

House Bill 2454

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Rules for Representatives Ben Bowman, David Gomberg, Emily McIntire, Mark Owens, Nathan Sosa, Kim Wallan)

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**. The statement includes a measure digest written in compliance with applicable readability standards.

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 provisions; amending ORS
3 171.415, 171.425, 171.430, 171.580, 171.585, 171.590, 244.050, 297.050 and 297.070; and prescribing
4 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 a Legislative Audit**
7 **Officer, who shall serve at the pleasure of the committee.**

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

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

14 **(a) Investigate, review the activities and actions of, and conduct oversight of executive**
15 **branch agencies, programs and functions to identify opportunities and areas of improvement**
16 **to make agency functions, operations and programs more effective, transparent and re-**
17 **sponsive;**

18 **(b) Take in and act upon complaints made by members of the public concerning executive**
19 **branch agency actions by investigating and ascertaining the extent to which agency func-**
20 **tions or program objectives are aligned with authorizing legislation and being met, and re-**
21 **port findings to the committee and complainants;**

22 **(c) Conduct performance audits of executive branch agencies or programs and report**
23 **findings to the committee;**

24 **(d) Undertake other evaluations, audits or tasks described in ORS 171.585;**

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 (e) Report to the appropriate policy committees of the Legislative Assembly on the re-
 2 sults of audits undertaken by the officer or by the Division of Audits, including supplying any
 3 relevant information related to an audit the officer is reporting on;

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

5 (g) Perform other related duties as assigned.

6 (2) The Legislative Audit Officer may employ and fix the compensation of such profes-
 7 sional assistants and other employees as the officer deems necessary for the work under the
 8 charge of the officer.

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

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

12 171.580. (1) There is created a Joint Legislative Audit Committee consisting of the cochairs of
 13 the Joint Committee on Ways and Means, members of the House of Representatives appointed by
 14 the Speaker and members of the Senate appointed by the President.

15 (2) The committee has a continuing existence and may meet, act and conduct its business during
 16 sessions of the Legislative Assembly or any recess thereof and in the interim between sessions.

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

18 (A) The date of the convening of the odd-numbered year regular session of the Legislative As-
 19 sembly next following the commencement of the member's term; or

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

22 (b) When a vacancy occurs in the membership of the committee in the interim between an odd-
 23 numbered year regular session and the earlier of the date of the convening of the next following
 24 odd-numbered year regular session or the date of the convening of an organizational session of the
 25 next following odd-numbered year regular session, until such vacancy is filled, the membership of
 26 the committee shall be considered not to include the vacant position for the purpose of determining
 27 whether a quorum is present and a quorum is a majority of the remaining members.

28 (4) Members of the committee shall receive an amount equal to that authorized under ORS
 29 171.072 from funds appropriated to the Legislative Assembly for each day spent in the performance
 30 of their duties as members of the committee or any subcommittee thereof in lieu of reimbursement
 31 for in-state travel expenses. However, when engaged in out-of-state travel, members shall be entitled
 32 to receive their actual and necessary expenses therefor in lieu of the amount authorized by this
 33 subsection. Payment shall be made from funds appropriated to the Legislative Assembly.

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

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

39 (7) The Legislative [*Fiscal Office*] **Audit Officer** shall furnish to the committee such services
 40 of personnel and such other facilities as are necessary to enable the committee to carry out its
 41 functions as directed by law, with such assistance as the Division of Audits and Oregon Department
 42 of Administrative Services can provide.

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

44 171.585. (1) The Joint Legislative Audit Committee shall:

45 (a) Select audit reports for review and make recommendations for change or remediation by the

1 audited entity to the Emergency Board, the Joint Interim Committee on Ways and Means, the Joint
2 Committee on Ways and Means or other appropriate legislative committees and to other persons
3 receiving the audit report under ORS 192.245.

4 (b) Review requests for performance audits and proposed legislation relating to audits.

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

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

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

9 (e) Assign tasks related to the duties of the Joint Legislative Audit Committee to the Legislative
10 *[Fiscal Office]* **Audit Officer**, including directing *[staff]* **the officer** to conduct performance assess-
11 ments of state agency programs and management, reviews of agency or statewide processes, sunset
12 reviews, change of director reviews, reviews of audits conducted by the Secretary of State or con-
13 tract auditors and audit follow-up reviews. The Legislative *[Fiscal]* **Audit Officer** shall notify the
14 Division of Audits before conducting a review directed by the committee.

