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**PERMANENT ADMINISTRATIVE ORDER**

**AUDIT 1-2023**

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SECRETARY OF STATE  
AUDITS DIVISION

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FILING CAPTION: Adopt Minimum Standards for Agreed-Upon Procedures of Oregon Municipal Corporations

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**RULES:**

162-040-0001, 162-040-0002, 162-040-0005, 162-040-0010, 162-040-0020, 162-040-0060, 162-040-0095, 162-040-0096, 162-040-0150, 162-040-0155, 162-040-0160, 162-040-0165, 162-040-0170

AMEND: 162-040-0001

RULE TITLE: Preface

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: This change amends the language of required reports to align with statute changes.

**RULE TEXT:**

- (1) Pursuant to the provisions of ORS 297.465, there is presented herewith the Minimum Standards for Agreed-Upon Procedures (AUP) of Oregon Municipal Corporations.
- (2) These Standards have been approved by the Oregon Board of Accountancy (the Board) and have been adopted by the Secretary of State as Administrative Rules under the provisions of ORS Chapter 183.
- (3) All AUP reports and financial statements of municipal corporations shall be made in accordance with these Standards, and shall be in the form prescribed herein.

STATUTORY/OTHER AUTHORITY: ORS 297

STATUTES/OTHER IMPLEMENTED: ORS 297.465

AMEND: 162-040-0002

RULE TITLE: Definitions

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: This change amends definitions to align with statute changes.

RULE TEXT:

The following definitions describe terms within the context of their application to Municipal Audit Law.

(1) Agreed-Upon Procedures (AUP): Agreed-upon procedures are a service, an attestation engagement, the objectives of which are to perform specific procedures over a municipality's operations and compliance, and certain financial statement assertions, and issue a report that describes the procedures applied and the accountant's findings, without providing an opinion or conclusion. AUP engagements may be performed in conjunction with a compilation of financial statements.

(2) Financial statements prepared on the cash or modified cash basis of accounting are financial reporting frameworks (special purpose frameworks) other than GAAP and are permitted under municipal audit law.

STATUTORY/OTHER AUTHORITY: ORS 297.465

STATUTES/OTHER IMPLEMENTED: ORS 297.465

AMEND: 162-040-0005

RULE TITLE: General Requirements

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: This change amends the general minimum requirements and objectives for AUP engagements to align with statute changes.

RULE TEXT:

(1) All municipal corporations, as defined in ORS 297.405, are required to have their accounts and fiscal affairs audited annually, unless they are exempt from audit under ORS 297.435. The following administrative rules apply to agreed-upon procedures (AUP) engagements and reports prepared under 297.435(3). AUP reports must be prepared in accordance with Statements on Standards for Attestation Engagements (SSAE), which contain professional requirements, together with related guidance, in the form of explanatory material. Accountants performing AUP engagements have a responsibility to consider the entire text of SSAE in carrying out their work on an engagement and in understanding and applying the professional requirements of the relevant Standards. If applicable, accountants performing compilation engagements have a responsibility to consider the entire text of Statements on Standards for Accounting and Review Services (SSARS) in carrying out their work.

(2) The objective of an AUP differs significantly from the objective of an audit of financial statements in accordance with generally accepted auditing standards. An AUP does not contemplate obtaining an understanding of the municipal corporation's internal control; assessing fraud risk; testing and examining accounting records to obtain sufficient appropriate evidence to form an opinion or conclusions through inspection, observation, confirmation, or the examination of source documents; or other procedures ordinarily performed during an audit. The procedures determined to be minimum standards for AUP engagements are designed to report on a municipal corporation's financial information and presentation, operations and controls, and compliance with certain requirements. The report is limited to the results of specific procedures performed and does not provide an opinion or conclusions.

(3) The accountant who performs an AUP for a municipal corporation in compliance with these rules must:

(a) Be licensed by the Oregon Board of Accountancy to conduct municipal audits;

(b) Personally perform the AUP in accordance with these rules to an extent satisfactory to the Secretary of State; and

(c) Prepare a report of procedures and results in accordance with these rules. The report must be signed by the accountant. The report is to be issued to the municipal corporation within six months after the close of the fiscal year.

