

D R A F T

SUMMARY

Digest: The Act creates an LAO position and directs the LAO to perform audits and to report findings to the JLAC. (Flesch Readability Score: 63.8).

Authorizes the Joint Legislative Audit Committee to appoint a Legislative Audit Officer and to direct the officer to perform specified duties, including investigating, reviewing activities of and oversight of executive branch agencies, taking in and investigating complaints of members of the public concerning executive branch agency programs, conducting performance audits of executive branch agencies and reporting to the committee on work undertaken by the officer. Authorizes the officer to hire necessary staff and to enter into contracts to carry out the functions assigned to the officer.

Provides that the duties the officer must perform become operative January 1, 2026.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to legislative oversight of executive branch actions; creating new
3 provisions; amending ORS 171.415, 171.425, 171.430, 171.580, 171.585,
4 171.590, 244.050, 297.050 and 297.070; and prescribing an effective date.

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

6 **SECTION 1. (1) The Joint Legislative Audit Committee shall select**
7 **a Legislative Audit Officer, who shall serve at the pleasure of the**
8 **committee.**

9 **(2) Subject to the limitations otherwise provided by law for expenses**
10 **of state officers, the Legislative Audit Officer shall be reimbursed for**
11 **actual and necessary expenses incurred or paid by the Legislative Au-**
12 **dit Officer in the performance of duties of the Legislative Audit Offi-**
13 **cer.**

1 **SECTION 2.** (1) The Legislative Audit Officer shall, subject to
2 available resources and at the direction of the Joint Legislative Audit
3 Committee:

4 (a) Investigate, review the activities and actions of, and conduct
5 oversight of executive branch agencies, programs and functions to
6 identify opportunities and areas of improvement to make agency
7 functions, operations and programs more effective, transparent and
8 responsive;

9 (b) Take in and act upon complaints made by members of the public
10 concerning executive branch agency actions by investigating and as-
11 certaining the extent to which agency functions or program objectives
12 are aligned with authorizing legislation and being met, and report
13 findings to the committee and complainants;

14 (c) Conduct performance audits of executive branch agencies or
15 programs and report findings to the committee;

16 (d) Undertake other evaluations, audits or tasks described in ORS
17 171.585;

18 (e) Report to the appropriate policy committees of the Legislative
19 Assembly on the results of audits undertaken by the officer or by the
20 Division of Audits, including supplying any relevant information re-
21 lated to an audit the officer is reporting on;

22 (f) Issue reports, findings and studies on the work undertaken by
23 the officer; and

24 (g) Perform other related duties as assigned.

25 (2) The Legislative Audit Officer may employ and fix the compen-
26 sation of such professional assistants and other employees as the of-
27 ficer deems necessary for the work under the charge of the officer.

28 (3) The Legislative Audit Officer may enter into contracts to carry
29 out the functions of the officer.

30 **SECTION 3.** ORS 171.580 is amended to read:

31 171.580. (1) There is created a Joint Legislative Audit Committee con-

1 sisting of the cochairs of the Joint Committee on Ways and Means, members
2 of the House of Representatives appointed by the Speaker and members of
3 the Senate appointed by the President.

4 (2) The committee has a continuing existence and may meet, act and
5 conduct its business during sessions of the Legislative Assembly or any re-
6 cess thereof and in the interim between sessions.

7 (3)(a) The term of a member shall expire upon the earlier of:

8 (A) The date of the convening of the odd-numbered year regular session
9 of the Legislative Assembly next following the commencement of the
10 member's term; or

11 (B) The date of the convening of an organizational session of the odd-
12 numbered year regular session of the Legislative Assembly next following the
13 commencement of the member's term.

14 (b) When a vacancy occurs in the membership of the committee in the
15 interim between an odd-numbered year regular session and the earlier of the
16 date of the convening of the next following odd-numbered year regular ses-
17 sion or the date of the convening of an organizational session of the next
18 following odd-numbered year regular session, until such vacancy is filled, the
19 membership of the committee shall be considered not to include the vacant
20 position for the purpose of determining whether a quorum is present and a
21 quorum is a majority of the remaining members.

