

House Bill 2173

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Secretary of State Kate Brown)

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 Secretary of State, as State Auditor, to report fraud or other violations of criminal law to appropriate law enforcement agency, regardless of source of moneys involved in fraud or violation.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to audits; creating new provisions; amending ORS 297.210; and declaring an emergency.

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

SECTION 1. ORS 297.210 is amended to read:

297.210. (1)(a) The Secretary of State, as State Auditor, shall have the accounts and financial affairs of state departments, boards, commissions, institutions and state-aided institutions and agencies of the state reviewed or audited as the Secretary of State considers advisable or necessary.

(b) The Secretary of State, as State Auditor, may conduct performance audits of school districts and education service districts. For audits conducted under this paragraph:

(A) The Secretary of State shall identify by rule factors and standards by which the secretary will determine whether to initiate an audit as authorized under this paragraph or to enter into a contract with the Department of Education to conduct an audit as provided by ORS 327.141.

(B) Prior to initiating an audit, the Secretary of State shall:

(i) Give notice to the school district or the education service district of the secretary's intent to initiate the audit; and

(ii) Provide the school district or the education service district with the opportunity to provide to the secretary any information related to the subject of the audit.

(C) Following the review of any information provided under subparagraph (B) of this paragraph, the Secretary of State may:

(i) Decline to proceed with the audit; or

(ii) Cause the audit to be conducted.

(D) The Secretary of State may charge a school district or an education service district for a portion of the costs incurred for an audit authorized by this paragraph. Amounts charged as provided by this subparagraph shall be in lieu of any amounts that may be charged as provided by ORS 297.230.

(c) The Secretary of State, as State Auditor, may conduct audits of the use of fund transfers from the state to counties, including but not limited to transfers of video lottery revenues, state highway funds, cigarette tax revenues and Oregon Liquor Control Commission funds.

(d) The Secretary of State may subpoena witnesses, require the production of books and papers and rendering of reports in such manner and form as the Secretary of State requires and may do

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 all things necessary to secure a full and thorough investigation.

2 (e) The Secretary of State shall report, in writing, to the Governor. The report shall include a
3 copy of the report on each audit.

4 (f) In addition to the report described in paragraph (e) of this subsection, the Secretary of State
5 shall provide a report to a school district board or the board of directors of an education service
6 district following an audit conducted as provided by paragraph (b) of this subsection.

7 (2) The Secretary of State may audit or review any institution or department of the state gov-
8 ernment at any time the executive head of the institution or department, for any reason, retires from
9 the head's office or position. The secretary need not conduct an audit or review under this sub-
10 section if:

11 (a) The institution or department has been the subject of an audit or review of financial controls
12 within the six months immediately preceding the retirement of the executive head of the institution
13 or department; or

14 (b) The secretary has not received a report within the 12 months immediately preceding the
15 retirement of the executive head of the institution or department indicating that the executive head
16 of the institution or department was unable or unwilling to follow state law, rules, policies or pro-
17 cedures.

18 (3) The Secretary of State shall employ auditors upon such terms and for such compensation as
19 the Secretary of State determines are advantageous and advisable.

20 (4) If a person fails to comply with any subpoena issued under subsection (1) of this section, a
21 judge of the circuit court of any county, on application of the Secretary of State, shall compel obe-
22 dience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena
23 issued from the circuit court.

24 **(5) If the Secretary of State determines during the conduct of any activity authorized**
25 **under this chapter that fraud or other criminal activity may be occurring or may have oc-**
26 **curred, the secretary shall notify the appropriate federal, state or local law enforcement**
27 **agency of the potential fraud or other criminal activity. This subsection applies regardless**
28 **of the source of any moneys that are involved or may be involved in the fraud or other**
29 **criminal activity.**

30 **SECTION 2. ORS 297.250 and 297.300 are added to and made a part of ORS chapter 297.**

31 **SECTION 3. The amendments to ORS 297.210 by section 1 of this 2015 Act apply to ac-**
32 **tivities occurring prior to, on or after the effective date of this 2015 Act.**

33 **SECTION 4. This 2015 Act being necessary for the immediate preservation of the public**
34 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
35 **on its passage.**

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