

SENATE COMMITTEE ON  
LABOR AND GOVERNMENT OPERATIONS

February 22, 1995                      Hearing Room HRB  
8:00 AM Tapes 54 - 55

MEMBERS PRESENT:

Sen. Gene Derfler, Chair  
Sen. Brady Adams, Vice-Chair  
Sen. Bob Kintigh  
Sen. Neil Bryant  
Sen. Bill McCoy  
Sen. Randy Leonard

MEMBER EXCUSED:

STAFF PRESENT:

Rita Thomas, Committee Counsel  
Glenda Fields, Committee Assistant

MEASURES HEARD:

SB 306 PUBLIC HEARING  
SB 269 PUBLIC HEARING

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 54, A

005        CHAIR DERFLER:    Calling meeting to order at 8:05 AM.

007        CHAIR DERFLER:    Opening PUBLIC HEARING on SB 306.

010        SEN. BRYANT:        Giving background on SB 306.

035        SEN. BRYANT:        Police force contract with sheriff.

044        CHAIR DERFLER:    What effect does this have on the state?

058        SEN. MCCOY:        Have you run this through the Attorney General?

090        SEN. BRYANT:        The county sheriff does not want the liability of a contract with the police of Black Butte.

105        SEN. KINTIGH:      The police are not on the county payroll at all?

115        CHAIR DERFLER:    Sen McCoy do you want a statement from the attorney

general that this bill has no negative affects?

120 CHAIR DERFLER: Closing PUBLIC HEARING on SB 306.

125 CHAIR DERFLER: Opening PUBLIC HEARING on SB 269.

135 SEN. LEONARD: Giving background on SB 269.

148 SEN. KINTIGH: I have 10 or 12 districts.

170 SEN. LEONARD: Amendment to SB 269.(EXHIBIT A)

200 SEN. LEONARD: Conduct an independent audit.

230 SEN. LEONARD: Discoveries found in the audit of Klamath Falls.

265 SEN. BRYANT: The school district in question is partially in my district. School audits are bid by independent accountants.

310 SEN. BRYANT: Secretary of State has done performance auditing.

320 SEN. LEONARD: This bill would not remove the private audit. The Secretary of State would hire the auditors, but the schools would pay the bill.

350 SEN. KINTIGH: One of the superintendents in my district had no objection to the audit, but did not want to pay for a mandated audit.

385 SEN. LEONARD: School districts have auditors do selective audits.

404 SEN. MCCOY: Has the Sec. of State authorized this?

420 SEN. ADAMS: I think schools need to be held accountable.

TAPE 55, A

030 SEN. LEONARD: Cost of audit may be saved by finding procedural mistakes.

050 SEN. LEONARD: Whichever budget pays, it is all tax payer's dollars.

070 SEN. ADAMS: Does the auditor disclose findings to Sec. of State or to the school board?

082 PHIL KEISLING: Sec. of State, discussing SB 269.

105 PHIL KEISLING: The spirit of this bill is one I support.

130 PHIL KEISLING: The Klamath Falls audit cost about \$165,000. We did not charge the school district for this audit.

165 CHAIR DERFLER: Are you saying that the Sec of State can already do these audits, and that we do not need this bill?

185 PHIL KEISLING: We have budget limits. Private auditors continue to do the work but we do need to set additional standards.

225 PHIL KEISLING: It would be of real value to craft something that will

give greater assurance to the public that school districts are spending wisely.

255 SEN. KINTIGH: Will there be a fiscal impact from this bill?

285 PHIL KEISLING: 1993 session adjusted the way we budgeted for audits.

330 JOHN MARSHALL: Oregon School Boards Assn., testifying against SB 269.

380 JOHN MARSHALL: We believe that local schools are accountable.

410 JOHN MARSHALL: It was the board of Klamath Falls that requested a third party to do the audit.

450 JOHN MARSHALL: Although \$48,000 is a sizable sum, the cost of the audit was \$165,00.

TAPE 54, B

030 JOHN MARSHALL: We do not feel like SB 269 is necessary.

060 JOHN MARSHALL: Willing to work with Sec of State if audit parameters should be expanded.

081 SEN. LEONARD: I am a good friend to Education. There is a real lack of public confidence in how government spends its money. We need to find a way to reassure the public that their money is being spent wisely.

112 JOHN MARSHALL: The lack of confidence directly relates to the distance at which we are being governed from.

150 SEN. LEONARD: 4 years of audits in Klamath Falls did not uncover any of the misappropriations that the Sec of State uncovered.

200 JOHN MARSHALL: Don't assume that nothing has been found and reported in private audits of schools.

250 JOHN MARSHALL: The data is available from audits done.

268 SEN. BRYANT: Did you buy that tie?

275 L. Parry Ankersen: CPA, testifying against SB 269. (EXHIBIT B)

325 L. PARRY ANKERSEN: Continuing testimony.

375 L. PARRY ANKERSEN: There will be a fiscal impact if this bill is passed.

415 SEN. LEONARD: How do you explain the 4 years of audits in Klamath Falls not showing up any of the improprieties?

450 L. PARRY ANKERSEN: I cannot explain it because I do not know the circumstances. At times the auditors are tipped off to look at certain

areas.

TAPE 55, B

050 L. PARRY ANKERSEN: Auditing is suppose to be cost effective and does not look at every situation.

055 CHAIR DERFLER: Do you think these problems would be solved by having the Sec. of State hire the auditors?

076 L. PARRY ANKERSEN: Performance auditing looks for different things and will cost more.

095 CHAIR DERFLER: How effective do you think a performance audit would be?

100 L. PARRY ANKERSEN: Performance audits initially have beneficial impact and after systems are in place they tend to be less effective.

114 Manny Martinez: Testifying against SB 269.

160 MANNY MARTINEZ: The state can not afford to give free audits to school districts.

185 CHAIR DERFLER: Closing PUBLIC HEARING on SB 269.

185 CHAIR DERFLER: Meeting is adjourned at 9:45.

Submitted by, Reviewed by,

Glenda Fields Rita Thomas  
Committee Assistant Committee Counsel

EXHIBIT SUMMARY:

- A - Proposed Amendment to SB 269, submitted by Sen. Leonard - 1 page
- B - Testimony on SB 269 - L. Parry Ankersen - 5 pages
- C - Testimony on SB 269 - Manny Martinez - 2 pages