

House Bill 2895

Sponsored by Representative KENNEMER (Presession filed.)

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

1
2 Relating to performance audits; amending ORS 297.070.

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

4 **SECTION 1.** ORS 297.070 is amended to read:

5 297.070. (1) Performance and program audits of all state departments, boards, commissions, in-
6 stitutions and state-aided institutions and agencies shall be conducted on the basis of risk assess-
7 ment and on standards established by national recognized entities including, but not limited to, the
8 United States Government Accountability Office and the National Association of State Auditors. The
9 Secretary of State shall adopt and the Joint Legislative Audit Committee shall approve rules speci-
10 fying all criteria to be considered for conducting a performance or program audit under this section.

11 **The Secretary of State shall adopt rules for performance audits that will produce verifiable**
12 **cost savings and efficiency outcomes.** The Secretary of State shall schedule the performance and
13 program audits as directed by the Joint Legislative Audit Committee. **The Secretary of State shall**
14 **provide audits completed under this section to the Legislative Assembly at least once per**
15 **calendar year.**

16 (2) The Secretary of State may subpoena witnesses, may require the production of books and
17 papers and rendering of reports in the manner and form that the Secretary of State requires and
18 may do all things necessary to secure a full and thorough audit. The Secretary of State shall report,
19 in writing, to the Legislative Assembly as provided in ORS 192.245 and to the Committee on Per-
20 formance Excellence established in ORS 182.562. The report shall include a copy of the report on
21 each performance and program audit.

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

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 able.

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

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

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

14 (7) As used in this section:

15 (a) "Performance audit" includes determining:

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

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

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

21 (b) "Program audit" includes determining:

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

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

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

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

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

31