15 (f) At the request of the standing or interim Joint Committee on Ways and Means, review state
16 agency performance measures and make recommendations for change.

17 (2) As used in this section, "audit follow-up review" means a review to determine:

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

19 (b) Whether implementation of audit recommendations achieved the anticipated benefits identi-
20 fied in an audit report or in an audited entity's response to an audit report.

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

22 171.590. (1) In carrying out specific **audits**, evaluations and reviews, the Legislative *[Fiscal Of-*
23 *face]* **Audit Officer** may request the services of the Division of Audits, the Oregon Department of
24 Administrative Services and other statutory agencies of the Legislative Assembly.

25 (2) **If requested by the Legislative Audit Officer**, the Division of Audits shall, for each audit
26 recommended by the Joint Legislative Audit Committee and included in the audit plan described in
27 ORS 297.076:

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

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

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

32 171.415. (1) Except as provided in subsections (2) and (3) of this section, a committee or em-
33 ployee of the Legislative Assembly having possession of legislative records that are not required for
34 the regular performance of official duties shall, within 10 days after the adjournment sine die of a
35 regular or special session, deliver all such legislative records to the Legislative Administration
36 Committee.

37 (2) The chairperson, member or employee of a legislative interim committee responsible for
38 maintaining the legislative records of that committee shall, within 10 days after the committee
39 ceases to function or before January 1 next preceding the beginning of an odd-numbered year reg-
40 ular session of the Legislative Assembly, whichever is earlier, deliver all such legislative records to
41 the Legislative Administration Committee.

42 (3) This section does not apply to the records of the Emergency Board, the Legislative Admin-
43 istration Committee, the Legislative Counsel Committee, the Legislative Policy and Research Com-
44 mittee, the Joint Committee on Conduct and the Legislative Equity Officer, **the Joint Legislative**
45 **Audit Committee** or the Joint Committee on Ways and Means.

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

2 171.425. The State Archivist shall allow the Legislative Fiscal Officer, the Legislative Adminis-
3 trator, the Legislative Counsel, the Legislative Revenue Officer, **the Legislative Audit Officer** or
4 the Legislative Policy and Research Director to borrow and temporarily have possession of such
5 legislative records as such officer requests.

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

7 171.430. (1) Except for legislative records borrowed under ORS 171.425 and except as provided
8 in subsection (2) of this section, the Emergency Board, the Legislative Administration Committee,
9 the Legislative Counsel Committee, the Legislative Policy and Research Committee, **the Joint**
10 **Legislative Audit Committee** or the Joint Committee on Ways and Means may cause any legisla-
11 tive records in its possession to be destroyed or otherwise disposed of, if such legislative records
12 are considered by such committee to be of no value to the state or the public and are no longer
13 necessary under or pursuant to any statute requiring their creation or maintenance or affecting
14 their use. However, such committee shall prior to destruction or disposal notify the State Archivist
15 and transfer to the official custody of the State Archivist any such legislative records that are re-
16 quisitioned by the State Archivist, except those designated as confidential by statute or by rule or
17 resolution of the Legislative Assembly or of such committee.

18 (2) The Emergency Board, the Legislative Administration Committee, the Legislative Counsel
19 Committee, the Legislative Policy and Research Committee, **the Joint Legislative Audit Commit-**
20 **tee** and the Joint Committee on Ways and Means shall cause sound recordings of its hearings or
21 meetings to be retained or, if not retained, to be delivered to the State Archivist. The archivist shall
22 be official custodian of the sound recordings so delivered.

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

24 297.050. (1) The Division of Audits of the office of the Secretary of State shall supply the Joint
25 Legislative Audit Committee and the Legislative [*Fiscal*] **Audit** Officer with a copy of each audit
26 report made by or for the Division of Audits.

27 (2) The Division of Audits shall cause a periodic peer review to be completed as required by the
28 standards of the United States Government Accountability Office. The Division of Audits shall sup-
29 ply a copy of each peer review report to the committee.

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

31 297.070. (1) Performance audits of all state departments, boards, commissions, institutions and
32 state-aided institutions and agencies conducted by the Division of Audits shall be based on standards
33 for audit services established by nationally recognized entities including, but not limited to, the
34 United States Government Accountability Office.

