

Senate Bill 907

Sponsored by COMMITTEE ON RULES

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**.

Directs state agency that has been subject of Secretary of State performance or program audit to report to Legislative Assembly on actions agency has taken to address findings and implement recommendations of audit.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to audits; amending ORS 297.070; and declaring an emergency.

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 schedule the performance and program audits as directed by the Joint
12 Legislative Audit Committee.

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

19 (3) The Secretary of State, as State Auditor, shall contract with qualified private sector auditors
20 to conduct audits required by this section, unless the Secretary of State determines that it is not
21 practical or in the public interest to do so. If the Secretary of State determines that it is not prac-
22 tical or in the public interest to contract with qualified private sector auditors, after notifying the
23 Joint Legislative Audit Committee, the Secretary of State shall employ auditors for that purpose and
24 shall include in the written audit report the circumstances that rendered it impractical or not in the
25 public interest to contract with qualified private sector auditors. All contracts for conducting per-
26 formance and program audits under this section shall be in a form prescribed or approved by the
27 Secretary of State. A copy of each completed contract shall be furnished to the Secretary of State
28 and the Joint Legislative Audit Committee. The Secretary of State shall employ or contract with
29 auditors upon terms and for compensation as the Secretary of State determines are advantageous
30 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) If the Secretary of State conducts a performance or program audit under this section**
 14 **or as part of an audit conducted under ORS 297.210, the state department, board, commis-**
 15 **sion, institution or state-aided institution or agency that is the subject of the audit shall**
 16 **report to the Legislative Assembly as provided in ORS 192.245 at the next regular session of**
 17 **the Legislative Assembly that begins at least six months following the date that the Secre-**
 18 **tary of State issues the report on the audit. The report must describe the actions that the**
 19 **department, board, commission, institution or state-aided institution or agency has taken**
 20 **or plans to take to address the findings of the audit and implement the audit recommen-**
 21 **dations.**

22 [(7)] (8) As used in this section:

23 (a) "Performance audit" includes determining:

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

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

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

29 (b) "Program audit" includes determining:

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

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

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

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

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

39 **SECTION 2. This 2011 Act being necessary for the immediate preservation of the public**
 40 **peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect**
 41 **on its passage.**

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