

## Filing checklist

- Financial Report
- Filing Fee (pay online)
- Summary of Revenues and Expenditures
- Deficiency Communication *(if applicable)*
- Plan of Action *(if applicable)*
- Update address if needed

## 2019 DESK REVIEW RESULTS

To see if our desk reviews are having an impact, we performed a follow-up of the 2018 report reviews we conducted. We reviewed 97 reports for fiscal year 2019 when the municipality had findings reported in their 2018 desk review. This sample of 97 cities, counties, school districts, fire districts, and other special districts are representative of the nearly 1,800 governments in Oregon. This follow-up review enabled us to see if municipalities and their auditors are applying our feedback and whether future reports are improved. My goal for the municipal audit program is to provide timely feedback so municipalities can make any necessary changes to improve reporting.

Our review of the 2019 reports resulted in 197 findings, compared to over 300 findings noted in those municipalities 2018 reports. Of the 197 findings, about

half were repeat findings that had not been fully addressed. The remaining findings included 25 budget law violations, errors in the auditor's reports, or issues not previously reported. Several of the new findings resulted from a change in the basis of accounting; we noted the financial statements, notes, or auditor's report were not always fully updated to accurately reflect the change.

We have room for improvement. Yet I consider this reduction of findings a success. I commend each of the municipalities and audit firms who took our suggestions and information provided and made changes to their reporting.

I also appreciate the responses received from those who have provided additional information to clarify the circumstance of their report, or to provide justification for the reporting decisions made. I learn more each year and you are all part of that process. Thank you.

Please refer to last year's newsletter for details on the types of findings as we did not identify a specific area of improvement or specific topic that needed to be addressed. As a reminder, when you change the basis of accounting, update major funds reported, or make any other changes the changes should be carried throughout the report. Ensuring your firm has a quality control review process will help ensure many of the errors we find are caught before the report is issued.

## REPORTS IN LIEU OF AUDIT

As part of reviewing reports filed in compliance with Municipal Audit Law, we reviewed 100% of the reports in lieu of audit filed for fiscal year 2019. Our review of 433 reports resulted in 217 letters to municipalities. Municipalities that did not receive a letter had filed their reports on time and did not have obvious errors in their report. Some common errors include:

- Filing the report late (it is due within 90 days of fiscal year end);
- Missing information such as registered agent or fidelity bond coverage;
- Using a PO Box for the registered agent address rather than the required physical address;
- Revenues or expenditures did not total correctly;
- The entity was not eligible to file a report in lieu of audit, but had spent over \$150,000 and was required to file a Review or Audit report;
- Not completing the budget column when a budget is required per Local Budget Law; and
- Possible over-expended budget limitations.

We will update the report in lieu of audit form to better allow for various governing body structures, reporting multiple funds, and to include information about the governments appropriation limitations and compliance with Local Budget Law. Hopefully the new form will be available to use next year.

## PAY YOUR FILING FEE ONLINE



You've asked; we've delivered. You can now pay the filing fee online. Navigate to our website and use a debit or credit card to pay for one or more years' fees.

This new functionality allows you to review any amounts owed or pay for a current filing or prior invoice. I hope you'll find this new feature helpful.

You'll also notice the website has a new look. This past winter the website got a fresh look and additional content we hope you'll find useful. Take some time to look around and let me know what you think. If there is anything you think is missing, or that would enhance this site as a resource, I want to hear about it.

## PLAN OF ACTION

Last year's newsletter provided clarification of the requirements for a municipality's plan of action. We also created a new [information sheet](#), [template](#), and [FAQs](#) for the plan of action. Each of these items can be found on our website (<https://sos.oregon.gov/audits/Pages/muniaudits.aspx>). I encourage you to use these resources and check our website periodically for any updates. As a reminder, plans of action are required to be adopted by the governing body and filed with our office within 30 days of the audit report.

## EXTENSION REQUESTS

I have already received a number of requests for extension of time to file for municipalities with a fiscal year end from December 31 through March 31. Reasons vary, but the common theme is disruption caused by the COVID-19 pandemic.

I anticipate a pandemic theme with extension requests this year and many more requests than what is typical. While there are likely to be a greater number of requests with “good cause shown” for why they are late, not all extensions will be approved. Extension requests should not be regularly recurring. All requests must include the name of the licensed municipal auditor engaged to perform the work and the reason the audit could not be completed on time (ORS 297.465(3)(a)).

The pandemic may contribute to late reporting, but extensions are approved for good cause and on a case-by-case basis. If the pandemic has contributed to a delay in preparing and completing the annual report, be specific as to why; “COVID-19 pandemic” as a cause will not be sufficient.

Extension requests should be filed directly from our website at [sos.oregon.gov/audits](https://sos.oregon.gov/audits); hard copies should no longer be used. If your government qualifies to file a self-prepared report in lieu of audit, those reports are due September 30 (90 days after fiscal year end) and extensions of time to file do not apply.

## STAY CONNECTED

If you haven’t signed up to receive Municipal Audit News via email, I encourage you to do so. I anticipate it will continue to come in handy as we see changes related to the pandemic, and anticipate exposure drafts and new standards issued by the Governmental Accounting Standards Board that will likely impact our reporting.

This email list will be one way we communicate important changes to Municipal Audit Law or the municipal audit program that might result from the 2021 legislative session. You can sign up for these updates at [sos.oregon.gov/audits](https://sos.oregon.gov/audits) and include “Municipal Audit Program” in your selection.

## A PERSONAL NOTE

These are different and challenging times. Some of us have been used to remote work and haven’t missed a beat. Others were not prepared for such a shift in the way we do business, internally or externally, with clients and residents and we feel behind and have change fatigue. Some of us are lonely; some of us wish we were maybe just a bit lonelier as we deal with a house full of teleworking adults and/or online learning students. There has been a learning curve with the implementation and use of technology. There has been a learning curve with how to stay connected to our communities and working to foster important professional and personal relationships.

I am heartened by the extra measure of grace I see from just about everyone. There is more patience, more concern, and more humanity. And there is also much that feels stressful and unpredictable. We are all in the same boat. Let’s be kind to each other and patient with ourselves. After all, I know we’re all doing the best we can.

The Secretary of State offices are generally closed and most of us are working from home. Should you have any questions or concerns, or need to reach out to me, please feel free to email me directly or call my cell phone. I’m here to be a resource.



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## Questions?

Call our office at (503) 986-2255 or email [municipalfilings.sos@oregon.gov](mailto:municipalfilings.sos@oregon.gov)