

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

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| Action: | Do Pass as Amended, Be Printed Engrossed, and Rescind the Subsequent Referral to the Committee on Ways and Means |
| Vote: | 7 - 0 - 1 |
| Yeas: | Berger, Edwards C., Garrard, Jenson, Nolan, Read, Roblan |
| Nays: | 0 |
| Exc.: | Gelser |
| Prepared By: | Jerry Watson, Administrator |
| Meeting Dates: | 4/13, 4/15, 5/8, 5/13 |

WHAT THE MEASURE DOES: Requires state agencies that are required to have an internal audit function to produce a risk assessment of the entire agency conforming to nationally recognized auditing standards. Requires agencies to conduct at least one internal audit per calendar year. Requires agencies to audit a component of its governance and risk management processes at least once every five years and file a report with the Department of Administrative Services. Requires agencies to file completed risk assessment or internal audit with the Division of Audits of the Office of the Secretary of State.

ISSUES DISCUSSED:

- Example of situation where audit might have been helpful
- Review of state internal auditing requirements and procedures
- Different types of audits
- Cooperative efforts between Department of Administrative Services and proponents of the measure to develop amendments
- Impact of proposed amendments

EFFECT OF COMMITTEE AMENDMENT: Replaces the original measure.

BACKGROUND: Oregon Administrative Rule 125-700-0020 states that agencies are required to have an internal audit function if the agency has total biennial expenditures exceeding \$100 million, or the number of full-time equivalent employees exceeds 400, or the dollar value of cash items received and processed annually exceeds \$10 million. Oregon Administrative Rule 125-700-0025 outlines the requirements for agencies internal auditing standards to comply with nationally recognized audit standards. Proponents of House Bill 3139-A assert that problems within state agencies, such as those involving financial and other irregularities within the Oregon Youth Authority during the preceding biennium, may be avoided or reduced if internal audits are produced regularly.