

# OREGON AUDIT LAW CHANGES 2024

Presented by:

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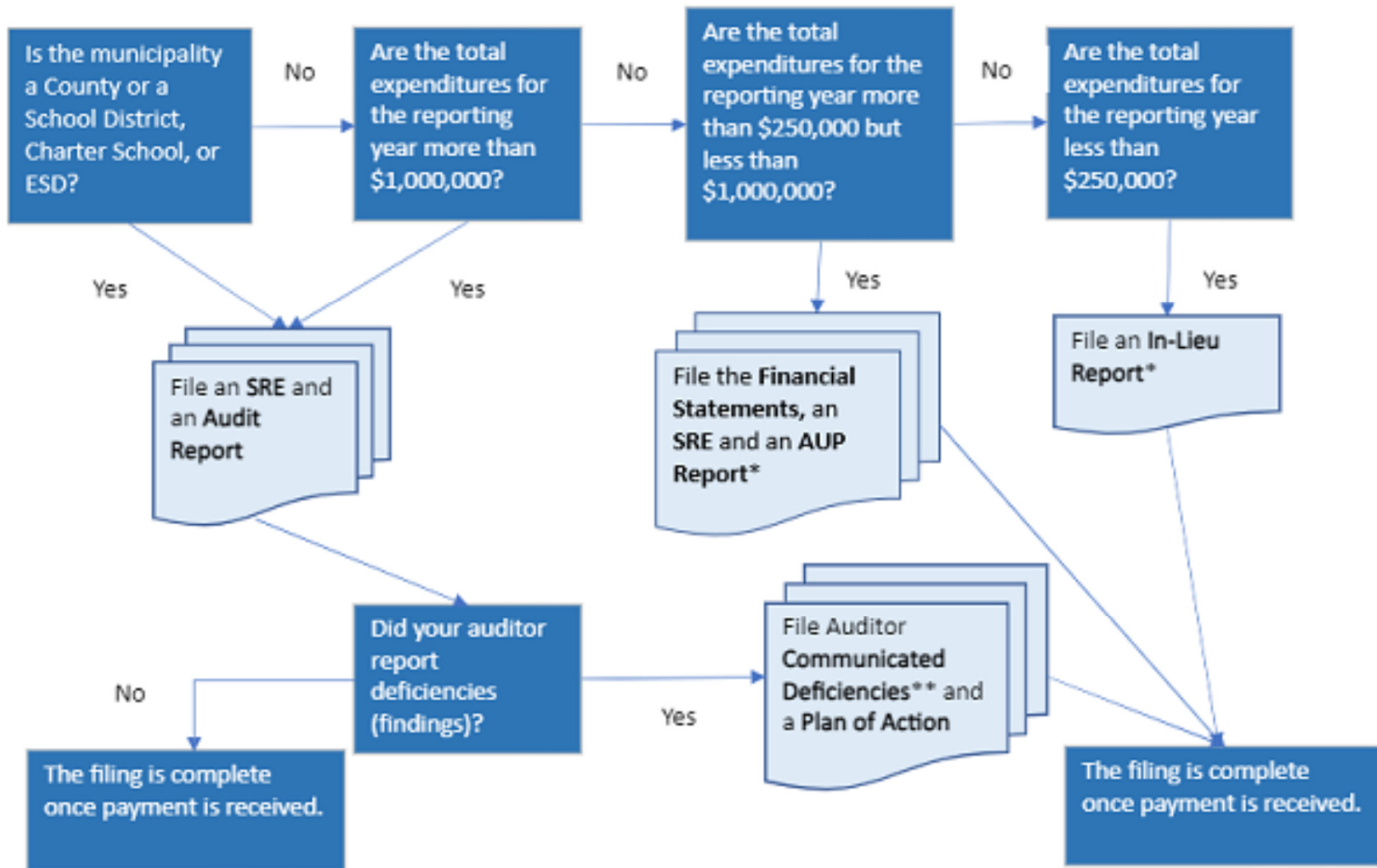
# TOPICS

- ❖ Municipal Audit Law changes
- ❖ New audit law implications
- ❖ Audit firm reporting options
- ❖ Examples of procedures for agreed-upon procedures (AUP) engagement
- ❖ Required written policies and procedures

# MUNICIPAL AUDIT LAW CHANGES

During the 2023 legislative session, House Bill 2110 amended Municipal Audit Law (ORS 297.405-297.990); these changes are effective January 1, 2024. Key changes include:

- ❖ **Updated thresholds:** Audits are required for counties and school districts and are now required for entities spending more than \$1 million annually – an increase from \$500,000. All other entities may be eligible for an audit exemption. Entities spending less than \$250,000 may be eligible to file a self-prepared report in lieu of audit.
- ❖ **Agreed-Upon Procedures (AUP) reporting:** Replacing review reports, AUP reporting directs auditors to perform and report results of procedures specified in the Oregon Minimum Standards (OAR 162-040). The procedures will address certain components of financial reporting, operations, and compliance.
- ❖ **Filing fees:** As determined by entity spending, increased fees will range from \$40 to \$500.



## NEW LAW IMPLICATIONS

- ❖ You can choose to have an audit even if you are below the new threshold
- ❖ Fees for AUP engagements will be more than a review but less than an audit
- ❖ AUP engagements must start from financial statements, but Oregon law allows CPA firms to assist with the preparation of the financial statements (compilation engagement)

# AUDIT FIRM REPORTING OPTIONS

## ❖ AUDIT

- Offers assurance to be used by outside parties
- Offers recommendations regarding procedures and processes

## ❖ AGREED-UPON PROCEDURES

- Offers only affirmative or negative response on the procedures performed. *(Yes or no)*
- No recommendations

## ❖ COMPILATION

- No assurance provided
- Used to put financial statements in correct format only

# EXAMPLES OF AGREED-UPON PROCEDURES

- ❖ Inspection of municipal corporation's written operational policies and procedures
- ❖ Public meetings law compliance
- ❖ Accounting records testing
- ❖ Related parties testing
- ❖ Payment cards testing
- ❖ Property taxes testing
- ❖ Accounts receivable testing
- ❖ Accounts payable testing
- ❖ Fund balance testing
- ❖ Revenue & charges for services testing
- ❖ Payroll testing – including personnel files and accuracy
- ❖ Cash account testing
- ❖ Local Budget Law compliance
- ❖ Public contracting and procurement compliance

# REQUIRED WRITTEN POLICIES AND PROCEDURES

A municipal corporation's written policies and procedures should address each of the following topics:

- A. Budgeting
- B. Purchasing
- C. Disbursements
- D. Receipts/collections
- E. Payroll/personnel
- F. Contracting & procurement
- G. Travel and expense reimbursement
- H. Credit cards (debit, fuel cards, P-cards)
- I. Ethics
- J. Debt service



**QUESTIONS?**

Thank you!