

House Bill 2440

Sponsored by Representative THATCHER; Representatives BENTZ, BERGER, BRUUN, CAMERON, ESQUIVEL, FREEMAN, GARRARD, GILMAN, HANNA, HUFFMAN, JENSON, KENNEMER, KRIEGER, MAURER, OLSON, RICHARDSON, G SMITH, SPRENGER, THOMPSON, WEIDNER, WHISNANT, WINGARD, Senators BOQUIST, FERRIOLI, GEORGE, GIROD, KRUSE, MORSE, STARR, WHITSETT, WINTERS

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Creates Director of Legislative Audit Office appointed by Joint Legislative Audit Committee. Expands pool of members eligible to serve on committee. Authorizes director to conduct performance and management audits of state agencies and programs and other state-funded programs. Requires director to maintain Government Waste Hotline.

Repeals statutory authority of Secretary of State to conduct performance and program audits. Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to audits; creating new provisions; amending ORS 171.425, 171.580, 171.585, 244.050, 291.100,
3 291.272, 297.030, 297.040, 297.210, 297.230 and 419C.001 and section 3, chapter 7, Oregon Laws
4 2008; repealing ORS 171.590, 177.170, 177.180, 297.065 and 297.070; and declaring an emergency.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1. As used in sections 1 to 7 of this 2009 Act, "state agency" has the meaning**
7 **given that term in ORS 291.272.**

8 **SECTION 2. (1) The Joint Legislative Audit Committee shall select the Director of the**
9 **Legislative Audit Office, who shall serve at the pleasure of the committee and under its di-**
10 **rection.**

11 **(2) Pursuant to the policies and directions of the committee, the director shall:**

12 **(a) Conduct performance and management audits of state agencies and programs and**
13 **other state-funded programs; and**

14 **(b) Maintain the Government Waste Hotline established under section 6 of this 2009 Act.**

15 **(3) Pursuant to the policies and directions of the committee, the director may enter into**
16 **contracts to carry out the functions of the director.**

17 **SECTION 3. (1) In conducting an audit under section 2 of this 2009 Act:**

18 **(a) The Director of the Legislative Audit Office may examine and inspect all accounts,**
19 **books, records, files, papers and documents and all financial affairs of any public body as**
20 **defined in ORS 174.109.**

21 **(b) The director may cause a search to be made of and extracts to be taken from any**
22 **account, book, record, file, paper or document in the custody of any public officer without**
23 **paying any fee for the search or extract. Any public officer having custody of the account,**
24 **book, record, file, paper or document shall make any search requested by the director and**
25 **furnish the extracts as requested.**

26 **(c) The director may issue:**

27 **(A) Subpoenas compelling at a specified time and place the appearance and sworn testi-**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 many of any person who the director reasonably believes may be able to provide information
 2 relating to any audit or other investigation being undertaken under this section; and

3 (B) Subpoenas duces tecum compelling the production of any account, book, record, file,
 4 paper, document or other evidence that the director reasonably believes may relate to an
 5 audit or other investigation being undertaken under this section.

6 (2) If a person fails to comply with any subpoena issued under subsection (1) of this
 7 section, a judge of the circuit court of any county, on application of the director, shall
 8 compel obedience by proceedings for contempt as in the case of disobedience of the require-
 9 ments of a subpoena issued from the circuit court.

10 **SECTION 4.** (1) Subject to the approval of the Joint Legislative Audit Committee, the
 11 Director of the Legislative Audit Office may employ and fix the compensation of such pro-
 12 fessional assistants and clerical and other employees as the director finds necessary for the
 13 effective conduct of the work under the charge of the director.

14 (2) The committee shall fix the salary of the director.

15 (3) Subject to the limitations otherwise provided by law for expenses of state officers, the
 16 director and employees of the director shall be reimbursed for all actual and necessary ex-
 17 penses incurred in performing their duties.

18 **SECTION 5.** (1) As used in this section, “working papers” means the notes, internal
 19 memoranda and records of work performed by the Director of the Legislative Audit Office
 20 on audits and other investigations undertaken under sections 1 to 7 of this 2009 Act, includ-
 21 ing any project evidence collected and developed by the director.

22 (2) The director and any employees of the director are not required to disclose any
 23 working papers.

