

## HB 2454 -1 STAFF MEASURE SUMMARY

### House Committee On Rules

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**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 2/26, 5/21

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#### WHAT THE MEASURE DOES:

The measure establishes the Legislative Audit Officer (LAO), selected by the Joint Legislative Audit Committee (JLAC), to investigate, review, or conduct performance audits or evaluations of executive branch agencies, programs, or functions and to report to the JLAC and appropriate policy committees. It changes the statutory authority related to audits and audit reviews from the Legislative Fiscal Office to the LAO and authorizes the LAO to hire necessary staff and to enter into contracts to carry out assigned functions. The measure takes effect on the 91<sup>st</sup> day following adjournment sine die but most provisions do not become effective until January 1, 2026.

*Fiscal impact: May have fiscal impact, but no statement yet issued*

*Revenue impact: May have revenue impact, but no statement yet issued*

#### ISSUES DISCUSSED:

- Responsibilities and purposes of the Audit Officer
- Relationship to the Secretary of State Audits Division
- Audit Officer authority to review of state agencies
- Hiring of Audit Officer by the Joint Legislative Audit Committee (JLAC)
- Member composition of JLAC

#### EFFECT OF AMENDMENT:

-1 The amendment replaces the measure. It changes the Legislative Audit Officer to the Legislative Performance Oversight and Government Accountability Officer and requires the approval of the President of the Senate and the Speaker of the House of Representatives for the Joint Legislative Audit Committee to appoint the Officer. It includes budget committees in the types of committees that the Officer provides information to about the audits undertaken by the Officer or the Division of Audits and makes a conforming amendment to ORS 276A.306.

#### BACKGROUND:

The Joint Legislative Audit Committee (JLAC) is a statutory committee consisting of the cochairs of the Joint Committee on Ways and Means (JWMs), and other members appointed by the Speaker and Senate President. The Committee is staffed by the Legislative Fiscal Office (LFO), and its statutory duties are to:

- select audit reports for its review and make recommendations to other committees;
- review requests for performance audits and related proposed legislation;
- recommend audits and audit follow-up reviews to be conducted by the Secretary of State (SOS) Audits Division;
- review audit follow-up reviews completed by legislative staff and the SOS Audits Division;
- assign related tasks to LFO, including conducting performance assessments of state agency programs and management, and reviews of agency or statewide processes; and
- review agency performance measures and make recommendations for change, when requested by JWMs.

Section 2, Article VI, of the Oregon Constitution provides that the Secretary of State, by virtue of holding the office, is the Auditor of Public Accounts. The SOS Audits Division conducts financial, performance, and information technology audits.

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ORS 297.065 (2) gives the JLAC the authority to provide oversight of the conduct of performance audits and program evaluations that are outside the authority of the Secretary of State under section 2, Article VI of the Oregon Constitution, and that are conducted on state departments, boards, commissions, institutions, and state-aided institutions and agencies.

In 2024, a bipartisan workgroup of House members, the Legislative Oversight, Effectiveness, and Accountability workgroup, met 10 times to learn about existing legislative oversight tools in Oregon, engage with Oregon and national oversight experts, and develop recommendations. For audits, the workgroup discussed using and empowering the JLAC, building the legislative branch's capacity for audits, and connecting audits to the budget process and policy committees. The workgroup recommended the creation of a new audit office or officer to support the JLAC and do audits and investigations for members and the committee.

PRELIMINARY