

Senate Bill 98

Sponsored by Senator THATCHER; Representative STARK (Pre-session filed.)

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**.

Creates Director of Legislative Audit Office appointed by Joint Legislative Audit Committee. Expands pool of legislators eligible to serve on committee. Authorizes director to conduct performance and management audits of state agencies and programs and other state-funded programs. Requires director to maintain Government Waste Hotline.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to audits; creating new provisions; amending ORS 171.425, 171.580, 171.585, 182.568, 244.050,
3 291.100, 291.272, 297.065, 297.070, 297.210, 297.230, 377.833 and 419C.001; repealing ORS 177.170
4 and 177.180; and declaring an emergency.

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

6 **SECTION 1. As used in sections 1 to 7 of this 2015 Act, "state agency" has the meaning**
7 **given that term in ORS 291.272.**

8 **SECTION 2. (1) The Joint Legislative Audit Committee shall select the Director of the**
9 **Legislative Audit Office, who shall serve at the pleasure of the committee and under its di-**
10 **rection.**

11 **(2) Pursuant to the policies and directions of the committee, the director shall:**

12 **(a) Conduct performance and management audits of state agencies and programs and**
13 **other state-funded programs; and**

14 **(b) Maintain the Government Waste Hotline established under section 6 of this 2015 Act.**

15 **(3) Pursuant to the policies and directions of the committee, the director may enter into**
16 **contracts to carry out the functions of the director.**

17 **SECTION 3. (1) In conducting an audit under section 2 of this 2015 Act:**

18 **(a) The Director of the Legislative Audit Office may examine and inspect all accounts,**
19 **books, records, files, papers and documents and all financial affairs of any public body as**
20 **defined in ORS 174.109.**

21 **(b) The director may cause a search to be made of and extracts to be taken from any**
22 **account, book, record, file, paper or document in the custody of any public officer without**
23 **paying any fee for the search or extract. Any public officer having custody of the account,**
24 **book, record, file, paper or document shall make any search requested by the director and**
25 **furnish the extracts as requested.**

26 **(c) The director may issue:**

27 **(A) Subpoenas compelling at a specified time and place the appearance and sworn testi-**
28 **mony of any person who the director reasonably believes may be able to provide information**
29 **relating to any audit or other investigation being undertaken under this section; and**

30 **(B) Subpoenas duces tecum compelling the production of any account, book, record, file,**

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 paper, document or other evidence that the director reasonably believes may relate to an
2 audit or other investigation being undertaken under this section.

3 (2) If a person fails to comply with any subpoena issued under subsection (1) of this
4 section, a judge of the circuit court of any county, on application of the director, shall
5 compel obedience by proceedings for contempt as in the case of disobedience of the require-
6 ments of a subpoena issued from the circuit court.

7 **SECTION 4.** (1) Subject to the approval of the Joint Legislative Audit Committee, the
8 Director of the Legislative Audit Office may employ and fix the compensation of such pro-
9 fessional assistants and clerical and other employees as the director finds necessary for the
10 effective conduct of the work under the charge of the director.

11 (2) The committee shall fix the salary of the director.

12 (3) Subject to the limitations otherwise provided by law for expenses of state officers, the
13 director and employees of the director shall be reimbursed for all actual and necessary ex-
14 penses incurred in performing their duties.

15 **SECTION 5.** (1) As used in this section, “working papers” means the notes, internal
16 memoranda and records of work performed by the Director of the Legislative Audit Office
17 on audits and other investigations undertaken under sections 1 to 7 of this 2015 Act, includ-
18 ing any project evidence collected and developed by the director.

19 (2) The director and any employees of the director are not required to disclose any
20 working papers.

21 **SECTION 6.** (1) The Joint Legislative Audit Committee shall establish a toll-free tele-
22 phone line that is available to public employees and members of the public for the purpose
23 of reporting waste, inefficiency or abuse by state agencies, state employees or persons under
24 contract with state agencies.

25 (2) The toll-free telephone line established under this section shall be known as the
26 Government Waste Hotline. The committee shall prepare a written notice that explains the
27 purpose of the hotline. The notice shall prominently display the telephone number for the
28 hotline and shall be posted in all offices of state agencies. If a state agency’s office is open
29 to members of the public, the notice shall be posted in a place where the public is likely to
30 see the notice.

31 (3) The committee shall publicize the availability of the hotline through print and elec-
32 tronic media.

33 **SECTION 7.** (1) The Joint Legislative Audit Committee shall designate one employee of
34 the Director of the Legislative Audit Office to be responsible for reports of waste, ineffi-
35 ciency or abuse received through the Government Waste Hotline. The employee designated
36 under this section shall log all reports received through the hotline under section 6 of this
37 2015 Act.