24 **SECTION 6.** (1) The Joint Legislative Audit Committee shall establish a toll-free tele-
 25 phone line that is available to public employees and members of the public for the purpose
 26 of reporting waste, inefficiency or abuse by state agencies, state employees or persons under
 27 contract with state agencies.

28 (2) The toll-free telephone line established under this section shall be known as the
 29 Government Waste Hotline. The committee shall prepare a written notice that explains the
 30 purpose of the hotline. The notice shall prominently display the telephone number for the
 31 hotline and shall be posted in all offices of state agencies. If a state agency’s office is open
 32 to members of the public, the notice shall be posted in a place where the public is likely to
 33 see the notice.

34 (3) The committee shall publicize the availability of the hotline through print and elec-
 35 tronic media.

36 **SECTION 7.** (1) The Joint Legislative Audit Committee shall designate one employee of
 37 the Director of the Legislative Audit Office to be responsible for reports of waste, ineffi-
 38 ciency or abuse received through the Government Waste Hotline. The employee designated
 39 under this section shall log all reports received through the hotline.

40 (2) Except as provided in subsections (3) and (4) of this section, the committee, the di-
 41 rector or an employee of the director may not disclose:

42 (a) The identity of any person making a report through the hotline;

43 (b) The contents of a report of waste, inefficiency or abuse received through the hotline;

44 or

45 (c) The contents and results of any investigation conducted under this section.

1 (3)(a) The committee shall conduct an initial investigation of each report of waste, inef-
 2 ficiency or abuse made by public employees and members of the public through the hotline.
 3 Following the initial investigation, the committee shall determine whether a report should
 4 be investigated further and shall assign any investigation to the director.

5 (b) If the committee or director determines during the investigation that a violation of
 6 any provision of ORS chapter 244 may be occurring or may have occurred, the committee
 7 or director shall notify the Oregon Government Ethics Commission.

8 (c) If the committee or director determines during the investigation that fraud or other
 9 criminal activity may be occurring or may have occurred, the committee or director shall
 10 notify the appropriate law enforcement agency.

11 (4) Upon completion of an investigation under this section:

12 (a) The committee shall determine whether officers or employees of a state agency are
 13 engaging in activities that constitute waste, inefficiency or abuse.

14 (b) If the committee determines that waste, inefficiency or abuse has occurred, the di-
 15 rector shall prepare a written determination and may include other information about the
 16 nature of the investigation performed by the committee or director about the committee's
 17 determination. Upon request, the director shall send a copy of the written determination
 18 with any other information included by the committee to the person who made the report
 19 of waste, inefficiency or abuse.

20 (c) If the committee determines that officers or employees of a state agency or public
 21 body are involved in activities that constitute waste, inefficiency or abuse, the committee
 22 shall notify the state agency or public body and deliver a copy of the committee's written
 23 determination to the agency or body.

24 (d) If the committee determines that waste, inefficiency or abuse has occurred and has
 25 issued a written determination or provided notice to a state agency or public body under this
 26 subsection, the committee or director shall disclose to the public the contents of the report
 27 of waste, inefficiency or abuse received through the Government Waste Hotline, the contents
 28 and results of the investigation conducted under this section and a copy of the written de-
 29 termination or notice.

30 (5) The committee shall prepare a biennial report and submit it to each regular session
 31 of the Legislative Assembly. The report shall describe the number, nature and resolution of
 32 reports made through the Government Waste Hotline and shall identify savings resulting
 33 from improved efficiencies or the elimination of waste or abuse resulting from reports re-
 34 ceived under section 6 of this 2009 Act and investigations conducted under this section.

35 **SECTION 8.** ORS 297.030 is amended to read:

36 297.030. The audits[, *reviews or investigations*] authorized to be made by the Secretary of State
 37 may be assigned to the Division of Audits as a part of its functions and duties.

38 **SECTION 9.** ORS 297.040 is amended to read:

39 297.040. The costs and expenses of conducting audits authorized by ORS 297.030 shall be paid
 40 from whatever funds are appropriated by law for use in carrying out the provisions of the respective
 41 laws relating thereto. The costs and expenses shall be charged and billed to such funds or activities
 42 in the same manner as are costs and expenses charged and billed for audits[, *reviews,*
 43 *investigations*] and system installations to municipal corporations and the various state departments,
 44 boards and commissions.