22 (4) Members of the committee shall receive an amount equal to that au-
23 thorized under ORS 171.072 from funds appropriated to the Legislative As-
24 sembly for each day spent in the performance of their duties as members of
25 the committee or any subcommittee thereof in lieu of reimbursement for in-
26 state travel expenses. However, when engaged in out-of-state travel, mem-
27 bers shall be entitled to receive their actual and necessary expenses therefor
28 in lieu of the amount authorized by this subsection. Payment shall be made
29 from funds appropriated to the Legislative Assembly.

30 (5) The committee may not transact business unless a quorum is present.
31 A quorum consists of a majority of committee members from the House of

1 Representatives and a majority of committee members from the Senate.

2 (6) Action by the committee requires the affirmative vote of a majority
3 of committee members from the House of Representatives and a majority of
4 committee members from the Senate.

5 (7) The Legislative [*Fiscal Office*] **Audit Officer** shall furnish to the
6 committee such services of personnel and such other facilities as are neces-
7 sary to enable the committee to carry out its functions as directed by law,
8 with such assistance as the Division of Audits and Oregon Department of
9 Administrative Services can provide.

10 **SECTION 4.** ORS 171.585 is amended to read:

11 171.585. (1) The Joint Legislative Audit Committee shall:

12 (a) Select audit reports for review and make recommendations for change
13 or remediation by the audited entity to the Emergency Board, the Joint In-
14 terim Committee on Ways and Means, the Joint Committee on Ways and
15 Means or other appropriate legislative committees and to other persons re-
16 ceiving the audit report under ORS 192.245.

17 (b) Review requests for performance audits and proposed legislation re-
18 lating to audits.

19 (c) Recommend audits and audit follow-up reviews to be conducted by the
20 Division of Audits **or by the Legislative Audit Officer.**

21 (d)(A) Review **audits and** audit follow-up reviews completed by legislative
22 staff.

23 (B) Select audit follow-up reviews completed by the Division of Audits for
24 review.

25 (e) Assign tasks related to the duties of the Joint Legislative Audit
26 Committee to the Legislative [*Fiscal Office*] **Audit Officer**, including di-
27 recting [*staff*] **the officer** to conduct performance assessments of state
28 agency programs and management, reviews of agency or statewide processes,
29 sunset reviews, change of director reviews, reviews of audits conducted by
30 the Secretary of State or contract auditors and audit follow-up reviews. The
31 Legislative [*Fiscal*] **Audit Officer** shall notify the Division of Audits before

1 conducting a review directed by the committee.

2 (f) At the request of the standing or interim Joint Committee on Ways
3 and Means, review state agency performance measures and make recommen-
4 dations for change.

5 (2) As used in this section, “audit follow-up review” means a review to
6 determine:

7 (a) Whether an audited entity has appropriately acted upon audit
8 findings; and

9 (b) Whether implementation of audit recommendations achieved the an-
10 ticipated benefits identified in an audit report or in an audited entity’s re-
11 sponse to an audit report.

12 **SECTION 5.** ORS 171.590 is amended to read:

13 171.590. (1) In carrying out specific **audits**, evaluations and reviews, the
14 Legislative [*Fiscal Office*] **Audit Officer** may request the services of the
15 Division of Audits, the Oregon Department of Administrative Services and
16 other statutory agencies of the Legislative Assembly.

17 (2) **If requested by the Legislative Audit Officer**, the Division of Au-
18 dits shall, for each audit recommended by the Joint Legislative Audit Com-
19 mittee and included in the audit plan described in ORS 297.076:

20 (a) Verify with the [*committee*] **officer** that the identified scope of the
21 audit meets the goals of the committee; and

22 (b) Provide periodic updates to the **officer and** committee on the status
23 of the audit.

24 **SECTION 6.** ORS 171.415 is amended to read:

25 171.415. (1) Except as provided in subsections (2) and (3) of this section,
26 a committee or employee of the Legislative Assembly having possession of
27 legislative records that are not required for the regular performance of offi-
28 cial duties shall, within 10 days after the adjournment sine die of a regular
29 or special session, deliver all such legislative records to the Legislative Ad-
30 ministration Committee.