35 (2) The Secretary of State may subpoena witnesses, may require the production of books and
36 papers and rendering of reports in the manner and form that the Secretary of State requires and
37 may do all things necessary to secure a full and thorough audit. If a person fails to comply with any
38 subpoena issued under this subsection, a judge of the circuit court of any county, on application of
39 the Secretary of State, shall compel obedience by proceedings for contempt as in the case of diso-
40 bedience of the requirements of a subpoena issued from the circuit court.

41 (3) The Secretary of State, as State Auditor, may contract with qualified private sector auditors
42 to conduct audits if the Secretary of State determines that it is in the public interest to do so. All
43 contracts for conducting performance audits under this section shall be in a form prescribed or ap-
44 proved by the Secretary of State. The Secretary of State shall employ or contract with auditors upon
45 terms and for compensation as the Secretary of State determines are advantageous and advisable.

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

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

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

8 (a) Provide information on whether it is reasonable to believe that adoption of such practices
9 will require resources beyond currently legislatively approved resource levels, and, if so, the po-
10 tential magnitude of additional resources needed; and

11 (b) Identify states or comparable government entities that have implemented identified leading
12 practices.

13 (7) An audit report must indicate whether:

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

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

16 (8) The Division of Audits shall publish all performance audit reports and shall notify the Leg-
17 islative Assembly and the Legislative [*Fiscal*] **Audit** Officer when such audits are publicly available.

18 (9) An audited entity shall submit written reports to the Division of Audits and the Legislative
19 [*Fiscal*] **Audit** Officer regarding the findings and recommendations of an audit of the entity. The
20 reports must include specific responses to each recommendation, including whether the entity can
21 implement the recommendation without legislative action and anticipated timeframes for implemen-
22 tation of recommendations not requiring legislative action. The reports required under this sub-
23 section must be made in a timely manner, as determined by the Division of Audits and the
24 Legislative [*Fiscal*] **Audit** Officer.

25 (10) After receiving a report under subsection (9) of this section, both the Division of Audits and
26 the Legislative [*Fiscal*] **Audit** Officer may conduct an audit follow-up review and may submit a
27 written report regarding the audit follow-up review to the Joint Legislative Audit Committee. The
28 Division of Audits and the Legislative [*Fiscal*] **Audit** Officer shall notify one another about the in-
29 tent to conduct an audit follow-up review prior to initiation of the review.

30 (11) As used in this section:

31 (a) "Audit follow-up review" has the meaning given that term in ORS 171.585.

32 (b) "Performance audit" means an audit, the objectives of which include:

33 (A) Assessing the extent to which legislative, regulatory and organizational goals and objectives
34 are being achieved and the current status or condition of program operations or progress in imple-
35 menting legislative requirements within the legislatively approved budget;

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

38 (C) Determining whether a program produced documented intended results, including key per-
39 formance measures, and whether such measures are reliable, valid and relevant;

40 (D) Determining whether a program operates within the context of statutory parameters, is ac-
41 cessible to eligible individuals, duplicates, overlaps, or conflicts with other programs, utilizes sound
42 financial practices and information and is efficient and effective in achieving intended results within
43 the legislatively approved budget;

44 (E) Determining whether the purpose of a program, the manner in which it is conducted, ser-
45 vices delivered, outcomes, the population served, incurred or proposed costs, and revenue received

1 are in compliance with provisions of laws, regulations, contracts, grant agreements or other relevant
2 requirements; and

3 (F) Addressing identified risks and weaknesses.

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

5 244.050. (1) On or before April 15 of each year the following persons shall file with the Oregon
6 Government Ethics Commission a verified statement of economic interest as required under this
7 chapter:

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

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

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

13 (d) The Deputy Attorney General.

14 (e) The Deputy Secretary of State.

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

18 (g) The president and vice presidents, or their administrative equivalents, in each public uni-
19 versity listed in ORS 352.002.

20 (h) The following state officers:

21 (A) Adjutant General.

22 (B) Director of Agriculture.

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

24 (D) Water Resources Director.

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

26 (F) Director of the Oregon Department of Administrative Services.

27 (G) State Fish and Wildlife Director.

28 (H) State Forester.