45 **SECTION 10.** ORS 297.210 is amended to read:

1 297.210. (1)(a) The Secretary of State, as State Auditor, shall have the **financial** accounts [*and*
2 *financial affairs*] of state departments, boards, commissions, institutions and state-aided institutions
3 and agencies of the state [*reviewed or*] audited as the Secretary of State considers advisable or
4 necessary.

5 (b) The Secretary of State, as State Auditor, may conduct audits of the business practices of
6 school districts and education service districts pursuant to a contract with the Department of Edu-
7 cation authorized by ORS 326.133.

8 (c) The Secretary of State may subpoena witnesses, require the production of books and papers
9 and rendering of reports in such manner and form as the Secretary of State requires and may do
10 all things necessary to secure a full and thorough investigation. The Secretary of State shall report,
11 in writing, to the Governor **and the Joint Legislative Audit Committee**. The report shall include
12 a copy of the report on each audit.

13 (2) The Secretary of State may audit [*or review*] any institution or department of the state gov-
14 ernment at any time the executive head of the institution or department, for any reason, retires from
15 the head's office or position. The secretary need not conduct an audit [*or review*] under this sub-
16 section if:

17 (a) The institution or department has been the subject of an audit [*or review*] of financial con-
18 trols within the six months immediately preceding the retirement of the executive head of the in-
19 stitution or department; or

20 (b) The secretary has not received a report within the 12 months immediately preceding the
21 retirement of the executive head of the institution or department indicating that the executive head
22 of the institution or department was unable or unwilling to follow state law, rules, policies or pro-
23 cedures.

24 (3) The Secretary of State shall employ auditors upon such terms and for such compensation as
25 the Secretary of State determines are advantageous and advisable.

26 (4) If a person fails to comply with any subpoena issued under subsection (1) of this section, a
27 judge of the circuit court of any county, on application of the Secretary of State, shall compel obe-
28 dience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena
29 issued from the circuit court.

30 **SECTION 11.** ORS 297.230 is amended to read:

31 297.230. (1) The Division of Audits shall estimate in advance the expenses that it will incur
32 during the biennium in carrying out the provisions of ORS 297.030, 297.120 and 297.210, and shall
33 charge officers, departments, boards and commissions of state government and other public bodies
34 for their share of such expenses for periods within the biennium and in sufficient amounts to provide
35 reasonable cash operating requirements for the Division of Audits within the biennial period. Each
36 officer, department, board or commission or other public body shall pay to the credit of the Division
37 of Audits Account such charge as an administrative expense from funds or appropriations available
38 to it in the same manner as other claims against the state or public body are paid.

39 (2) [*Payments authorized under this section shall be consistent with ORS 171.580 and 171.585.*]
40 The Division of Audits shall report to the [*Joint Legislative Audit Committee established under ORS*
41 *171.580*] **Emergency Board created under ORS 291.324 or the Joint Committee on Ways and**
42 **Means created by ORS 171.555** when estimated expenses for an audit authorized under subsection
43 (1) of this section exceed the estimated expenses for a biennium.

44 (3) All moneys received from the various state departments, boards, commissions, institutions
45 and state-aided institutions and agencies of the state in the payment of the costs of audits [*and re-*

1 *views*] under this section and ORS 297.210 shall be credited to the Division of Audits Account.

2 **SECTION 12.** ORS 171.425 is amended to read:

3 171.425. The State Archivist shall allow the Legislative Fiscal Officer, the Legislative Adminis-
 4 trator, the Legislative Counsel, **the Director of the Legislative Audit Office** or the Legislative
 5 Revenue Officer to borrow and temporarily have possession of [*such*] **any** legislative records as
 6 [*such*] **the officer, administrator, counsel or director** requests.

7 **SECTION 13.** ORS 171.580 is amended to read:

8 171.580. (1) There is created a Joint Legislative Audit Committee consisting of [*the cochairs of*
 9 *the Joint Committee on Ways and Means, members of the House of Representatives appointed by the*
 10 *Speaker and members of the Senate appointed by the President.*]:

11 **(a) Five members of the House of Representatives appointed by the Speaker of the House**
 12 **of Representatives, one of whom must be a member of the Joint Committee on Ways and**
 13 **Means or, if there is no joint committee, a member of the committee in the House of Rep-**
 14 **resentatives that has jurisdiction over appropriations; and**

15 **(b) Five members of the Senate appointed by the President of the Senate, one of whom**
 16 **must be a member of the Joint Committee on Ways and Means or, if there is no joint com-**
 17 **mittee, a member of the committee in the Senate that has jurisdiction over appropriations.**

18 (2) The **Joint Legislative Audit** Committee has a continuing existence and [*may*] **shall** meet,
 19 act and conduct [*its*] **the committee's** business during sessions of the Legislative Assembly or any
 20 recess [*thereof*] **in a session** and in the interim between sessions.

