

House Bill 3275

Sponsored by Representative KENNEMER

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**.

Requires performance audits of state agencies to be conducted by independent auditors.

A BILL FOR AN ACT

Relating to performance audits; amending ORS 297.070.

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

SECTION 1. ORS 297.070, as amended by section 8, chapter 7, Oregon Laws 2008, is amended to read:

297.070. (1) Performance and program audits of all state departments, boards, commissions, institutions and state-aided institutions and agencies shall be conducted on the basis of risk assessment and on standards established by national recognized entities including, but not limited to, the United States [*General Accounting*] **Government Accountability** Office and the National Association of State Auditors. The Secretary of State shall adopt and the Joint Legislative Audit Committee shall approve rules specifying all criteria to be considered for conducting a performance or program audit under this section. **The Secretary of State shall adopt rules for performance audits that will produce verifiable cost savings and efficiency outcomes.** The Secretary of State shall schedule the performance and program audits as directed by the Joint Legislative Audit Committee. **The Secretary of State shall provide audits completed under this section to the Legislative Assembly at least once per calendar year.**

(2) The Secretary of State may subpoena witnesses, may require the production of books and papers and rendering of reports in [*such*] **the** manner and form [*as*] **that** the Secretary of State requires and may do all things necessary to secure a full and thorough audit. The Secretary of State shall report, in writing, to the Legislative Assembly as provided in ORS 192.245 and to the Committee on Performance Excellence established in section 1, chapter 7, Oregon Laws 2008. The report shall include a copy of the report on each performance and program audit.

(3) The Secretary of State, as State Auditor, shall contract with qualified private sector auditors to conduct audits required by this section[, *unless the Secretary of State determines that it is not practical or in the public interest to do so. If the Secretary of State determines that it is not practical or in the public interest to contract with qualified private sector auditors, after notifying the Joint Legislative Audit Committee, the Secretary of State shall employ auditors for such purpose and shall include in the written audit report the circumstances that rendered it impractical or not in the public interest to contract with qualified private sector auditors*]. All contracts for conducting performance and program audits under this section shall be in a form prescribed or approved by the Secretary of State. A copy of each completed contract shall be furnished to the Secretary of State and the Joint Legislative Audit Committee. The Secretary of State shall employ or contract with auditors

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 upon terms and for compensation as the Secretary of State determines are advantageous and advis-
 2 able.

3 (4) An audit conducted under contract as provided in subsection (3) of this section shall be
 4 considered to be conducted by the Division of Audits for purposes of ORS 297.020, 297.050 and
 5 297.535.

6 (5) If a person fails to comply with any subpoena issued under subsection (2) of this section, a
 7 judge of the circuit court of any county, on application of the Secretary of State, shall compel obe-
 8 dience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena
 9 issued from the circuit court.

10 (6) The Secretary of State may enter into an agreement with the department, board, commission,
 11 institution, state-aided institution or agency that is the subject of a performance or program audit
 12 for payment of the expenses incurred by the Secretary of State in conducting the audit. The Emer-
 13 gency Board may also make funds available to the Division of Audits to reimburse it for expenses
 14 incurred under this section.

15 (7) As used in this section:

16 (a) "Performance audit" includes determining:

17 (A) Whether an entity described in subsection (1) of this section that is the subject of the audit
 18 is acquiring, protecting and using its resources economically and efficiently;

19 (B) The causes of inefficiencies or uneconomical practices; and

20 (C) Whether the entity has complied with laws and regulations concerning matters of economy
 21 and efficiency.

22 (b) "Program audit" includes determining:

23 (A) The extent to which the desired results or benefits of a program established by the Legis-
 24 lative Assembly or other authorizing body are being achieved;

25 (B) The extent to which the need for or objectives of an ongoing program are necessary or rel-
 26 evant;

27 (C) Whether the program complements, duplicates, overlaps or conflicts with other related pro-
 28 grams;

29 (D) The effectiveness of organizations, programs, activities or functions; and

30 (E) Whether the entity described in subsection (1) of this section that is the subject of the audit
 31 has complied with laws and regulations applicable to the program.

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