(d) Make AUP engagement documentation available for review upon request by the Secretary of State.

(4) Officials of the municipal corporation must account for all resources for which they are responsible. An appropriate accounting by officials of the municipal corporation will include financial statements, notes to the financial statements, and the supplementary information required by these rules.

(5) Officials of the municipal corporation are responsible for the financial information and the existence of appropriate internal controls over financial information and compliance.

(6) The municipal corporation must ensure financial statements are prepared that fairly present its financial position and results of operations in accordance with legal provisions, and in accordance with generally accepted accounting principles or other financial reporting framework permitted by law. The accounting principles contemplated are those contained in pronouncements of authoritative bodies including, but not necessarily limited to, the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, and the Governmental Accounting Standards Board. The cash basis and modified cash basis of accounting are special purpose frameworks permitted under Municipal Audit Law.

(7) The complete annual filing of the municipal corporation shall include financial statements with appropriate notes and management's representations of compliance, filing fee, summary information, and the accountant's AUP report containing the procedures performed, results thereof, and the elements prescribed by the Statements on Standards for Attestation Engagements issued by the American Institute of Certified Public Accountants.

(8) The municipal corporation must file its financial report with the Secretary of State. The financial report must include

the financial statements and management's representations of compliance. The report and supporting documentation are subject to review by the Secretary of State for compliance with these rules.

(9) The accountant shall submit summary information including total revenues/receipts and expenditures/disbursements of the municipal corporation within 30 days after delivering the AUP report to the municipality. The summary information shall encompass the period covered by the financial and AUP report and shall be prepared and submitted in a manner and on forms prescribed by the Secretary of State.

STATUTORY/OTHER AUTHORITY: ORS 297.465

STATUTES/OTHER IMPLEMENTED: ORS 297.465

AMEND: 162-040-0010

RULE TITLE: Contracts

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: This change amends terminology to align with statute changes.

RULE TEXT:

Laws governing contracts are prescribed in the Oregon Public Contracting Code, ORS Chapters 279A, 279B, and 279C. AUP engagements shall be performed in accordance with a contract executed by the municipal corporation. The contract should clearly establish the nature of the services to be performed and shall clearly set forth the scope of work to be conducted by the accountant. The contract should include a provision for the reporting of agreed-upon procedures performed and results obtained. The municipality may ask the accountant to perform procedures outside the scope of those required by the Minimum Standards. Additional procedures should be established in the contract. The additional procedures and results may be included in the AUP report submitted for compliance with these Minimum Standards and should be clearly noted in a separate report section titled "Other Procedures Performed."

STATUTORY/OTHER AUTHORITY: ORS 297.465

STATUTES/OTHER IMPLEMENTED: ORS 297.465

AMEND: 162-040-0020

RULE TITLE: Financial Statements

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: This change amends terminology to align with statute changes.

RULE TEXT:

(1) The Governmental Accounting Standards Board (GASB) is recognized as the standard-setting body of GAAP for state and local governments. As such, Oregon municipal corporation financial statements and related notes presented in conformity with GAAP are those consistent with GASB Statements and Interpretations and the hierarchy of GAAP applicable to state and local governments.

(2) The focus of accounting in an Oregon governmental unit is the individual fund. Therefore, the financial statements prepared in accordance with these administrative rules, and subject to the accountant's procedures, should include the nonmajor combining and individual fund financial statements and schedules, whether presented as basic, required supplementary information (RSI) or supplementary information (SI).

(3) Financial statements presented in accordance with these minimum standards should be clearly identified as unaudited.

STATUTORY/OTHER AUTHORITY: ORS 297.465

STATUTES/OTHER IMPLEMENTED: ORS 297.465

AMEND: 162-040-0060

RULE TITLE: Statement/Schedule of Revenues/Receipts, Expenditures/Expenses, and Changes in Fund Balances/Net Position, Budget and Actual (Each Fund)

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: This change updates technical terminology to align with standards.