21 (3) The term of a member [*shall expire*] **expires** upon the convening of the Legislative Assembly
 22 in regular session next following the commencement of the member's term. When a vacancy occurs
 23 in the membership of the committee in the interim between sessions, until [*such*] **the** vacancy is
 24 filled, the membership of the committee [*shall be considered not to*] **does not** include the vacant po-
 25 sition for the purpose of determining whether a quorum is present, and a quorum is a majority of
 26 the remaining members.

27 (4)(a) Members of the committee shall receive an amount equal to that authorized under ORS
 28 171.072 from funds appropriated to the Legislative Assembly for each day spent in the performance
 29 of their duties as members of the committee or any subcommittee [*thereof*] **of the committee**, in lieu
 30 of reimbursement for in-state travel expenses. [*However,*]

31 **(b)** When engaged in out-of-state travel, members shall [*be entitled to receive their actual and*
 32 *necessary expenses therefor*] **receive the expenses actually and necessarily incurred** in lieu of the
 33 amount authorized by **paragraph (a)** of this subsection.

34 **(c)** Payment **under this subsection** shall be made from funds appropriated to the [*Legislative*
 35 *Assembly*] **Director of the Legislative Audit Office**.

36 (5) The committee may not transact business unless a quorum is present. A quorum consists of
 37 a majority of committee members from the House of Representatives and a majority of committee
 38 members from the Senate.

39 (6) Action by the committee requires the affirmative vote of a majority of committee members
 40 from the House of Representatives and a majority of committee members from the Senate.

41 (7) The [*Legislative Fiscal Office*] **director** shall furnish to the committee [*such*] **the** services of
 42 personnel and [*such other facilities as*] **the facilities that** are necessary to enable the committee to
 43 carry out its functions as directed by law[, *with such assistance as the Division of Audits and Oregon*
 44 *Department of Administrative Services can provide*].

45 **SECTION 14.** ORS 171.585 is amended to read:

1 171.585. The Joint Legislative Audit Committee shall:

2 (1) Review all audits and make recommendations for change or remediation by the agency or
 3 other organization under review to the Emergency Board, the Joint **Committee on Ways and Means**
 4 [*Committee*] and other persons receiving the audit report under ORS 192.245.

5 (2) Accept requests for performance and [*program*] **management** audits from individual
 6 legislators[,] **and** legislative committees[, *the Division of Audits, the Budget and Management Divi-*
 7 *sion and the Legislative Fiscal Office*].

8 [(3) *In conjunction with the Director of the Division of Audits, set priorities on the basis of risk*
 9 *assessment for performance and program audits and program evaluations.*]

10 [(4) (3) With the advice and assistance of the [*Legislative Fiscal Officer, the Administrator of the*
 11 *Budget and Management Division and the Director of the Division of Audits*] **Director of the Leg-**
 12 **islative Audit Office**, determine the type of audit, evaluation or review utilizing criteria to include
 13 but not be limited to the nature and scope of the task, the time frame involved, necessary profes-
 14 sional guidelines, economy, efficiency, cost and cost responsibility.

15 [(5) (4) Not later than 12 months after the issuance of an audit report, review the actions of
 16 an agency or other government organization for compliance with the recommendations of the audit
 17 report.

18 [(6) (5) Assign tasks to the [*Legislative Fiscal Office, the Budget and Management Division, the*
 19 *Division of Audits or a special task force*] **director**.

20 [(7) (6) Review state agency performance measures and make recommendations for change.

21 **SECTION 15.** ORS 244.050 is amended to read:

22 244.050. (1) On or before April 15 of each year the following persons shall file with the Oregon
 23 Government Ethics Commission a verified statement of economic interest as required under this
 24 chapter:

25 (a) The Governor, Secretary of State, State Treasurer, Attorney General, Commissioner of the
 26 Bureau of Labor and Industries, Superintendent of Public Instruction, district attorneys and mem-
 27 bers of the Legislative Assembly.