38 (2) Except as provided in subsections (3) and (4) of this section, the committee, the di-
39 rector or an employee of the director may not disclose:

40 (a) The identity of any person making a report through the hotline;

41 (b) The contents of a report of waste, inefficiency or abuse received through the hotline;

42 or

43 (c) The contents and results of any investigation conducted under this section.

44 (3)(a) The committee shall conduct an initial investigation of each report of waste, inef-
45 ficiency or abuse made by public employees and members of the public through the hotline.

1 Following the initial investigation, the committee shall determine whether a report should
2 be investigated further and shall assign any investigation to the director.

3 (b) If the committee or director determines during the investigation that a violation of
4 any provision of ORS chapter 244 may be occurring or may have occurred, the committee
5 or director shall notify the Oregon Government Ethics Commission.

6 (c) If the committee or director determines during the investigation that fraud or other
7 criminal activity may be occurring or may have occurred, the committee or director shall
8 notify the appropriate law enforcement agency.

9 (4) Upon completion of an investigation under this section:

10 (a) The committee shall determine whether officers or employees of a state agency are
11 engaging in activities that constitute waste, inefficiency or abuse.

12 (b) If the committee determines that waste, inefficiency or abuse has occurred, the di-
13 rector shall prepare a written determination and may include other information about the
14 nature of the investigation conducted by the committee or director or about the committee's
15 determination. Upon request, the director shall send a copy of the written determination
16 with any other information included by the committee to the person who made the report
17 of waste, inefficiency or abuse.

18 (c) If the committee determines that officers or employees of a state agency or public
19 body, as defined in ORS 174.109, are involved in activities that constitute waste, inefficiency
20 or abuse, the committee shall notify the state agency or public body and deliver a copy of
21 the committee's written determination to the agency or body.

22 (d) If the committee determines that waste, inefficiency or abuse has occurred and has
23 issued a written determination or provided notice to a state agency or public body under this
24 subsection, the committee or director shall disclose to the public the contents of the report
25 of waste, inefficiency or abuse received through the Government Waste Hotline, the contents
26 and results of the investigation conducted under this section and a copy of the written de-
27 termination or notice.

28 (5) The committee shall prepare a biennial report and submit it to each regular session
29 of the Legislative Assembly. The report shall describe the number, nature and resolution of
30 reports made through the Government Waste Hotline and shall identify savings resulting
31 from improved efficiencies or the elimination of waste or abuse resulting from reports re-
32 ceived under section 6 of this 2015 Act and investigations conducted under this section.

33 **SECTION 8.** ORS 297.065 is amended to read:

34 297.065. (1) It is the policy of this state that state government services be delivered with the
35 highest level of desired effectiveness at the lowest possible cost.

36 (2) In addition to the authority granted the Joint Legislative Audit Committee and the
37 Director of the Legislative Audit Office under sections 1 to 7 of this 2015 Act, the [*Joint Leg-*
38 *islative Audit Committee*] joint committee shall provide oversight of the conduct by the Secretary
39 of State of performance and program audits and program evaluations, that are outside the authority
40 of the secretary [*of State*] under [*section 2,*] Article VI, section 2, of the Oregon Constitution, of
41 state departments, boards, commissions, institutions and state-aided institutions and agencies.

42 (3) The joint committee shall review the efforts of state departments, boards, commissions, in-
43 stitutions and state-aided institutions and agencies to comply with the recommendations of the audit
44 or evaluation reports.

45 **SECTION 9.** ORS 297.070 is amended to read:

1 297.070. (1) Performance and program audits [*of all state departments, boards, commissions, in-*
2 *stitutions and state-aided institutions and agencies*] **conducted by the Secretary of State pursuant**
3 **to ORS 297.065** shall be conducted on the basis of risk assessment and on standards established by
4 national recognized entities including, but not limited to, the United States Government Account-
5 ability Office and the National Association of State Auditors. The Secretary of State shall adopt and
6 the Joint Legislative Audit Committee shall approve rules specifying all criteria to be considered for
7 conducting a performance or program audit under this section. The Secretary of State shall schedule
8 the performance and program audits as directed by the Joint Legislative Audit Committee.

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

15 (3) (a) The Secretary of State, as State Auditor, shall contract with qualified private sector au-
16 ditors to conduct audits required by this section, unless the Secretary of State determines that it is
17 not practical or in the public interest to do so. If the Secretary of State determines that it is not
18 practical or in the public interest to contract with qualified private sector auditors, after notifying
19 the Joint Legislative Audit Committee, the Secretary of State shall employ auditors for that purpose
20 and shall include in the written audit report the circumstances that rendered it impractical or not
21 in the public interest to contract with qualified private sector auditors.