RULE TEXT:

The municipal corporation must prepare an individual statement or schedule of revenues/receipts, expenditures/expenses, and changes in fund balances/net position, budget and actual, for each fund for which budgets are legally required. It must compare estimated with actual revenues or receipts, transfers in, expenditures/expenses or disbursements, transfers out and ending balances on the basis of the legally adopted budget. If the municipal corporation has made appropriations in a manner that differ materially from the presentation of estimated expenditures/expenses in the budget document, a separate schedule must be included that compares actual expenditures/expenses with the legally adopted appropriations.

STATUTORY/OTHER AUTHORITY: ORS 297.465

STATUTES/OTHER IMPLEMENTED: ORS 297.465

AMEND: 162-040-0095

RULE TITLE: Officers and Registered Agent of the Municipal Corporation

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: This change allows electronic mail addresses of municipal officers to be included in reports.

RULE TEXT:

Immediately inside the front cover, each financial report shall contain the names and addresses of officers of the municipal corporation and members of its governing body. In addition, financial reports of special districts, as defined by law (ORS Chapter 198), shall contain the name of the district's registered agent and its registered address. If a special district has not designated a registered agent or registered address, the report shall so indicate.

STATUTORY/OTHER AUTHORITY: ORS 297.465

STATUTES/OTHER IMPLEMENTED: ORS 297.465



AMEND: 162-040-0096

RULE TITLE: Management Representation of Fiscal Affairs

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: This change amends the required management representations.

RULE TEXT:

(1) Each report shall include inside the back cover a signed report of management’s representation of the municipal corporation’s compliance with its fiscal affairs. At a minimum, the report should include the representations in the following example:

(2) Management Representation of Fiscal Affairs: The [name of entity] is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operation and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Agreed-Upon Procedures of Oregon Municipal Corporations (OAR 162, division 40) including, but not limited to:

- (a) Deposit of public funds with financial institutions (ORS Chapter 295).
- (b) Indebtedness limitations, restrictions, and repayment.
- (c) Budgets legally required (ORS Chapter 294).
- (d) Insurance and fidelity bonds in force or required by law.
- (e) Programs funded from outside sources.
- (f) Highway revenues used for public highways and roads (ORS Chapters 294, 368 & 373).
- (g) Authorized investment of surplus funds (ORS Chapter 294).
- (h) Public contracts, purchasing, and improvements (ORS Chapters 279A, 279B, and 279C).

The management of [name of entity] is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

\_\_\_\_\_

Signature

\_\_\_\_\_

Printed Name Title Date

STATUTORY/OTHER AUTHORITY: ORS 297

STATUTES/OTHER IMPLEMENTED: ORS 297.465

REPEAL: 162-040-0150

RULE TITLE: Other Comments and Disclosures

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: This is repealed to align with statute changes.

RULE TEXT:

The accountant shall include such other comments or disclosures with respect to the review of fiscal affairs as may be appropriate in the circumstances.

STATUTORY/OTHER AUTHORITY: ORS 297.465

STATUTES/OTHER IMPLEMENTED: ORS 297.465

REPEAL: 162-040-0155

RULE TITLE: Suggested Review Procedures

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: This is repealed to align with statute changes.

RULE TEXT:

The AICPA Statement on Standards for Accounting and Review Services provide guidance for the accountant's inquiry and analytical procedures ordinarily performed in a review engagement. Those standards include an appendix of illustrative letters and reports inquiries.

STATUTORY/OTHER AUTHORITY: ORS 297.465

STATUTES/OTHER IMPLEMENTED: ORS 297.465

REPEAL: 162-040-0160

RULE TITLE: Extensions of Time to Deliver Review Reports

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: This is repealed to remove the conflict with statute (ORS 297.435) which defines submission deadlines for reports submitted in lieu of an audit.