31 (2) The chairperson, member or employee of a legislative interim com-

1 mittee responsible for maintaining the legislative records of that committee
2 shall, within 10 days after the committee ceases to function or before Janu-
3 ary 1 next preceding the beginning of an odd-numbered year regular session
4 of the Legislative Assembly, whichever is earlier, deliver all such legislative
5 records to the Legislative Administration Committee.

6 (3) This section does not apply to the records of the Emergency Board,
7 the Legislative Administration Committee, the Legislative Counsel Commit-
8 tee, the Legislative Policy and Research Committee, the Joint Committee on
9 Conduct and the Legislative Equity Officer, **the Joint Legislative Audit**
10 **Committee** or the Joint Committee on Ways and Means.

11 **SECTION 7.** ORS 171.425 is amended to read:

12 171.425. The State Archivist shall allow the Legislative Fiscal Officer, the
13 Legislative Administrator, the Legislative Counsel, the Legislative Revenue
14 Officer, **the Legislative Audit Officer** or the Legislative Policy and Re-
15 search Director to borrow and temporarily have possession of such legisla-
16 tive records as such officer requests.

17 **SECTION 8.** ORS 171.430 is amended to read:

18 171.430. (1) Except for legislative records borrowed under ORS 171.425 and
19 except as provided in subsection (2) of this section, the Emergency Board,
20 the Legislative Administration Committee, the Legislative Counsel Commit-
21 tee, the Legislative Policy and Research Committee, **the Joint Legislative**
22 **Audit Committee** or the Joint Committee on Ways and Means may cause
23 any legislative records in its possession to be destroyed or otherwise disposed
24 of, if such legislative records are considered by such committee to be of no
25 value to the state or the public and are no longer necessary under or pur-
26 suant to any statute requiring their creation or maintenance or affecting
27 their use. However, such committee shall prior to destruction or disposal
28 notify the State Archivist and transfer to the official custody of the State
29 Archivist any such legislative records that are requisitioned by the State
30 Archivist, except those designated as confidential by statute or by rule or
31 resolution of the Legislative Assembly or of such committee.

1 (2) The Emergency Board, the Legislative Administration Committee, the
2 Legislative Counsel Committee, the Legislative Policy and Research Com-
3 mittee, **the Joint Legislative Audit Committee** and the Joint Committee
4 on Ways and Means shall cause sound recordings of its hearings or meetings
5 to be retained or, if not retained, to be delivered to the State Archivist. The
6 archivist shall be official custodian of the sound recordings so delivered.

7 **SECTION 9.** ORS 297.050 is amended to read:

8 297.050. (1) The Division of Audits of the office of the Secretary of State
9 shall supply the Joint Legislative Audit Committee and the Legislative
10 [*Fiscal*] **Audit** Officer with a copy of each audit report made by or for the
11 Division of Audits.

12 (2) The Division of Audits shall cause a periodic peer review to be com-
13 pleted as required by the standards of the United States Government Ac-
14 countability Office. The Division of Audits shall supply a copy of each peer
15 review report to the committee.

16 **SECTION 10.** ORS 297.070 is amended to read:

17 297.070. (1) Performance audits of all state departments, boards, commis-
18 sions, institutions and state-aided institutions and agencies conducted by the
19 Division of Audits shall be based on standards for audit services established
20 by nationally recognized entities including, but not limited to, the United
21 States Government Accountability Office.

22 (2) The Secretary of State may subpoena witnesses, may require the pro-
23 duction of books and papers and rendering of reports in the manner and form
24 that the Secretary of State requires and may do all things necessary to se-
25 cure a full and thorough audit. If a person fails to comply with any subpoena
26 issued under this subsection, a judge of the circuit court of any county, on
27 application of the Secretary of State, shall compel obedience by proceedings
28 for contempt as in the case of disobedience of the requirements of a subpoena
29 issued from the circuit court.

