

House Bill 3285

Sponsored by Representative RICHARDSON; Representative CAMERON

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 audits conducted by Secretary of State at direction of Joint Legislative Audit Committee to include mandatory elements.

A BILL FOR AN ACT

1
2 Relating to state agency audits; amending ORS 297.070.

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

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

6 297.070. (1) Performance and program audits of all state departments, boards, commissions, in-
7 stitutions and state-aided institutions and agencies shall be conducted on the basis of risk assess-
8 ment and on standards established by national recognized entities including, but not limited to, the
9 United States General Accounting Office and the National Association of State Auditors. The Sec-
10 retary of State shall adopt and the Joint Legislative Audit Committee shall approve rules specifying
11 all criteria to be considered for conducting a performance or program audit under this section. The
12 Secretary of State shall schedule the performance and program audits as directed by the Joint
13 Legislative Audit Committee.

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

20 (3) The Secretary of State, as State Auditor, shall contract with qualified private sector auditors
21 to conduct audits required by this section, unless the Secretary of State determines that it is not
22 practical or in the public interest to do so. If the Secretary of State determines that it is not prac-
23 tical or in the public interest to contract with qualified private sector auditors, after notifying the
24 Joint Legislative Audit Committee, the Secretary of State shall employ auditors for such purpose
25 and shall include in the written audit report the circumstances that rendered it impractical or not
26 in the public interest to contract with qualified private sector auditors. All contracts for conducting
27 performance and program audits under this section shall be in a form prescribed or approved by the
28 Secretary of State. A copy of each completed contract shall be furnished to the Secretary of State
29 and the Joint Legislative Audit Committee. The Secretary of State shall employ or contract with
30 auditors upon terms and for compensation as the Secretary of State determines are advantageous
31 and advisable.

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

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

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

13 (7) As used in this section:

14 (a) "Performance audit" includes determining:

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

17 (B) The causes of inefficiencies or uneconomical practices; *[and]*

18 (C) **Cost savings that the audited entity can implement without compromising the enti-**
 19 **ty's mission;**

20 (D) **Gaps or overlaps in programs between the audited entity and other state depart-**
 21 **ments, boards, commissions or institutions, or state-aided institutions or agencies; and**

22 *[(C)]* (E) Whether the entity has complied with laws and regulations concerning matters of
 23 economy and efficiency.

24 (b) "Program audit" includes determining:

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

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

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

31 (D) **Which services or programs could be transferred to the private sector without a loss**
 32 **of service or program effectiveness;**

33 (E) **Which services could be reduced or eliminated without compromising the entity's**
 34 **mission;**

35 *[(D)]* (F) The effectiveness of organizations, programs, activities or functions; and

36 *[(E)]* (G) Whether the entity described in subsection (1) of this section that is the subject of the
 37 audit has complied with laws and regulations applicable to the program.

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