RULE TEXT:

If the required report is not filed with the Secretary of State within six months following the end of the fiscal year, the municipal corporation shall file a written request for extension of time. The request shall state the reasons for the delay and the expected filing date of the report. The Secretary of State, for good cause shown, may grant the request for a reasonable period of time.

(1) The municipal corporation must submit a request for extension of time to file a review report on forms provided by the Secretary of State. The request must contain the following information:

(a) The name and registered or mailing address of the municipal corporation;

(b) The name, address, and signature of the accountant or firm, if known, conducting the review;

(c) The accounting period under review;

(d) A statement setting forth the reasons for the delay in delivering the review report;

(e) The signed approval or disapproval of the request by the chair of the governing body, or managing or executive officer, of the municipal corporation. Reasons for disapproval must be included.

(2) A request for extension of time shall be submitted to the Secretary of State. The Secretary of State shall notify the independent accountant and the municipal corporation of its approval to grant an extension of time or reasons for its disapproval.

STATUTORY/OTHER AUTHORITY: ORS 297.465

STATUTES/OTHER IMPLEMENTED: ORS 297.465

ADOPT: 162-040-0165

RULE TITLE: Agreed-Upon Procedures

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: Adopts procedures for accountants performing AUP engagements as allowed by statute changes.

RULE TEXT:

The following procedures are required for agreed-upon procedures engagements performed in accordance with ORS 297.435. In performing procedures and reporting the results:

(1) Total amounts must include all funds and activities of the municipal corporation.

(a) The accountant should not report personally identifiable or confidential information. The accountant may consider including position titles rather than individual names, where appropriate, and refrain from referencing payment card numbers or other potentially sensitive information when reporting results of procedures performed. The accountant should retain information and support as necessary for their records only.

(b) The type of procedure is noted in parenthesis after each procedure or procedure category and includes the following:

(A) I – Informational/Procedural

(B) A - Accounting/financial reporting

(C) IC - Internal Control over either accounting/financial reporting or compliance

(D) C – Compliance

(2) OBTAIN AND REPORT GENERAL INFORMATION (I)

(a) Municipal Corporation Name

(b) Fiscal Year-End date (Month XX, 20XX)

(c) Municipal corporation type and Oregon Statute of formation (for example: Water District, ORS 264)

(3) FINANCIAL REPORT

(a) Obtain a copy of the municipal corporation's financial report.

(b) Threshold Calculation (I): For the purposes of performing these procedures calculate a threshold where the threshold equals total expenses multiplied by five percent. Total expenses are the total primary government expenses reported on the government-wide statement of activities, including depreciation if applicable to the basis of accounting used. If the municipal corporation reports only Proprietary funds, expenses for the purposes of calculating the threshold include operating and non-operating expenses.

(c) Compare amounts reported on the financial report to the municipal corporation's general ledger/trial balance used to prepare the financial report plus all the adjustments to the financial report basis. Inspect any differences greater than the calculated threshold and inquire of management about the reason for difference(s). The accountants' report should include a list of the reporting categories (for example: Materials and Services, or Accounts Payable) and managements' description justifying the differences noted. (A)

(d) Does the financial report include the names and addresses of officers of the municipal corporation and members of its governing body? (A)

(e) If a special district, does the financial report include the name and address of the registered agent or the fact that one has not been designated? (OAR 162-040-0095)

(f) Does the financial report include the statements and schedules required by GAAP as dictated by GASB and considering the basis of accounting used? (A)

(g) Does the financial report include a budget to actual schedule for each fund for which budgets are legally required? (OAR 162-040-0060) (A/C)

(h) Does the financial report include management's representations regarding compliance required by rule? (OAR 162-040-0096) (C)

(4) OPERATIONS, POLICIES + PROCEDURES

(a) Obtain and inspect the municipal corporation's written policies and procedures and determine whether they address

each of the categories listed in subsection (b): (IC)

(b) 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

(c) Report Y or N next to each category, or report N/A if the category does not apply to the municipal corporation.

(5) PUBLIC MEETINGS (C)

(a) Public meetings are generally governed by ORS 192.610 to 192.695.

