussion on the accuracy and usefulness of the conclusions of audits.

092 Discussion continues:

* establishing benchmarks

135 Chair Lokan Questions and discussion on Mr. Parham's audit of the city of Salem.

149 Ankersen Comments on audits requirements.

166 Vice Chair Devlin Questions and discussion on working with governments that have elected or appointed auditors.

213 Chair Lokan Questions and discussion:

* Responsibilities of independent auditors

*** Costs of internal versus independent audits.**

292 Rep. Deckert Questions and discussion on manpower hours involved in audits.

345 Manny Martinez Keizer, Oregon, retired auditor, Audits Division.

*** Constitution declares the Secretary of State is the state auditor**

*** Types of audits the Secretary of State can perform**

TAPE 3, B

**010 Martinez Continues comments on performance and financial audits.
Questions and discussion:**

072 Chair Lokan * Time allotted to do audits of boards and commissions

*** Cost to do audits of boards and commissions.**

*** Contracting out audits**

*** Validation of compliance by the Audits Division**

*** Purview of the Legislature over audits**

239 Chair Lokan Adjourns the meeting at 2:41 p.m.

Submitted By, Reviewed By,

Valerie Luhr Brian Griffin

Administrative Support Administrator

EXHIBIT SUMMARY

A - Roles of the Secretary of State and Legislative Fiscal Office in Audits, written information, John Lattimer, 9 pp.