22 (b) All contracts for conducting performance and program audits under this section shall be in
23 a form prescribed or approved by the Secretary of State. A copy of each completed contract shall
24 be furnished to the Secretary of State and the Joint Legislative Audit Committee.

25 (c) The Secretary of State shall employ or contract with auditors upon terms and for compen-
26 sation as the Secretary of State determines are advantageous and advisable.

27 (4) An audit conducted under contract as provided in subsection (3) of this section shall be
28 considered to be conducted by the Division of Audits for purposes of ORS 297.020, 297.050 and
29 297.535.

30 (5) If a person fails to comply with any subpoena issued under subsection (2) of this section, a
31 judge of the circuit court of any county, on application of the Secretary of State, shall compel obe-
32 dience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena
33 issued from the circuit court.

34 (6) The Secretary of State may enter into an agreement with the department, board, commission,
35 institution, state-aided institution or agency that is the subject of a performance or program audit
36 for payment of the expenses incurred by the Secretary of State in conducting the audit. The Emer-
37 gency Board may also make funds available to the Division of Audits to reimburse it for expenses
38 incurred under this section.

39 (7) As used in this section:

40 (a) "Performance audit" includes determining:

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

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

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

(b) "Program audit" includes determining:

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

(B) The extent to which the need for or objectives of an ongoing program are necessary or relevant;

(C) Whether the program complements, duplicates, overlaps or conflicts with other related programs;

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

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

SECTION 10. 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 all things necessary to secure a full and thorough investigation.

(e) The Secretary of State shall report, in writing, to the Governor **and the Joint Legislative Audit Committee**. The report shall include a copy of the report on each audit.

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

(2) The Secretary of State may audit or review any institution or department of the state government at any time the executive head of the institution or department, for any reason, retires from

1 the head's office or position. The secretary need not conduct an audit or review under this sub-
2 section if:

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

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

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

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

16 **SECTION 11.** ORS 297.230 is amended to read:

17 297.230. (1) The Division of Audits shall estimate in advance the expenses that it will incur
18 during the biennium in carrying out the provisions of ORS 297.030, 297.120 and 297.210, and shall
19 charge officers, departments, boards and commissions of state government and other public bodies
20 for their share of such expenses for periods within the biennium and in sufficient amounts to provide
21 reasonable cash operating requirements for the Division of Audits within the biennial period. Each
22 officer, department, board or commission or other public body shall pay to the credit of the Division
23 of Audits Account such charge as an administrative expense from funds or appropriations available
24 to it in the same manner as other claims against the state or public body are paid.

25 (2) Payments authorized under this section shall be consistent with ORS 171.580 and 171.585.
26 The Division of Audits shall report to the [*Joint Legislative Audit Committee established under ORS*
27 *171.580*] **Emergency Board created under ORS 291.324 or the Joint Committee on Ways and**
28 **Means created by ORS 171.555** when estimated expenses for an audit authorized under subsection
29 (1) of this section exceed the estimated expenses for a biennium.

30 (3) All moneys received from the various state departments, boards, commissions, institutions
31 and state-aided institutions and agencies of the state in the payment of the costs of audits and re-
32 views under this section and ORS 297.210 shall be credited to the Division of Audits Account.

33 **SECTION 12.** ORS 171.425 is amended to read:

34 171.425. The State Archivist shall allow the Legislative Fiscal Officer, the Legislative Adminis-
35 trator, the Legislative Counsel, **the Director of the Legislative Audit Office** or the Legislative
36 Revenue Officer to borrow and temporarily have possession of [*such*] **any** legislative records as
37 [*such*] **the officer, administrator, counsel or director** requests.

38 **SECTION 13.** ORS 171.580 is amended to read:

39 171.580. (1) There is created a Joint Legislative Audit Committee consisting of [*the cochairs of*
40 *the Joint Committee on Ways and Means, members of the House of Representatives appointed by the*
41 *Speaker and members of the Senate appointed by the President.*]:

42 (a) **Five members of the House of Representatives appointed by the Speaker of the House**
43 **of Representatives, one of whom must be a member of the Joint Committee on Ways and**
44 **Means or, if there is no joint committee, a member of the committee in the House of Rep-**
45 **resentatives that has jurisdiction over appropriations; and**

1 **(b) Five members of the Senate appointed by the President of the Senate, one of whom**
 2 **must be a member of the Joint Committee on Ways and Means or, if there is no joint com-**
 3 **mittee, a member of the committee in the Senate that has jurisdiction over appropriations.**

4 (2) The **Joint Legislative Audit** Committee has a continuing existence and may meet, act and
 5 conduct *[its]* **the committee's** business during sessions of the Legislative Assembly or any recess
 6 *[thereof]* **in a session** and in the interim between sessions.