(b) Obtain access to (or copies of) meeting minutes of the governing body.

(c) Haphazardly select two meetings held during the reporting period and perform the following:

(A) Was required notice given?

(B) Did the notice include an agenda?

(C) Was there a process for public comment?

(D) If a portion of the meeting was closed to the public, determine that:

(i) before the meeting was closed, the reason for holding the closed meeting was documented in the meeting minutes and a roll call vote was taken,

(ii) the reason for closing the meeting was permitted under statute.

(6) ACCOUNTING RECORDS

(a) Inquire of management regarding whether policies and procedures are current and reflect the operations in place during the reporting period. Report management's response. (I)

(b) Inquire of the governing body chairperson whether they receive periodic financial information updating them on budgeted vs. actual spending and report the chairperson's response. (I/IC)

(c) Inquire of the governing body chairperson whether the governing body, or certain members of the governing body, approves payments and contracts and report the chairperson's response. If not, report the position title approval authority is delegated to. (IC)

(7) RELATED PARTIES (A/IC)

(a) Obtain a list of related parties (as defined in standards) from management.

(b) Obtain a list of payments during the reporting period by vendor.

(c) Determine whether any vendors on the payment listing are related parties, per management's list.

(d) Recalculate payments to related parties and report the total paid to each, and the nature of the payment (for example: goods or services).

(8) PAYMENT CARDS (A/IC)

(a) Obtain from management a complete listing of all active payment cards (i.e., credit cards, purchase cards) for the fiscal period, including the name(s) of the person(s) who maintained possession of the cards.

(b) Haphazardly select one month and request the monthly statement from each active card (but not more than 5 cards) and observe whether:

(A) The card had assessed finance charges or late fees. Report amounts if applicable.

(B) The monthly statement was reviewed and approved for payment, in writing by someone other than the cardholder (for example: initials and date, or electronically approved, approved as noted in the governing body meeting minutes).

(9) PROPERTY TAXES (A)

- (a) If the municipality receives property tax revenue perform the following:
  - (b) Obtain a property tax revenue schedule or turnover report from the municipality.
  - (c) Report the property tax revenue received by type (for example: permanent rate tax, local option tax).
  - (d) Trace amounts to the financial records, such as the trial balance or general ledger.
- (10) ACCOUNTS RECEIVABLE (A)
- (a) For municipal corporations reporting on an accrual basis of accounting perform the following:
  - (b) Obtain an accounts receivable aging report as of the last day of the fiscal year and agree to accounting records (trial balance).
  - (c) For all accounts greater than 90 days, inquire of management whether the amount is collectible.
  - (d) Report the balance that is considered by management to be uncollectable, if any.
  - (e) If the accountant is unable to agree the aging report to the accounting records, report the reason(s) why, if known.
- (11) ACCOUNTS PAYABLE (A)
- (a) For municipal corporations reporting on an accrual basis of accounting perform the following:
  - (b) Obtain an accounts payable listing and agree to the accounting records (trial balance).
  - (c) Obtain a listing of disbursements subsequent to fiscal year end and haphazardly select a sample of five transactions (or transactions totaling the calculated threshold, whichever is less).
  - (d) Inspect supporting documentation (invoice, purchase order, contract, etc.) for each sample transaction and confirm it was reported in the correct period.
- (12) FUND BALANCE/NET POSITION (A)
- (a) Agree beginning fund balance/net position to prior year ending fund balance/net position and reconcile any differences.
  - (b) If there are any changes to beginning fund balance/net position, confirm that the financial report discloses the changes to fund balance/net position and the reason for the difference (for example: error, implementation of new accounting policy, change in accounting estimate, change in reporting entity).
- (13) REVENUE – CHARGES FOR SERVICES (A)
- (a) If the municipal corporation reports charges for services perform the following:
  - (b) Obtain the fee schedule(s).
  - (c) Haphazardly select a sample of 10 transactions (or transactions totaling the calculated threshold, whichever is less).
  - (d) Based on the fee schedule(s), recalculate the charges for services.
- (14) PAYROLL (A)
- (a) If the municipal corporation has employees, perform the following:
  - (b) Calculate the amount of payroll expenditures for the reporting period (year) compared to total operating costs. If payroll expenditures are greater than 20 percent of annual operating cost, perform the following:
    - (A) Obtain all payroll checks or direct deposit records, but not more than five, for one haphazardly selected month during the reporting period. Compare the names and pay rates to employee records.
    - (B) Obtain a listing of employees and officials employed during the fiscal period. Haphazardly select five employees or officials (or all, if fewer than five) and obtain related paid salaries or pay rates and personnel files. Person(s) with the ability to enter payroll or who approves payroll related payments must be included in the sample selected.
      - (i) Agree annual paid salaries and bonuses to authorized salaries/pay rates in the personnel files.
      - (ii) Observe that individuals selected and receiving pay have a corresponding personnel file and were employees or officers during the reporting period.
- (15) CASH (A/IC/C)
- (a) Obtain a listing of all bank accounts from management.
  - (b) Obtain year-end statements and trace ending balances to the year-end bank reconciliations. If possible, the year-end statement should be viewed via online account access as confirmation.
  - (c) If the independent accountant can view accounts online, vouch that each account listed online was included in the list of accounts provided by management.

