

Senate Bill 772

Sponsored by COMMITTEE ON BUSINESS, TRANSPORTATION AND ECONOMIC DEVELOPMENT

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 contracting agency to pay fee to Secretary of State in amount of one-tenth of one percent of contract price for certain public improvement contracts. Requires Secretary of State to use proceeds of fee to conduct random financial, compliance and performance audits of certain public contracts in accordance with certain standards.

Requires secretary to appoint advisory committee and specifies composition of advisory committee.

Establishes Public Contracting Audit Fund. Continuously appropriates moneys in fund to Secretary of State for purpose of conducting audits of public contracts.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1 Relating to audits of public contracts; appropriating money; and declaring an emergency.

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

3 **SECTION 1. Section 2 of this 2011 Act is added to and made a part of ORS chapter 279C.**

4 **SECTION 2. (1) A contracting agency that conducts a procurement under an exemption**
5 **granted under ORS 279C.335 (2), in addition to and not in lieu of the charges specified in ORS**
6 **297.230, shall pay a fee equivalent to one-tenth of one percent of the contract price for the**
7 **procurement to the office of the Secretary of State at the time the contracting agency exe-**
8 **cutes the contract. The Secretary of State shall pay the moneys received under this sub-**
9 **section to the State Treasurer for deposit in the Public Contracting Audit Fund created**
10 **under section 4 of this 2011 Act.**

11
12 **(2)(a) The secretary shall use the moneys available in the fund to conduct financial,**
13 **compliance and performance audits of public contracts that contracting agencies award un-**
14 **der an exemption granted under ORS 279C.335 (2). The secretary shall conduct each audit**
15 **according to standards adopted under ORS 297.070 and, except as provided in paragraph (b)**
16 **of this subsection, shall choose the contract that will be the subject of each audit randomly**
17 **and without advance notice to the contracting agency or other parties to the public contract.**

18 **(b) If the secretary finds during an audit conducted in accordance with the provisions**
19 **of this section or receives reliable information at any time concerning fraud, waste, mis-**
20 **conduct or abuse for a particular public contract that was awarded under an exemption**
21 **granted under ORS 279C.335 (2), the secretary may conduct a special investigation of the**
22 **contracting agency or other parties to the public contract and may use moneys from the**
23 **fund to conduct the special investigation.**

24 **(c) The secretary, in accordance with policies and priorities that the secretary estab-**
25 **lishes, each year shall allocate the amount of moneys available or projected to be available**
26 **in the fund during the year toward conducting a regular course of audits under this section.**

27 **(3) The secretary shall appoint a committee to advise the secretary concerning the scope,**

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 contents and expected results of the audits the secretary conducts under this section. The
2 membership of the committee must consist of at least one person from each of the following
3 categories:

4 (a) A representative from a construction industry trade group;

5 (b) A person that successfully completed a contract that a contracting agency awarded
6 under this chapter in which the contracting agency deemed the person's performance under
7 the contract as exemplary;

8 (c) An employee of a state contracting agency;

9 (d) An employee of a local contracting agency; and

10 (e) A member of the public who has knowledge of and expertise in generally accepted
11 auditing standards and procedures.

12 (4) In addition to complying with the requirements of ORS 297.050, the secretary shall
13 publish the report for every audit conducted under this section on the secretary's website
14 and on the Oregon transparency website described in ORS 184.483.

15 **SECTION 3.** Section 4 of this 2011 Act is added to and made a part of ORS chapter 297.

16 **SECTION 4.** The Public Contracting Audit Fund is established separate and distinct from
17 the General Fund. All moneys in the Public Contracting Audit Fund are continuously ap-
18 propriated to the Secretary of State for the purposes set forth in section 2 of this 2011 Act.

19 **SECTION 5.** This 2011 Act being necessary for the immediate preservation of the public
20 peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect
21 on its passage.

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