7 (3) The term of a member *[shall expire]* **expires** upon the date of the convening of the odd-
 8 numbered year regular session of the Legislative Assembly next following the commencement of the
 9 member's term. When a vacancy occurs in the membership of the committee in the interim between
 10 odd-numbered year regular sessions, until *[such]* **the** vacancy is filled, the membership of the com-
 11 mittee *[shall be considered not to]* **does not** include the vacant position for the purpose of deter-
 12 mining whether a quorum is present and a quorum is a majority of the remaining members.

13 (4)(a) Members of the committee shall receive an amount equal to that authorized under ORS
 14 171.072 from funds appropriated to the Legislative Assembly for each day spent in the performance
 15 of their duties as members of the committee or any subcommittee *[thereof]* **of the committee** in lieu
 16 of reimbursement for in-state travel expenses. *[However,]*

17 **(b)** When engaged in out-of-state travel, members shall *[be entitled to receive their actual and*
 18 *necessary expenses therefor]* **receive the expenses actually and necessarily incurred** in lieu of the
 19 amount authorized by **paragraph (a)** of this subsection.

20 **(c)** Payment **under this subsection** shall be made from funds appropriated to the *[Legislative*
 21 *Assembly]* **Director of the Legislative Audit Office.**

22 (5) The committee may not transact business unless a quorum is present. A quorum consists of
 23 a majority of committee members from the House of Representatives and a majority of committee
 24 members from the Senate.

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

27 (7) The *[Legislative Fiscal Office]* **Director of the Legislative Audit Office** shall furnish to the
 28 committee *[such]* **the** services of personnel and *[such other facilities as]* **the facilities that** are nec-
 29 essary to enable the committee to carry out its functions as directed by law*[, with such assistance*
 30 *as the Division of Audits and Oregon Department of Administrative Services can provide].*

31 **SECTION 14.** ORS 171.585 is amended to read:

32 171.585. The Joint Legislative Audit Committee shall:

33 (1) Review all audits and make recommendations for change or remediation by the agency or
 34 other organization under review to the Emergency Board or to the Joint Interim Committee on
 35 Ways and Means, the Joint Committee on Ways and Means and other persons receiving the audit
 36 report under ORS 192.245.

37 (2) Accept requests for performance, **management** and program audits from individual legisla-
 38 tors, legislative committees, the Division of Audits, the *[Budget and Management Division]* **Oregon**
 39 **Department of Administrative Services** and the Legislative Fiscal Office.

40 (3) In conjunction with the Director of the Division of Audits, set priorities on the basis of risk
 41 assessment for performance and program audits and program evaluations **conducted by the Sec-**
 42 **retary of State.**

43 (4) With the advice and assistance of the *[Legislative Fiscal Officer, the Administrator of the*
 44 *Budget and Management Division and the]* Director of the Division of Audits, **the Oregon Depart-**
 45 **ment of Administrative Services and the Director of the Legislative Audit Office,** determine

1 the type of audit, evaluation or review utilizing criteria to include but not be limited to the nature
 2 and scope of the task, the time frame involved, necessary professional guidelines, economy, effi-
 3 ciency, cost and cost responsibility.

4 (5) Not later than 12 months after the issuance of an audit report, review the actions of an
 5 agency or other government organization for compliance with the recommendations of the audit re-
 6 port.

7 (6) Assign tasks to the [*Legislative Fiscal Office, the Budget and Management Division*] **Oregon**
 8 **Department of Administrative Services**, the Division of Audits [*or*], a special task force **or the**
 9 **Director of the Legislative Audit Office**.

10 (7) Review state agency performance measures and make recommendations for change.

11 **SECTION 15.** ORS 244.050 is amended to read:

12 244.050. (1) On or before April 15 of each year the following persons shall file with the Oregon
 13 Government Ethics Commission a verified statement of economic interest as required under this
 14 chapter:

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

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

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

20 (d) The Deputy Attorney General.

21 (e) The Legislative Administrator, the Legislative Counsel, the Legislative Fiscal Officer, **the**
 22 **Director of the Legislative Audit Office**, the Secretary of the Senate and the Chief Clerk of the
 23 House of Representatives.

24 (f) The Chancellor and Vice Chancellors of the Oregon University System and the president and
 25 vice presidents, or their administrative equivalents, in each public university listed in ORS 352.002.

26 (g) 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 Department of Environmental Quality.

32 (F) Director of Oregon Department of Administrative Services.

33 (G) State Fish and Wildlife Director.

34 (H) State Forester.