- (d) For each depository account, obtain the year-end bank reconciliation and one additional month's reconciliation, haphazardly selected from a different quarter, and observe whether:
- (A) Reconciliations were prepared and reviewed within 2 months of the related statement's closing date. If not, report the date prepared and reason given by management for why the reconciliation was prepared after two months.
  - (B) The statement balance traces to the reconciliation.
  - (C) The reconciled book balance traces to the general ledger and the trial balance or summary schedule.
  - (D) Mathematically, the reconciliation and detailed supporting schedules are accurate.
- (e) Obtain a check register for the fiscal year and confirm if there are any gaps in check numbers issued during the year. Account for all voided checks by obtaining supporting documentation (for example: voided check).
- (f) Inquire of the municipal corporation whether they are required to maintain any separate bank accounts for a particular fund, program, loan, grant, or other purpose. If yes, observe whether the municipal corporation maintains a separate bank account as required.
- (g) If account(s) were opened or closed during the year (determined by comparing the current listing to prior years), inspect the minutes of the governing body and observe that the decision(s) are included. If approval authority is delegated to open and close accounts and not approved by the governing body, report the position title that authority is delegated to only if there were new or closed accounts during the year.
- (h) Determine whether deposits are covered by Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) insurance, or deposited with institutions participating in the public funds collateralization pool. (ORS 295 – Depositories of Public Funds and Securities)
- (16) DEBT (A/C)
- (a) Obtain a complete list of debt (loans, mortgages, bonds, notes, or other debt instruments) issued during the fiscal period and management's representations that the listing is complete.
  - (b) Obtain supporting documentation for all newly issued debt and carried forward debt.
  - (c) Reconcile new debt to the list of debt, and the list of debt to the reported amount(s) on the financial report, as applicable.
  - (d) Inquire of management about any debt covenants, such as a required cash reserve or coverage ratio. If such covenants exist, report the requirement(s) and report management's responses on:
    - (A) how the entity monitors the requirement(s) and
    - (B) whether the municipal corporation met the requirement(s) throughout the year.
- (17) LOCAL BUDGET LAW (C)
- (a) If the municipal corporation is subject to local budget law (ORS 294) complete the following:
    - (b) Adopted Budget
      - (A) Obtain a copy of the original approved and adopted budget.
      - (B) Determine whether the budget was adopted before the start of the budget year. (ORS 294.408)
      - (C) Determine whether the budget committee passed a motion to approve each tax levy and the budget dollar amount. (ORS 294.428)
      - (D) Compare the original adopted budget levy and the budget amount to the approved budget levy and budget. If there were any changes/differences, determine whether procedures were followed to make the change. (ORS 294.456)
      - (E) If resources do not equal requirements, document which funds are not balanced and report management's response as to why they are not balanced. Report N/A if the budget is balanced.
    - (c) Budget Resolution
      - (A) Obtain a copy of the resolution and observe whether the municipal corporation has appropriated by organization unit or program. (ORS 294.388(2))
      - (B) Compare the budget resolution to final, actual spending and report whether the municipal corporation overspent any appropriation category. If a budget exception exists per ORS 297.338, there is no violation and the accountant should exclude an overspending comment from the report. (ORS 294.338)
  - (d) Budget Meetings