30 (3) The Secretary of State, as State Auditor, may contract with qualified
31 private sector auditors to conduct audits if the Secretary of State determines

1 that it is in the public interest to do so. All contracts for conducting per-
2 formance audits under this section shall be in a form prescribed or approved
3 by the Secretary of State. The Secretary of State shall employ or contract
4 with auditors upon terms and for compensation as the Secretary of State
5 determines are advantageous and advisable.

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

9 (5) The Secretary of State may enter into an agreement with the depart-
10 ment, board, commission, institution, state-aided institution or agency that
11 is the subject of a performance audit for payment of the expenses incurred
12 by the Secretary of State in conducting the audit.

13 (6) An audit report that includes information on leading practices must:

14 (a) Provide information on whether it is reasonable to believe that
15 adoption of such practices will require resources beyond currently
16 legislatively approved resource levels, and, if so, the potential magnitude of
17 additional resources needed; and

18 (b) Identify states or comparable government entities that have imple-
19 mented identified leading practices.

20 (7) An audit report must indicate whether:

21 (a) Issues identified in the report are already under consideration by the
22 audited entity; and

23 (b) Recommendations identified in the report are already in the process
24 of being implemented.

25 (8) The Division of Audits shall publish all performance audit reports and
26 shall notify the Legislative Assembly and the Legislative [*Fiscal*] **Audit Of-**
27 **ficer** when such audits are publicly available.

28 (9) An audited entity shall submit written reports to the Division of Au-
29 dits and the Legislative [*Fiscal*] **Audit Officer** regarding the findings and
30 recommendations of an audit of the entity. The reports must include specific
31 responses to each recommendation, including whether the entity can imple-

1 ment the recommendation without legislative action and anticipated
2 timeframes for implementation of recommendations not requiring legislative
3 action. The reports required under this subsection must be made in a timely
4 manner, as determined by the Division of Audits and the Legislative
5 [*Fiscal*] **Audit** Officer.

6 (10) After receiving a report under subsection (9) of this section, both the
7 Division of Audits and the Legislative [*Fiscal*] **Audit** Officer may conduct
8 an audit follow-up review and may submit a written report regarding the
9 audit follow-up review to the Joint Legislative Audit Committee. The Divi-
10 sion of Audits and the Legislative [*Fiscal*] **Audit** Officer shall notify one
11 another about the intent to conduct an audit follow-up review prior to ini-
12 tiation of the review.

13 (11) As used in this section:

14 (a) “Audit follow-up review” has the meaning given that term in ORS
15 171.585.

16 (b) “Performance audit” means an audit, the objectives of which include:

17 (A) Assessing the extent to which legislative, regulatory and organiza-
18 tional goals and objectives are being achieved and the current status or
19 condition of program operations or progress in implementing legislative re-
20 quirements within the legislatively approved budget;

21 (B) Assessing the ability of alternative approaches to yield improved
22 performance or eliminate factors that inhibit effectiveness;

23 (C) Determining whether a program produced documented intended re-
24 sults, including key performance measures, and whether such measures are
25 reliable, valid and relevant;

26 (D) Determining whether a program operates within the context of stat-
27 utory parameters, is accessible to eligible individuals, duplicates, overlaps,
28 or conflicts with other programs, utilizes sound financial practices and in-
29 formation and is efficient and effective in achieving intended results within
30 the legislatively approved budget;

31 (E) Determining whether the purpose of a program, the manner in which

1 it is conducted, services delivered, outcomes, the population served, incurred
2 or proposed costs, and revenue received are in compliance with provisions
3 of laws, regulations, contracts, grant agreements or other relevant require-
4 ments; and

5 (F) Addressing identified risks and weaknesses.

6 **SECTION 11.** ORS 244.050 is amended to read:

7 244.050. (1) On or before April 15 of each year the following persons shall
8 file with the Oregon Government Ethics Commission a verified statement of
9 economic interest as required under this chapter:

10 (a) The Governor, Secretary of State, State Treasurer, Attorney General,
11 Commissioner of the Bureau of Labor and Industries, district attorneys and
12 members of the Legislative Assembly.

13 (b) Any judicial officer, including justices of the peace and municipal
14 judges, except any pro tem judicial officer who does not otherwise serve as
15 a judicial officer.