35 (I) State Geologist.

36 (J) Director of Human Services.

37 (K) Director of the Department of Consumer and Business Services.

38 (L) Director of the Department of State Lands.

39 (M) State Librarian.

40 (N) Administrator of Oregon Liquor Control Commission.

41 (O) Superintendent of State Police.

42 (P) Director of the Public Employees Retirement System.

43 (Q) Director of Department of Revenue.

44 (R) Director of Transportation.

45 (S) Public Utility Commissioner.

- 1 (T) Director of Veterans' Affairs.
- 2 (U) Executive director of Oregon Government Ethics Commission.
- 3 (V) Director of the State Department of Energy.
- 4 (W) Director and each assistant director of the Oregon State Lottery.
- 5 (X) Director of the Department of Corrections.
- 6 (Y) Director of the Oregon Department of Aviation.
- 7 (Z) Executive director of the Oregon Criminal Justice Commission.
- 8 (AA) Director of the Oregon Business Development Department.
- 9 (BB) Director of the Office of Emergency Management.
- 10 (CC) Director of the Employment Department.
- 11 (DD) Chief of staff for the Governor.
- 12 (EE) Administrator of the Office for Oregon Health Policy and Research.
- 13 (FF) Director of the Housing and Community Services Department.
- 14 (GG) State Court Administrator.
- 15 (HH) Director of the Department of Land Conservation and Development.
- 16 (II) Board chairperson of the Land Use Board of Appeals.
- 17 (JJ) State Marine Director.
- 18 (KK) Executive director of the Oregon Racing Commission.
- 19 (LL) State Parks and Recreation Director.
- 20 (MM) Public defense services executive director.
- 21 (NN) Chairperson of the Public Employees' Benefit Board.
- 22 (OO) Director of the Department of Public Safety Standards and Training.
- 23 (PP) Executive director of the Higher Education Coordinating Commission.
- 24 (QQ) Executive director of the Oregon Watershed Enhancement Board.
- 25 (RR) Director of the Oregon Youth Authority.
- 26 (SS) Director of the Oregon Health Authority.
- 27 (TT) Deputy Superintendent of Public Instruction.
- 28 (h) Any assistant in the Governor's office other than personal secretaries and clerical personnel.
- 29 (i) Every elected city or county official.
- 30 (j) Every member of a city or county planning, zoning or development commission.
- 31 (k) The chief executive officer of a city or county who performs the duties of manager or prin-
- 32 cipal administrator of the city or county.
- 33 (L) Members of local government boundary commissions formed under ORS 199.410 to 199.519.
- 34 (m) Every member of a governing body of a metropolitan service district and the executive of-
- 35 ficer thereof.
- 36 (n) Each member of the board of directors of the State Accident Insurance Fund Corporation.
- 37 (o) The chief administrative officer and the financial officer of each common and union high
- 38 school district, education service district and community college district.
- 39 (p) Every member of the following state boards and commissions:
- 40 (A) Board of Geologic and Mineral Industries.
- 41 (B) Oregon Business Development Commission.
- 42 (C) State Board of Education.
- 43 (D) Environmental Quality Commission.
- 44 (E) Fish and Wildlife Commission of the State of Oregon.
- 45 (F) State Board of Forestry.

- 1 (G) Oregon Government Ethics Commission.
- 2 (H) Oregon Health Policy Board.
- 3 (I) State Board of Higher Education.
- 4 (J) Oregon Investment Council.
- 5 (K) Land Conservation and Development Commission.
- 6 (L) Oregon Liquor Control Commission.
- 7 (M) Oregon Short Term Fund Board.
- 8 (N) State Marine Board.
- 9 (O) Mass transit district boards.
- 10 (P) Energy Facility Siting Council.
- 11 (Q) Board of Commissioners of the Port of Portland.
- 12 (R) Employment Relations Board.
- 13 (S) Public Employees Retirement Board.
- 14 (T) Oregon Racing Commission.
- 15 (U) Oregon Transportation Commission.
- 16 (V) Water Resources Commission.
- 17 (W) Workers' Compensation Board.
- 18 (X) Oregon Facilities Authority.
- 19 (Y) Oregon State Lottery Commission.
- 20 (Z) Pacific Northwest Electric Power and Conservation Planning Council.
- 21 (AA) Columbia River Gorge Commission.
- 22 (BB) Oregon Health and Science University Board of Directors.
- 23 (CC) Capitol Planning Commission.
- 24 (DD) Higher Education Coordinating Commission.
- 25 (EE) Oregon Growth Board.
- 26 (FF) Early Learning Council.
- 27 (q) The following officers of the State Treasurer:
- 28 (A) Deputy State Treasurer.
- 29 (B) Chief of staff for the office of the State Treasurer.
- 30 (C) Director of the Investment Division.
- 31 (r) Every member of the board of commissioners of a port governed by ORS 777.005 to 777.725
- 32 or 777.915 to 777.953.
- 33 (s) Every member of the board of directors of an authority created under ORS 441.525 to 441.595.
- 34 (t) Every member of a governing board of a public university with a governing board listed in
- 35 ORS 352.054.
- 36 (2) By April 15 next after the date an appointment takes effect, every appointed public official
- 37 on a board or commission listed in subsection (1) of this section shall file with the Oregon Govern-
- 38 ment Ethics Commission a statement of economic interest as required under ORS 244.060, 244.070
- 39 and 244.090.
- 40 (3) By April 15 next after the filing deadline for the primary election, each candidate described
- 41 in subsection (1) of this section shall file with the commission a statement of economic interest as
- 42 required under ORS 244.060, 244.070 and 244.090.
- 43 (4) Within 30 days after the filing deadline for the general election, each candidate described in
- 44 subsection (1) of this section who was not a candidate in the preceding primary election, or who
- 45 was nominated for public office described in subsection (1) of this section at the preceding primary