- (A) Obtain a copy of budget committee meeting notice(s).
  - (B) Compare the dates of published notice to the meeting dates and conclude whether notices were published timely. (ORS 294.426)
- (e) Budget Hearing
- (A) Obtain a copy of the notice of budget hearing (LB-1, ED-1, UR-1 or CC-1).
  - (B) Observe each statement to ensure the notices of budget hearing are complete and published timely. (ORS 294.438)
- (f) Resolution Transfer or Supplemental Budget
- (A) Obtain a copy of any resolution transfer or supplemental budget.
  - (B) Determine whether the transfer or changes were made prior to overspending appropriation authority. (ORS 294.463 and ORS 294.471)
- (18) FIDELITY BOND + INSURANCE (C)
- (a) Obtain from management a copy of the fidelity or faithful performance bond covering the principal responsible official (those responsible for receiving and disbursing moneys on behalf of the municipality).
  - (b) Observe that the bond was in force during the fiscal period.
  - (c) Observe that the bond was in an amount sufficient as required by ORS 297.435(3).
- (19) CONTRACTING + PROCUREMENT (A/IC/C)
- (a) Obtain, from management, a list of contracts and agreements for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period.
  - (b) For contracts or agreements over \$25,000 or the calculated threshold, whichever is greater, obtain the procurement documentation and observe whether there is evidence of obtaining multiple quotes (or bids if required due to the total contract amount) or documentation as to why sole source selection was reasonable in the circumstance. (Y/N) If N, document the goods or services purchased and the total amount of the purchase or contract.
- (20) PROGRAMS FUNDED FROM OUTSIDE SOURCES (C)
- (a) Inquire of municipal corporation management and obtain a listing of any grant or similar funding, to identify any outside sources of funding, and whether there are requirements restricting the use those funds or related to the timing of spending the funding.
  - (b) Report on the source(s) and amount(s) received during the year reported for any source that exceeds the calculated threshold, or 10 percent of revenues, whichever is greater.
- (21) HIGHWAY FUNDS (C) - ORS 294, 368, and 373; Article IX section 3a of the Oregon Constitution
- (a) If the municipal corporation spent highway funds during the year, perform the following (highway funds refer specifically to revenue from taxes on motor vehicle use and fuel, and road funds):
  - (b) Inquire of management if funds were spent in compliance with the law (as contained in Article IX, section 3a of the Oregon Constitution and ORS 294, 368, and 373 pertaining to the use of road funds). (Y/N) If N, report the violation.
  - (c) Inquire of management whether highway funds were loaned to any other funds. Y/N, and if Y report whether amounts were repaid by the end of the following fiscal year. (ORS 294.050)

STATUTORY/OTHER AUTHORITY: ORS 297

STATUTES/OTHER IMPLEMENTED: ORS 297.465

ADOPT: 162-040-0170

RULE TITLE: Reporting Results of Additional Procedures

NOTICE FILED DATE: 08/31/2023

RULE SUMMARY: Adopts provision for reporting results of additional procedures if stipulated in a contract.

RULE TEXT:

The accountant may perform additional procedures, and report results, with respect to the AUP engagement as may be requested by the municipal corporation and included in a legally executed contract in accordance with OAR 162-040-0010. If additional procedures are performed, the accountant's AUP report should include the procedures and results in a separate section titled "Other Procedures Performed."

STATUTORY/OTHER AUTHORITY: ORS 297.465

STATUTES/OTHER IMPLEMENTED: ORS 297.465