

**BILL SUMMARY**  
1<sup>st</sup> Session of the 55<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 1741</b>
<b>Version:</b>	<b>Committee Substitute (Revised)</b>
<b>Request Number:</b>	<b>6887</b>
<b>Author:</b>	<b>Rep. Moore</b>
<b>Date:</b>	<b>2/19/2015</b>
<b>Impact:</b>	<b>\$0 Immediate; Potential Up-Front Costs to Certain Agencies; Potential Reduction in Property Remittances</b>

**Research Analysis**

The measure creates the State Agency Audit Act.

The measure the measure requires compliance with the competitive bidding requirements provided in The Oklahoma Central Purchasing Act.

The measure also prohibits contracts between a public entity and a third-party to provide audit services on behalf of the state if the contract provides payment to the third-party performing the audit a percentage, commission, or contingency fee of the amount of a property recovered.

Finally, the measure directs that any contract between a state agency and a third-party entity contracted to perform audits on behalf of the state not extend beyond two years.

Prepared By: Kyle Meade

**Fiscal Analysis**

As the measure specifically prohibits third-party contracts with payment by commission or contingency fees, any agency that currently operates with such contracts may be impacted. Though there may be additional agencies that have such contracts, one that currently does is the State Treasurer. According to the Treasurer's office, alternatives to such contracts may include hiring additional agency staff to perform the same functions, or contracting with a private vendor at an hourly rate. A quote from one of the Treasurer's largest vendors reflects an hourly rate of between \$285 and \$315- a cost which could subsequently be passed along to the audited entity.

The purpose of these contracts will vary by agency, but specifically regarding the State Treasurer, the contingency-based vendor began performing multi-state examinations in order to maximize unclaimed life insurance remittances to the state's Unclaimed Property fund in 2012. Prior to 2012, the Treasurer reportedly received an average of less than \$36,000 per year in unclaimed life insurance; since 2012, remittances have totaled more than \$7.4 million per year. Elimination of this contract could result in reduced remittances to the Unclaimed Property Fund.

Prepared By: Nicole McPhetridge

**Other Considerations**

None

