

STAFF MEASURE SUMMARY

Senate Committee On Judiciary

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 04/28/15

Action: Do Pass.

Meeting Dates: 04/28

Vote:

Yeas: 5 - Burdick, Gelser, Kruse, Prozanski, Thatcher

Prepared By: Channa Newell, Counsel

WHAT THE MEASURE DOES:

Requires Secretary of State to report suspected fraud or other criminal activity found in course of audit to appropriate law enforcement agencies. Declares emergency; effective on passage.

ISSUES DISCUSSED:

- Secretary of State currently reports fraud or criminal activity when found, but lacks statutory authority to do so
- Need for protocol and guidance from Department of Justice on reporting
- Examples of uncovering fraud in course of audit
- Basis for reporting is suspicion of fraud or criminal activity

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The Secretary of State (SOS) is charged with the duty to review or audit the accounts and financial affairs of state agencies and departments, boards, commissions, and institutions. The audit power extends to school districts and educational service districts and funds transferred to counties, including lottery revenues, state highway funds, cigarette tax revenues, and Oregon Liquor Control Commission funds. Recent audits include Annual Reports on Oregon State Lottery Enterprise Funds, the Oregon Public Employees' Retirement System, and the Oregon University System.

House Bill 2173 gives the SOS the clear authority to report suspected fraud or other criminal activities to the proper law enforcement agencies when suspected fraud is found in the course of an audit.