1 election by write-in votes, shall file with the commission a statement of economic interest as re-
2 quired under ORS 244.060, 244.070 and 244.090.

3 (5) Subsections (1) to (4) of this section apply only to persons who are incumbent, elected or
4 appointed public officials as of April 15 and to persons who are candidates on April 15. Subsections
5 (1) to (4) of this section also apply to persons who do not become candidates until 30 days after the
6 filing deadline for the statewide general election.

7 (6) If a statement required to be filed under this section has not been received by the commis-
8 sion within five days after the date the statement is due, the commission shall notify the public of-
9 ficial or candidate and give the public official or candidate not less than 15 days to comply with the
10 requirements of this section. If the public official or candidate fails to comply by the date set by the
11 commission, the commission may impose a civil penalty as provided in ORS 244.350.

12 **SECTION 16.** ORS 291.100 is amended to read:

13 291.100. (1) It is the intent of the Legislative Assembly, in funding the development and imple-
14 mentation of a new statewide financial management system, that statewide financial management
15 systems and policies support program-driven budget planning and execution, based on timely and
16 accurate statewide managerial cost accounting information, and that such systems support legisla-
17 tive program evaluation and performance, **management and program** auditing of statewide pro-
18 grams and services.

19 (2) The Oregon Department of Administrative Services shall devise and supervise statewide fi-
20 nancial management systems for all state agencies by preparing policies and procedures for imple-
21 menting and operating financial management systems for all agencies in state government and
22 measuring implementation. In order to ensure that the state's investment in a modern and complete
23 statewide financial management system is fully implemented, every agency and unit of state gov-
24 ernment shall:

25 (a) Cooperate and comply fully with policies and procedures and deadlines prepared by the
26 Oregon Department of Administrative Services for establishing a database for the financial man-
27 agement system.

28 (b) Comply fully with policies and procedures prepared by the Oregon Department of Adminis-
29 trative Services for operation of the financial management system.

30 (3) The Oregon Department of Administrative Services shall report to the Legislative Assembly
31 no later than December 1 of even-numbered years:

32 (a) Progress in implementing the financial management system as to preparation of financial
33 statements, nonfinancial management information and the ability of the system to support legislative
34 program evaluation and performance, **management and program** auditing.

35 (b) Compliance by each agency and unit of state government with policies and procedures of the
36 Oregon Department of Administrative Services for implementation of the financial management
37 system.

38 (4) After a review of the Oregon Department of Administrative Services report by the Legisla-
39 tive Fiscal Officer, the Joint Legislative Audit Committee may schedule a hearing for any agency
40 or unit of state government to review compliance with this section and policies and procedures of
41 the Oregon Department of Administrative Services, prior to any appropriation approval by the
42 Legislative Assembly.

43 **SECTION 17.** ORS 291.272 is amended to read:

44 291.272. As used in ORS 291.272 to 291.278, unless the context requires otherwise:

45 (1) "Administrative expenses" has the meaning defined by ORS 291.305.

1 (2) "Department" means the Oregon Department of Administrative Services.

2 (3) "Governmental service expenses" means the expenses of state government that are attribut-
 3 able to the operation, maintenance, administration and support of state government generally, and
 4 includes the following:

5 (a) Administrative expenses of the Oregon Department of Administrative Services supported out
 6 of the General Fund.

7 (b) Sixty percent of the expenditures of the Legislative Assembly out of moneys appropriated
 8 from the General Fund, and all of the expenditures incurred in the administration of the duties of
 9 the Emergency Board.