16 (c) Any candidate for a public office designated in paragraph (a) or (b)
17 of this subsection.

18 (d) The Deputy Attorney General.

19 (e) The Deputy Secretary of State.

20 (f) The Legislative Administrator, the Legislative Counsel, the Legislative
21 Fiscal Officer, the Legislative Policy and Research Director, the Secretary
22 of the Senate, the Chief Clerk of the House of Representatives [*and*], the
23 Legislative Equity Officer **and the Legislative Audit Officer.**

24 (g) The president and vice presidents, or their administrative equivalents,
25 in each public university listed in ORS 352.002.

26 (h) The following state officers:

27 (A) Adjutant General.

28 (B) Director of Agriculture.

29 (C) Manager of State Accident Insurance Fund Corporation.

30 (D) Water Resources Director.

31 (E) Director of the Department of Environmental Quality.

- 1 (F) Director of the Oregon Department of Administrative Services.
- 2 (G) State Fish and Wildlife Director.
- 3 (H) State Forester.
- 4 (I) State Geologist.
- 5 (J) Director of Human Services.
- 6 (K) Director of the Department of Consumer and Business Services.
- 7 (L) Director of the Department of State Lands.
- 8 (M) State Librarian.
- 9 (N) Administrator of the Oregon Liquor and Cannabis Commission.
- 10 (O) Superintendent of State Police.
- 11 (P) Director of the Public Employees Retirement System.
- 12 (Q) Director of Department of Revenue.
- 13 (R) Director of Transportation.
- 14 (S) Public Utility Commissioner.
- 15 (T) Director of Veterans' Affairs.
- 16 (U) Executive director of Oregon Government Ethics Commission.
- 17 (V) Director of the State Department of Energy.
- 18 (W) Director and each assistant director of the Oregon State Lottery.
- 19 (X) Director of the Department of Corrections.
- 20 (Y) Director of the Oregon Department of Aviation.
- 21 (Z) Executive director of the Oregon Criminal Justice Commission.
- 22 (AA) Director of the Oregon Business Development Department.
- 23 (BB) Director of the Oregon Department of Emergency Management.
- 24 (CC) Director of the Employment Department.
- 25 (DD) State Fire Marshal.
- 26 (EE) Chief of staff for the Governor.
- 27 (FF) Director of the Housing and Community Services Department.
- 28 (GG) State Court Administrator.
- 29 (HH) Director of the Department of Land Conservation and Development.
- 30 (II) Board chairperson of the Land Use Board of Appeals.
- 31 (JJ) State Marine Director.

- 1 (KK) Executive director of the Oregon Racing Commission.
2 (LL) State Parks and Recreation Director.
3 (MM) Executive director of the Oregon Public Defense Commission.
4 (NN) Chairperson of the Public Employees' Benefit Board.
5 (OO) Director of the Department of Public Safety Standards and Training.
6 (PP) Executive director of the Higher Education Coordinating Commis-
7 sion.
8 (QQ) Executive director of the Oregon Watershed Enhancement Board.
9 (RR) Director of the Oregon Youth Authority.
10 (SS) Director of the Oregon Health Authority.
11 (TT) Deputy Superintendent of Public Instruction.
12 (i) The First Partner, the legal counsel, the deputy legal counsel and all
13 policy advisors within the Governor's office.
14 (j) Every elected city or county official.
15 (k) Every member of a city or county planning, zoning or development
16 commission.
17 (L) The chief executive officer of a city or county who performs the duties
18 of manager or principal administrator of the city or county.
19 (m) Members of local government boundary commissions formed under
20 ORS 199.410 to 199.519.
21 (n) Every member of a governing body of a metropolitan service district
22 and the auditor and executive officer thereof.
23 (o) Each member of the board of directors of the State Accident Insurance
24 Fund Corporation.
25 (p) The chief administrative officer and the financial officer of each
26 common and union high school district, education service district and com-
27 munity college district.
28 (q) Every member of the following state boards, commissions and councils:
29 (A) Governing board of the State Department of Geology and Mineral
30 Industries.
31 (B) Oregon Business Development Commission.