28 (b) Any judicial officer, including justices of the peace and municipal judges, except any pro tem
 29 judicial officer who does not otherwise serve as a judicial officer.

30 (c) Any candidate for a public office designated in paragraph (a) or (b) of this subsection.

31 (d) The Deputy Attorney General.

32 (e) The Legislative Administrator, the Legislative Counsel, the Legislative Fiscal Officer, **the**
 33 **Director of the Legislative Audit Office**, the Secretary of the Senate and the Chief Clerk of the
 34 House of Representatives.

35 (f) The Chancellor and Vice Chancellors of the Oregon University System and the president and
 36 vice presidents, or their administrative equivalents, in each institution under the jurisdiction of the
 37 State Board of Higher Education.

38 (g) The following state officers:

39 (A) Adjutant General.

40 (B) Director of Agriculture.

41 (C) Manager of State Accident Insurance Fund Corporation.

42 (D) Water Resources Director.

43 (E) Director of Department of Environmental Quality.

44 (F) Director of Oregon Department of Administrative Services.

45 (G) State Fish and Wildlife Director.

- 1 (H) State Forester.
- 2 (I) State Geologist.
- 3 (J) Director of Human Services.
- 4 (K) Director of the Department of Consumer and Business Services.
- 5 (L) Director of the Department of State Lands.
- 6 (M) State Librarian.
- 7 (N) Administrator of Oregon Liquor Control Commission.
- 8 (O) Superintendent of State Police.
- 9 (P) Director of the Public Employees Retirement System.
- 10 (Q) Director of Department of Revenue.
- 11 (R) Director of Transportation.
- 12 (S) Public Utility Commissioner.
- 13 (T) Director of Veterans' Affairs.
- 14 (U) Executive Director of Oregon Government Ethics Commission.
- 15 (V) Director of the State Department of Energy.
- 16 (W) Director and each assistant director of the Oregon State Lottery.
- 17 (h) Any assistant in the Governor's office other than personal secretaries and clerical personnel.
- 18 (i) Every elected city or county official.
- 19 (j) Every member of a city or county planning, zoning or development commission.
- 20 (k) The chief executive officer of a city or county who performs the duties of manager or prin-
- 21 cipal administrator of the city or county.
- 22 (L) Members of local government boundary commissions formed under ORS 199.410 to 199.519.
- 23 (m) Every member of a governing body of a metropolitan service district and the executive of-
- 24 ficer thereof.
- 25 (n) Each member of the board of directors of the State Accident Insurance Fund Corporation.
- 26 (o) The chief administrative officer and the financial officer of each common and union high
- 27 school district, education service district and community college district.
- 28 (p) Every member of the following state boards and commissions:
- 29 (A) Board of Geologic and Mineral Industries.
- 30 (B) Oregon Economic and Community Development Commission.
- 31 (C) State Board of Education.
- 32 (D) Environmental Quality Commission.
- 33 (E) Fish and Wildlife Commission of the State of Oregon.
- 34 (F) State Board of Forestry.
- 35 (G) Oregon Government Ethics Commission.
- 36 (H) Oregon Health Policy Commission.
- 37 (I) State Board of Higher Education.
- 38 (J) Oregon Investment Council.
- 39 (K) Land Conservation and Development Commission.
- 40 (L) Oregon Liquor Control Commission.
- 41 (M) Oregon Short Term Fund Board.
- 42 (N) State Marine Board.
- 43 (O) Mass transit district boards.
- 44 (P) Energy Facility Siting Council.
- 45 (Q) Board of Commissioners of the Port of Portland.

- 1 (R) Employment Relations Board.
- 2 (S) Public Employees Retirement Board.
- 3 (T) Oregon Racing Commission.
- 4 (U) Oregon Transportation Commission.
- 5 (V) Wage and Hour Commission.
- 6 (W) Water Resources Commission.
- 7 (X) Workers' Compensation Board.
- 8 (Y) Oregon Facilities Authority.
- 9 (Z) Oregon State Lottery Commission.
- 10 (AA) Pacific Northwest Electric Power and Conservation Planning Council.
- 11 (BB) Columbia River Gorge Commission.
- 12 (CC) Oregon Health and Science University Board of Directors.

13 (q) The following officers of the State Treasurer:

- 14 (A) Chief Deputy State Treasurer.
- 15 (B) Chief of staff for the office of the State Treasurer.
- 16 (C) Director of the Investment Division.