10 (c) Sixty percent of the expenditures incurred by the Legislative Fiscal Office in the adminis-
 11 tration of the duties of the Joint Committee on Ways and Means and the Emergency Board.

12 (d) Sixty percent of the expenditures incurred out of moneys appropriated from the General
 13 Fund in the administration of the duties of the Legislative Counsel Committee.

14 (e) **Sixty percent of the expenditures incurred out of moneys appropriated from the**
 15 **General Fund in the administration of the duties of the Joint Legislative Audit Committee.**

16 [(e)] (f) Seventy-five percent of the administrative expenses of the Office of the Governor in-
 17 curred out of moneys appropriated from the General Fund.

18 (4) "State agency" means every state officer, board, commission, department, institution, branch
 19 or agency of the state government, whose costs are paid wholly or in part from funds held in the
 20 State Treasury, and includes the Legislative Assembly, the courts and their officers and committees.

21 **SECTION 18.** ORS 419C.001 is amended to read:

22 419C.001. (1) The Legislative Assembly declares that in delinquency cases, the purposes of the
 23 Oregon juvenile justice system from apprehension forward are to protect the public and reduce ju-
 24 venile delinquency and to provide fair and impartial procedures for the initiation, adjudication and
 25 disposition of allegations of delinquent conduct. The system is founded on the principles of personal
 26 responsibility, accountability and reformation within the context of public safety and restitution to
 27 the victims and to the community. The system shall provide a continuum of services that emphasize
 28 prevention of further criminal activity by the use of early and certain sanctions, reformation and
 29 rehabilitation programs and swift and decisive intervention in delinquent behavior. The system shall
 30 be open and accountable to the people of Oregon and their elected representatives.

31 (2)(a) Programs, policies and services shall be regularly and independently audited. Audits per-
 32 formed under this subsection must include program audits and performance audits, as defined in ORS
 33 297.070, **or program and management audits conducted under sections 1 to 7 of this 2015**
 34 **Act.** Programs, policies and services that were established before, on or after June 30, 1995, are
 35 subject to audit under this subsection.

36 (b) The programs, policies and services of county juvenile departments shall be subject to reg-
 37 ular review pursuant to this subsection.

38 (c) The Secretary of State shall perform an audit that includes the performance of county juve-
 39 nile departments.

40 (d) ORS 297.405 to 297.555 do not apply to an audit conducted pursuant to this subsection.

41 (e) Notwithstanding ORS 297.040, the costs and expenses of audits conducted under this sub-
 42 section may not be charged to the county juvenile departments. The Secretary of State **or Director**
 43 **of the Legislative Audit Office** shall pay the costs and expenses of audits conducted under this
 44 subsection from funds available to the secretary [of State] **or director.**

45 (3) To facilitate an audit under subsection (2) of this section:

1 (a) The Secretary of State **or Director of the Legislative Audit Office** may subpoena wit-
 2 nesses, require the production of books and papers and the rendering of reports in such manner and
 3 form as the secretary [*of State*] **or director** requires and may do all things necessary to secure a full
 4 and thorough investigation.

5 (b) The custodian of information that the Secretary of State [*deems*] **or Director of the Legis-**
 6 **lative Audit Office considers** necessary to conduct the audit shall provide the secretary [*of*
 7 *State*], **the director** or the auditor selected by the secretary [*of State*] **or director** access to the
 8 information notwithstanding the fact that the information may be made confidential or access to the
 9 information restricted by ORS 419A.255 or another law. Information obtained by the secretary [*of*
 10 *State*], **the director** or the auditor pursuant to this paragraph and made confidential by ORS
 11 419A.255 or another law may be used by the secretary [*of State*], **the director**, the officers and
 12 employees of the secretary [*of State*] **or director** or the auditor solely for the purpose of performing
 13 [*the*] **an** audit required by subsection (2) of this section and may not be used or disclosed for any
 14 other purpose.

15 **SECTION 19.** ORS 182.568 is amended to read:

16 182.568. (1) Each state agency that is audited by the Secretary of State under ORS 297.070 or
 17 297.210 **or by the Director of the Legislative Audit Office under section 2 of this 2015 Act** shall
 18 review the audit report issued by the secretary **or the director** and identify any audit recommen-
 19 dations that present an opportunity for continuous improvement for the agency.

20 (2) Not later than three months after the date the secretary **or director** issues the audit report,
 21 the state agency shall report in writing to the Committee on Performance Excellence. The report
 22 shall describe the opportunities for continuous improvement identified by the agency.

