

A-Engrossed
House Bill 3139

Ordered by the House May 19
Including House Amendments dated May 19

Sponsored by Representative KOMP; Representative DEMBROW (at the request of Service Employees International Union)

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.

[Requires state agencies with internal auditor to produce at least one complete audit per year. Requires internal auditor to file confidential report on completed internal audit to Secretary of State.]

Requires certain state agencies to produce risk assessment and use risk assessment as basis for selection and performance of at least one internal audit per calendar year. Requires agencies to file completed risk assessment or internal audit with Division of Audits of Office of Secretary of State.

A BILL FOR AN ACT

1
2 Relating to state agency internal audits; creating new provisions; and amending ORS 184.360 and
3 353.160.

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

5 **SECTION 1.** ORS 184.360 is amended to read:

6 184.360. (1) As used in this section[,]:

7 (a) **“Executive department” has the meaning given that term in ORS 174.112.**

8 (b) **“State government” has the meaning given that term in ORS 174.111.**

9 (2) It is the policy of this state that internal audit activities within state government be coor-
10 dinated to promote effectiveness.

11 (3) The Oregon Department of Administrative Services shall adopt rules setting standards and
12 policies for internal audit functions within state government. The rules shall include, but are not
13 limited to:

14 (a) Standards for internal audits that are (a) consistent with and incorporate commonly recognized
15 industry standards and practices; and

16 (b) Policies and procedures that ensure the integrity of the internal audit process.

17 (4) **Each agency of the executive department required to have an internal audit function**
18 **shall produce a risk assessment of the entire agency that conforms to audit standards es-**
19 **tablished by nationally recognized entities such as the United States Government Account-**
20 **ability Office or the Institute of Internal Auditors. The agency shall use its risk assessment**
21 **as the basis for the selection and performance of at least one internal audit per calendar**
22 **year.**

23 (5) **Each agency of the executive department required to have an internal audit function**
24 **shall audit a component of its governance and risk management processes at least once ev-**
25 **ery five years and file a report with the Oregon Department of Administrative Services.**

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 [(4)] (6) Not later than December 31 of each calendar year, the **Oregon Department of Ad-**
2 **ministrative Services** shall prepare and submit a report to the Joint Legislative Audit Committee.
3 In the absence of the Joint Legislative Audit Committee, the department shall submit the report to
4 the Joint Committee on Ways and Means or the Emergency Board. The report shall describe inter-
5 nal audit activities that have occurred in state government during the calendar year in which the
6 report is prepared.

7 **SECTION 2.** (1) **An agency of the executive department that completes a risk assessment**
8 **or internal audit under ORS 184.360, or that prepares an independent audit under ORS**
9 **353.160, shall file the completed risk assessment or internal audit with the Division of Audits**
10 **of the Office of the Secretary of State.**

11 (2) **Nothing in this section affects the constitutional duties and authority of the Secretary**
12 **of State to audit public accounts.**

13 **SECTION 3.** ORS 353.160 is amended to read:

14 353.160. Nothing in this chapter [*shall affect*] **affects** the constitutional duties and authority of
15 the Secretary of State to audit public accounts. However, the Oregon Health and Science University
16 shall conduct independent audits if [*such*] **the** audits are considered advisable by the university.
17 [*Such*] **Subject to section 2 of this 2009 Act, the** audits [*shall be*] **are** subject to the exclusive
18 discretion and control of the university. **The audits are** [*and shall be*] subject to disclosure pursuant
19 to ORS 192.410 to 192.505.