17 (r) Every member of the board of commissioners of a port governed by ORS 777.005 to 777.725
 18 or 777.915 to 777.953.

19 (s) Every member of the board of directors of an authority created under ORS 441.525 to 441.595.

20 (2) By April 15 next after the date an appointment takes effect, every appointed public official
 21 on a board or commission listed in subsection (1) of this section shall file with the Oregon Govern-
 22 ment Ethics Commission a statement of economic interest as required under ORS 244.060, 244.070
 23 and 244.090.

24 (3) By April 15 next after the filing deadline for the primary election, each candidate for public
 25 office described in subsection (1) of this section shall file with the commission a statement of eco-
 26 nomic interest as required under ORS 244.060, 244.070 and 244.090.

27 (4) Within 30 days after the filing deadline for the general election, each candidate for public
 28 office described in subsection (1) of this section who was not a candidate in the preceding primary
 29 election, or who was nominated for public office described in subsection (1) of this section at the
 30 preceding primary election by write-in votes, shall file with the commission a statement of economic
 31 interest as required under ORS 244.060, 244.070 and 244.090.

32 (5) Subsections (1) to (4) of this section apply only to persons who are incumbent, elected or
 33 appointed public officials as of April 15 and to persons who are candidates for public office on April
 34 15. Subsections (1) to (4) of this section also apply to persons who do not become candidates until
 35 30 days after the filing deadline for the statewide general election.

36 (6) If a statement required to be filed under this section has not been received by the commis-
 37 sion within five days after the date the statement is due, the commission shall notify the public of-
 38 ficial or candidate and give the public official or candidate not less than 15 days to comply with the
 39 requirements of this section. If the public official or candidate fails to comply by the date set by the
 40 commission, the commission may impose a civil penalty as provided in ORS 244.350.

41 **SECTION 16.** ORS 291.100 is amended to read:

42 291.100. (1) It is the intent of the Legislative Assembly, in funding the development and imple-
 43 mentation of a new statewide financial management system, that statewide financial management
 44 systems and policies support program-driven budget planning and execution, based on timely and
 45 accurate statewide managerial cost accounting information and that such systems support legislative

1 program evaluation and performance **and management** auditing of statewide programs and services.

2 (2) The Oregon Department of Administrative Services shall devise and supervise statewide fi-
 3 nancial management systems for all state agencies by preparing policies and procedures for imple-
 4 menting and operating financial management systems for all agencies in state government and
 5 measuring implementation. In order to assure that the state’s investment in a modern and complete
 6 statewide financial management system is fully implemented, every agency and unit of state gov-
 7 ernment shall:

8 (a) Cooperate and comply fully with policies and procedures and deadlines prepared by the
 9 Oregon Department of Administrative Services for establishing a database for the financial man-
 10 agement system.

11 (b) Comply fully with policies and procedures prepared by the Oregon Department of Adminis-
 12 trative Services for operation of the financial management system.

13 (3) The Oregon Department of Administrative Services shall report to the Legislative Assembly
 14 no later than December 1 of even-numbered years:

15 (a) Progress in implementing the financial management system as to preparation of financial
 16 statements, nonfinancial management information and the ability of the system to support legislative
 17 program evaluation and performance **and management** auditing.

18 (b) Compliance by each agency and unit of state government with policies and procedures of the
 19 Oregon Department of Administrative Services for implementation of the financial management
 20 system.

21 (4) After a review of the Oregon Department of Administrative Services report by the Legisla-
 22 tive Fiscal Officer, the Joint Legislative Audit Committee may schedule a hearing for any agency
 23 or unit of state government to review compliance with this section and policies and procedures of
 24 the Oregon Department of Administrative Services, prior to any appropriation approval by the
 25 Legislative Assembly, as provided in ORS 171.585 (1).

26 **SECTION 17.** ORS 291.272 is amended to read:

27 291.272. As used in ORS 291.272 to 291.278, unless the context requires otherwise:

28 (1) “Administrative expenses” has the meaning defined by ORS 291.305.

29 (2) “Department” means the Oregon Department of Administrative Services.

30 (3) “Governmental service expenses” means the expenses of state government that are attribut-
 31 able to the operation, maintenance, administration and support of state government generally, and
 32 includes the following:

33 (a) Administrative expenses of the Oregon Department of Administrative Services supported out
 34 of the General Fund.