23 (3) Not later than six months after the date the secretary **or director** issues the audit report,
 24 the state agency shall report in writing to the committee. The report shall describe a plan for ad-
 25 dressing the opportunities for continuous improvement identified by the agency under subsection (2)
 26 of this section.

27 **SECTION 20.** ORS 377.833 is amended to read:

28 377.833. (1) The Department of Transportation shall work together with the Travel Information
 29 Council, the Office of Emergency Management, the Department of State Police, the Secretary of
 30 State, **the Director of the Legislative Audit Office** and owners of digital billboards to develop a
 31 public notification plan for the purpose of using digital billboards to display notifications to the
 32 traveling public related to civic activities and public safety. Public notifications include but are not
 33 limited to information about the Government Waste Hotline established under [*ORS 177.170*] **section**
 34 **6 of this 2015 Act**, elections, voter registration, Amber Alerts and natural disasters and other
 35 emergencies.

36 (2) The Department of Transportation, in coordination with the Office of Emergency Manage-
 37 ment, the Department of State Police, the Secretary of State, **the Director of the Legislative Audit**
 38 **Office** and owners of digital billboards, shall prepare a written public notification plan. In preparing
 39 the plan, the Department of Transportation shall address:

40 (a) The criteria to be applied in determining when it is appropriate to request that an owner
 41 of a digital billboard display a public notification.

42 (b) The procedures used to determine the expiration of a notification and to recall the request
 43 once the information is no longer needed.

44 **SECTION 21.** ORS 177.170 and 177.180 are repealed.

45 **SECTION 22.** Pursuant to sections 6 and 7 of this 2015 Act and the repeal of ORS 177.170

1 and 177.180 by section 21 of this 2015 Act, the duties, functions and powers of the Secretary
2 of State relating to the Government Waste Hotline are imposed upon, transferred to and
3 vested in the Joint Legislative Audit Committee.

4 **SECTION 23.** (1) The Secretary of State shall deliver to the Joint Legislative Audit
5 Committee all records and property within the jurisdiction of the secretary that relate to the
6 duties, functions and powers transferred by section 22 of this 2015 Act.

7 (2) The committee shall take possession of the records and property and employ them in
8 the exercise of the duties, functions and powers transferred by section 22 of this 2015 Act.

9 **SECTION 24.** (1) The unexpended balances of amounts authorized to be expended by the
10 Secretary of State for the biennium beginning July 1, 2015, from revenues dedicated, contin-
11 uously appropriated, appropriated or otherwise made available for the purpose of adminis-
12 tering and enforcing the duties, functions and powers transferred by section 22 of this 2015
13 Act are appropriated and transferred to and are available for expenditure by the Joint Leg-
14 islative Audit Committee for the biennium beginning July 1, 2015, for the purpose of admin-
15 istering and enforcing the duties, functions and powers transferred by section 22 of this 2015
16 Act.

17 (2) The expenditure classifications, if any, established by Acts authorizing or limiting
18 expenditures by the Secretary of State related to the duties, functions and powers trans-
19 ferred by section 22 of this 2015 Act remain applicable to expenditures by the Joint Legisla-
20 tive Audit Committee under this section.

21 **SECTION 25.** The transfer of duties, functions and powers to the Joint Legislative Audit
22 Committee by section 22 of this 2015 Act does not affect any action, proceeding or prose-
23 cution involving or with respect to such duties, functions and powers begun before and
24 pending at the time of the transfer.

25 **SECTION 26.** Sections 1 to 7 and 22 to 25 of this 2015 Act, the amendments to ORS
26 171.425, 171.580, 171.585, 182.568, 244.050, 291.100, 291.272, 297.065, 297.070, 297.210, 297.230,
27 377.833 and 419C.001 by sections 8 to 20 of this 2015 Act and the repeal of ORS 177.170 and
28 177.180 by section 21 of this 2015 Act become operative on January 1, 2016.

29 **SECTION 27.** The Secretary of State and the Joint Legislative Audit Committee may take
30 any action before the operative date specified in section 26 of this 2015 Act that is necessary
31 to enable the secretary and the committee to exercise, on and after the operative date
32 specified in section 26 of this 2015 Act, all the duties, functions and powers conferred upon
33 the secretary and the committee by sections 1 to 7 and 22 to 25 of this 2015 Act, the
34 amendments to ORS 171.425, 171.580, 171.585, 182.568, 244.050, 291.100, 291.272, 297.065 297.070,
35 297.210, 297.230, 377.833 and 419C.001 by sections 8 to 20 of this 2015 Act and the repeal of ORS
36 177.170 and 177.180 by section 21 of this 2015 Act.

37 **SECTION 28.** This 2015 Act being necessary for the immediate preservation of the public
38 peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect
39 on its passage.

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