

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 HOUSE BILL 2729

By: Menz

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6 AS INTRODUCED

7 An Act relating to the State Auditor and Inspector;
8 amending 74 O.S. 2021, Section 213, which relates to
9 examination of public institutions; requiring the
10 State Auditor and Inspector perform a special audit
11 of the Oklahoma Turnpike Authority by certain date;
12 listing contents of special audit; requiring written
13 report be distributed; providing an effective date;
14 and declaring an emergency.

15 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

16 SECTION 1. AMENDATORY 74 O.S. 2021, Section 213, is
17 amended to read as follows:

18 Section 213. A. It shall be the duty of the State Auditor and
19 Inspector, or designee, to examine and report upon the books and
20 financial accounts of the public, educational, charitable, penal and
21 reformatory institutions belonging to the state; to prescribe and
22 enforce correct methods of keeping financial accounts of the state
23 institutions and instruct the proper officers thereof in the
24 performance of their duties concerning the same; to examine the

1 books and accounts of all public institutions under the control of
2 the state at least once each year. Any officer of such public,
3 educational, charitable, penal and reformatory institutions who
4 shall refuse or willfully neglect to comply with such direction of
5 the State Auditor and Inspector within a reasonable time shall be
6 guilty of a misdemeanor.

7 B. Each board of regents of institutions in The Oklahoma State
8 System of Higher Education shall require a quality control review of
9 the internal audit function required pursuant to subsection D of
10 Section 3909 of Title 70 of the Oklahoma Statutes for each
11 institution under its governance at least once every three (3)
12 years. This review shall be in accordance with the "Quality
13 Assurance Review Manual for Internal Auditing" developed by the
14 Institute of Internal Auditors or any successor organization
15 thereto. A copy of the report on the quality control review shall
16 be filed with the State Auditor and Inspector.

17 C. 1. The State Auditor and Inspector shall perform a special
18 audit on elementary, independent, and technology center school
19 districts upon receiving a written request to do so by any of the
20 following: the Governor, Attorney General, President Pro Tempore of
21 the Senate, Speaker of the House of Representatives, State Board of
22 Education, or the elementary, independent, or technology center
23 school district board of education.

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1 2. The State Auditor and Inspector shall perform a special
2 audit on any institution of higher education within The Oklahoma
3 State System of Higher Education whenever the State Auditor and
4 Inspector deems it appropriate or upon receiving a written request
5 to do so by any of the following: the Governor, the Attorney
6 General, the President Pro Tempore of the Senate, the Speaker of the
7 House of Representatives, the governing board of the institution of
8 higher education, or the president of the institution of higher
9 education.

10 3. The special audit shall include, but not necessarily be
11 limited to, a compliance audit. Such audits shall be designed to
12 review items for management's compliance with statutes, rules,
13 policies and internal control procedures or other items applicable
14 to each entity. The costs of any such audit shall be borne by the
15 audited entity and may be defrayed, in whole or in part, by any
16 federal funds available for that purpose.

17 D. In addition to any special audit conducted by the State
18 Auditor and Inspector as provided for in subsection C of this
19 section, the State Auditor and Inspector shall, contingent upon the
20 availability of funding, perform a special audit, without notice, on
21 not more than four common school districts each year. The special
22 audit shall be in a form as determined by the State Auditor and
23 Inspector.

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1 E. The State Auditor and Inspector shall perform a special
2 audit without notice on the office of any district attorney or on
3 any division of the Department of Corrections upon receiving a
4 written request to do so by any of the following: the Governor, the
5 Attorney General, or joint request of the President Pro Tempore of
6 the Senate and the Speaker of the House of Representatives. The
7 State Auditor and Inspector shall perform a special audit without
8 notice on any penal institution, corrections program, contract for
9 service or prison bed space provided to the Department of
10 Corrections, or any program administered by a district attorney's
11 office or staff of such office whenever the State Auditor and
12 Inspector deems it appropriate or upon receiving a written request
13 to do so by any of the following: the Governor, the Attorney
14 General, or joint request of the President Pro Tempore of the Senate
15 and the Speaker of the House of Representatives. The special audit
16 shall include, but not necessarily be limited to, a compliance
17 audit. Such audits shall be designed to review items for compliance
18 with statutes, rules, policies and internal control procedures or
19 other items applicable to each entity. The costs of any such audit
20 shall be paid by the state agency and may be defrayed, in whole or
21 in part, by any federal funds available for that purpose through any
22 audited program.

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1 F. The State Auditor and Inspector shall perform a special
2 audit of the Oklahoma Turnpike Authority to be completed no later
3 than December 1, 2023. The special audit shall:

4 1. Provide a determination of the amount of revenue that is
5 required to be generated in order for the Oklahoma Turnpike
6 Authority to repay the original cost of existing turnpikes and the
7 length of time it will take to generate the funds so that turnpikes
8 can be conveyed to state ownership and converted to toll-free roads;

9 2. Provide an assessment of risk within the agency and develop
10 performance audit objectives during each audit cycle;

11 3. Conduct a fifteen (15) year look-back and ten (10) year
12 projection of maintenance reserve fund balance, deposits, and
13 expenditures and an explanation cross-pledging refinancing
14 practices;

15 4. Provide an explanation of the gap between the required
16 reserve maintenance fund deposits and the actual reserve maintenance
17 fund deposits and why they have not met the minimum as per the trust
18 agreement; and

19 5. Provide an explanation of the financial impact of cost-
20 overruns on the recent Driving Forward Program.

21 The State Auditor and Inspector's office shall provide a written
22 report of the special audit to the Governor, President Pro Tempore
23 of the Oklahoma State Senate, Speaker of the Oklahoma House of
24 Representatives, Legislative Office of Fiscal Transparency, and

1 members of the Transportation Committees of the Senate and House of
2 Representatives.

3 SECTION 2. This act shall become effective July 1, 2023.

4 SECTION 3. It being immediately necessary for the preservation
5 of the public peace, health or safety, an emergency is hereby
6 declared to exist, by reason whereof this act shall take effect and
7 be in full force from and after its passage and approval.

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