35 (b) Sixty percent of the expenditures of the Legislative Assembly out of moneys appropriated
 36 from the General Fund, and all of the expenditures incurred in the administration of the duties of
 37 the Emergency Board.

38 (c) Sixty percent of the expenditures incurred in the administration of the duties of the Joint
 39 Committee on Ways and Means and the Emergency Board.

40 (d) Sixty percent of the expenditures incurred out of moneys appropriated from the General
 41 Fund in the administration of the duties of the Legislative Counsel Committee.

42 (e) **Sixty percent of the expenditures incurred out of moneys appropriated from the**
 43 **General Fund in the administration of the duties of the Joint Legislative Audit Committee.**

44 [(e)] (f) Expenditures of the Secretary of State in the administration of the office of the State
 45 Archivist, of historic properties programs, and of the administrative rules publication program.

1 *[(f)]* (g) Seventy-five percent of the administrative expenses of the Office of the Governor in-
 2 curred out of moneys appropriated from the General Fund.

3 (4) “State agency” means every state officer, board, commission, department, institution, branch
 4 or agency of the state government, whose costs are paid wholly or in part from funds held in the
 5 State Treasury, and includes the Legislative Assembly, the courts and their officers and committees.

6 **SECTION 18.** ORS 419C.001 is amended to read:

7 419C.001. (1) The Legislative Assembly declares that in delinquency cases, the purposes of the
 8 Oregon juvenile justice system from apprehension forward are to protect the public and reduce ju-
 9 venile delinquency and to provide fair and impartial procedures for the initiation, adjudication and
 10 disposition of allegations of delinquent conduct. The system is founded on the principles of personal
 11 responsibility, accountability and reformation within the context of public safety and restitution to
 12 the victims and to the community. The system shall provide a continuum of services that emphasize
 13 prevention of further criminal activity by the use of early and certain sanctions, reformation and
 14 rehabilitation programs and swift and decisive intervention in delinquent behavior. The system shall
 15 be open and accountable to the people of Oregon and their elected representatives.

16 (2)(a) Programs, policies and services shall be regularly and independently audited. *[Audits per-*
 17 *formed under this subsection must include program audits and performance audits, as defined in ORS*
 18 *297.070.]* **The Joint Legislative Audit Committee shall select and oversee the program and**
 19 **management audits conducted under this subsection.** Programs, policies and services that were
 20 established before, on or after June 30, 1995, are subject to audit under this subsection.

21 (b) The programs, policies and services of county juvenile departments shall be subject to reg-
 22 ular review pursuant to this subsection.

23 (c) The *[Secretary of State]* **Director of the Legislative Audit Office** shall perform an audit that
 24 includes the performance of county juvenile departments.

25 *[(d) ORS 297.405 to 297.555 do not apply to an audit conducted pursuant to this subsection.]*

26 *[(e)]* (d) Notwithstanding ORS 297.040, the costs and expenses of audits conducted under this
 27 subsection may not be charged to the county juvenile departments. The *[Secretary of State]* **director**
 28 shall pay the costs and expenses of audits conducted under this subsection from funds available to
 29 the *[Secretary of State]* **director**.

30 (3) To facilitate an audit under subsection (2) of this section:

31 (a) The *[Secretary of State]* **Director of the Legislative Audit Office** may subpoena witnesses,
 32 require the production of books and papers and the rendering of reports in such manner and form
 33 as the *[Secretary of State]* **director** requires and may do all things necessary to secure a full and
 34 thorough investigation.

35 (b) The custodian of information that the *[Secretary of State deems]* **director considers** neces-
 36 sary to conduct the audit shall provide the *[Secretary of State or the auditor selected by the Secretary*
 37 *of State]* **director** access to the information notwithstanding the fact that the information may be
 38 made confidential or access to the information restricted by ORS 419A.255 or another law. Infor-
 39 mation obtained by the *[Secretary of State or the auditor pursuant to]* **director under** this paragraph
 40 and made confidential by ORS 419A.255 or another law may be used by the *[Secretary of State, the*
 41 *officers and employees of the Secretary of State or the auditor]* **director, employees of the director**
 42 **or the committee** solely for the purpose of performing the audit required by subsection (2) of this
 43 section and may not be used or disclosed for any other purpose.