- 1 (C) State Board of Education.
- 2 (D) Environmental Quality Commission.
- 3 (E) Fish and Wildlife Commission of the State of Oregon.
- 4 (F) State Board of Forestry.
- 5 (G) Oregon Government Ethics Commission.
- 6 (H) Oregon Health Policy Board.
- 7 (I) Oregon Investment Council.
- 8 (J) Land Conservation and Development Commission.
- 9 (K) Oregon Liquor and Cannabis Commission.
- 10 (L) Oregon Short Term Fund Board.
- 11 (M) State Marine Board.
- 12 (N) Mass transit district boards.
- 13 (O) Energy Facility Siting Council.
- 14 (P) Board of Commissioners of the Port of Portland.
- 15 (Q) Employment Relations Board.
- 16 (R) Public Employees Retirement Board.
- 17 (S) Oregon Racing Commission.
- 18 (T) Oregon Transportation Commission.
- 19 (U) Water Resources Commission.
- 20 (V) Workers' Compensation Board.
- 21 (W) Oregon Facilities Authority.
- 22 (X) Oregon State Lottery Commission.
- 23 (Y) Pacific Northwest Electric Power and Conservation Planning Council.
- 24 (Z) Columbia River Gorge Commission.
- 25 (AA) Oregon Health and Science University Board of Directors.
- 26 (BB) Capitol Planning Commission.
- 27 (CC) Higher Education Coordinating Commission.
- 28 (DD) Oregon Growth Board.
- 29 (EE) Early Learning Council.
- 30 (FF) The Oversight and Accountability Council.
- 31 (r) The following officers of the State Treasurer:

1 (A) Deputy State Treasurer.

2 (B) Chief of staff for the office of the State Treasurer.

3 (C) Director of the Investment Division.

4 (s) Every member of the board of commissioners of a port governed by
5 ORS 777.005 to 777.725 or 777.915 to 777.953.

6 (t) Every member of the board of directors of an authority created under
7 ORS 441.525 to 441.595.

8 (u) Every member of a governing board of a public university listed in
9 ORS 352.002.

10 (v) Every member of the district school board of a common school district
11 or union high school district.

12 (w) Every member of the board of directors of an authority created under
13 ORS 465.600 to 465.621.

14 (2) By April 15 next after the date an appointment takes effect, every
15 appointed public official on a board or commission listed in subsection (1)
16 of this section shall file with the Oregon Government Ethics Commission a
17 statement of economic interest as required under ORS 244.060, 244.070 and
18 244.090.

19 (3) By April 15 next after the filing deadline for the primary election,
20 each candidate described in subsection (1) of this section shall file with the
21 commission a statement of economic interest as required under ORS 244.060,
22 244.070 and 244.090.

23 (4) Not later than the 40th day before the date of the statewide general
24 election, each candidate described in subsection (1) of this section who will
25 appear on the statewide general election ballot and who was not required to
26 file a statement of economic interest under subsections (1) to (3) of this
27 section shall file with the commission a statement of economic interest as
28 required under ORS 244.060, 244.070 and 244.090.

29 (5) Subsections (1) to (3) of this section apply only to persons who are
30 incumbent, elected or appointed public officials as of April 15 and to persons
31 who are candidates on April 15.

1 (6) If a statement required to be filed under this section has not been re-
2 ceived by the commission within five days after the date the statement is
3 due, the commission shall notify the public official or candidate and give the
4 public official or candidate not less than 15 days to comply with the re-
5 quirements of this section. If the public official or candidate fails to comply
6 by the date set by the commission, the commission may impose a civil pen-
7 alty as provided in ORS 244.350.

8 **SECTION 12. Section 2 of this 2025 Act and the amendments to ORS**
9 **171.415, 171.425, 171.430, 171.580, 171.585, 171.590, 244.050, 297.050 and**
10 **297.070 by sections 3 to 11 of this 2025 Act become operative January**
11 **1, 2026.**

12 **SECTION 13. This 2025 Act takes effect on the 91st day after the**
13 **date on which the 2025 regular session of the Eighty-third Legislative**
14 **Assembly adjourns sine die.**

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