44 **SECTION 19.** Section 3, chapter 7, Oregon Laws 2008, is amended to read:

45 **Sec. 3.** (1) Each state agency that is audited by the Secretary of State under ORS *[297.070 or]*

1 297.210 **or by the Director of the Legislative Audit Office under section 2 of this 2009 Act** shall
2 review the audit report issued by the secretary **or the director** and identify any audit recommen-
3 dations that present an opportunity for continuous improvement for the agency.

4 (2) Not later than three months after the date the secretary **or the director** issues the audit
5 report, the state agency shall report in writing to the Committee on Performance Excellence. The
6 report shall describe the opportunities for continuous improvement identified by the agency.

7 (3) Not later than six months after the date the secretary **or the director** issues the audit re-
8 port, the state agency shall report in writing to the committee. The report shall describe a plan for
9 addressing the opportunities for continuous improvement identified by the agency under subsection
10 (2) of this section.

11 **SECTION 20. ORS 171.590, 177.170, 177.180, 297.065 and 297.070 are repealed.**

12 **SECTION 21. Pursuant to sections 6 and 7 of this 2009 Act and the repeal of ORS 177.170
13 and 177.180 by section 20 of this 2009 Act, the duties, functions and powers of the Secretary
14 of State relating to the Government Waste Hotline are imposed upon, transferred to and
15 vested in the Joint Legislative Audit Committee.**

16 **SECTION 22. (1) The Secretary of State shall deliver to the Joint Legislative Audit
17 Committee all records and property within the jurisdiction of the secretary that relate to the
18 duties, functions and powers transferred by section 21 of this 2009 Act.**

19 **(2) The committee shall take possession of the records and property and employ them in
20 the exercise of the duties, functions and powers transferred by section 21 of this 2009 Act.**

21 **SECTION 23. (1) The unexpended balances of amounts authorized to be expended by the
22 Secretary of State for the biennium beginning July 1, 2009, from revenues dedicated, contin-
23 uously appropriated, appropriated or otherwise made available for the purpose of adminis-
24 tering and enforcing the duties, functions and powers transferred by section 21 of this 2009
25 Act are appropriated and transferred to and are available for expenditure by the Joint Leg-
26 islative Audit Committee for the biennium beginning July 1, 2009, for the purpose of admin-
27 istering and enforcing the duties, functions and powers transferred by section 21 of this 2009
28 Act.**

29 **(2) The expenditure classifications, if any, established by Acts authorizing or limiting
30 expenditures by the Secretary of State related to the duties, functions and powers trans-
31 ferred by section 21 of this 2009 Act remain applicable to expenditures by the Joint Legisla-
32 tive Audit Committee under this section.**

33 **SECTION 24. The transfer of duties, functions and powers to the Joint Legislative Audit
34 Committee by section 21 of this 2009 Act does not affect any action, proceeding or prose-
35 cution involving or with respect to such duties, functions and powers begun before and
36 pending at the time of the transfer.**

37 **SECTION 25. Sections 1 to 7 and 21 to 24 of this 2009 Act, the amendments to ORS
38 171.425, 171.580, 171.585, 244.050, 291.100, 291.272, 297.030, 297.040, 297.210, 297.230 and 419C.001
39 and section 3, chapter 7, Oregon Laws 2008, by sections 8 to 19 of this 2009 Act and the repeal
40 of ORS 171.590, 177.170, 177.180, 297.065 and 297.070 by section 20 of this 2009 Act become op-
41 erative on January 1, 2010.**

42 **SECTION 26. The Secretary of State and the Joint Legislative Audit Committee may take
43 any action before the operative date specified in section 25 of this 2009 Act that is necessary
44 to enable the secretary and the committee to exercise, on and after the operative date
45 specified in section 25 of this 2009 Act, all the duties, functions and powers conferred upon**

1 the secretary and the committee by sections 1 to 7 and 21 to 24 of this 2009 Act, the
2 amendments to ORS 171.425, 171.580, 171.585, 244.050, 291.100, 291.272, 297.030, 297.040, 297.210,
3 297.230 and 419C.001 and section 3, chapter 7, Oregon Laws 2008, by sections 8 to 19 of this
4 2009 Act and the repeal of ORS 171.590, 177.170, 177.180, 297.065 and 297.070 by section 20 of
5 this 2009 Act.

6 SECTION 27. This 2009 Act being necessary for the immediate preservation of the public
7 peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect
8 on its passage.

9