29 (I) State Geologist.

30 (J) Director of Human Services.

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

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

33 (M) State Librarian.

34 (N) Administrator of the Oregon Liquor and Cannabis Commission.

35 (O) Superintendent of State Police.

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

37 (Q) Director of Department of Revenue.

38 (R) Director of Transportation.

39 (S) Public Utility Commissioner.

40 (T) Director of Veterans' Affairs.

41 (U) Executive director of Oregon Government Ethics Commission.

42 (V) Director of the State Department of Energy.

43 (W) Director and each assistant director of the Oregon State Lottery.

44 (X) Director of the Department of Corrections.

45 (Y) Director of the Oregon Department of Aviation.

- 1 (Z) Executive director of the Oregon Criminal Justice Commission.
- 2 (AA) Director of the Oregon Business Development Department.
- 3 (BB) Director of the Oregon Department of Emergency Management.
- 4 (CC) Director of the Employment Department.
- 5 (DD) State Fire Marshal.
- 6 (EE) Chief of staff for the Governor.
- 7 (FF) Director of the Housing and Community Services Department.
- 8 (GG) State Court Administrator.
- 9 (HH) Director of the Department of Land Conservation and Development.
- 10 (II) Board chairperson of the Land Use Board of Appeals.
- 11 (JJ) State Marine Director.
- 12 (KK) Executive director of the Oregon Racing Commission.
- 13 (LL) State Parks and Recreation Director.
- 14 (MM) Executive director of the Oregon Public Defense Commission.
- 15 (NN) Chairperson of the Public Employees' Benefit Board.
- 16 (OO) Director of the Department of Public Safety Standards and Training.
- 17 (PP) Executive director of the Higher Education Coordinating Commission.
- 18 (QQ) Executive director of the Oregon Watershed Enhancement Board.
- 19 (RR) Director of the Oregon Youth Authority.
- 20 (SS) Director of the Oregon Health Authority.
- 21 (TT) Deputy Superintendent of Public Instruction.
- 22 (i) The First Partner, the legal counsel, the deputy legal counsel and all policy advisors within
- 23 the Governor's office.
- 24 (j) Every elected city or county official.
- 25 (k) Every member of a city or county planning, zoning or development commission.
- 26 (L) The chief executive officer of a city or county who performs the duties of manager or prin-
- 27 cipal administrator of the city or county.
- 28 (m) Members of local government boundary commissions formed under ORS 199.410 to 199.519.
- 29 (n) Every member of a governing body of a metropolitan service district and the auditor and
- 30 executive officer thereof.
- 31 (o) Each member of the board of directors of the State Accident Insurance Fund Corporation.
- 32 (p) The chief administrative officer and the financial officer of each common and union high
- 33 school district, education service district and community college district.
- 34 (q) Every member of the following state boards, commissions and councils:
- 35 (A) Governing board of the State Department of Geology and Mineral Industries.
- 36 (B) Oregon Business Development Commission.
- 37 (C) State Board of Education.
- 38 (D) Environmental Quality Commission.
- 39 (E) Fish and Wildlife Commission of the State of Oregon.
- 40 (F) State Board of Forestry.
- 41 (G) Oregon Government Ethics Commission.
- 42 (H) Oregon Health Policy Board.
- 43 (I) Oregon Investment Council.
- 44 (J) Land Conservation and Development Commission.
- 45 (K) Oregon Liquor and Cannabis Commission.

- 1 (L) Oregon Short Term Fund Board.
- 2 (M) State Marine Board.
- 3 (N) Mass transit district boards.
- 4 (O) Energy Facility Siting Council.
- 5 (P) Board of Commissioners of the Port of Portland.
- 6 (Q) Employment Relations Board.
- 7 (R) Public Employees Retirement Board.
- 8 (S) Oregon Racing Commission.
- 9 (T) Oregon Transportation Commission.
- 10 (U) Water Resources Commission.
- 11 (V) Workers' Compensation Board.
- 12 (W) Oregon Facilities Authority.
- 13 (X) Oregon State Lottery Commission.
- 14 (Y) Pacific Northwest Electric Power and Conservation Planning Council.
- 15 (Z) Columbia River Gorge Commission.
- 16 (AA) Oregon Health and Science University Board of Directors.
- 17 (BB) Capitol Planning Commission.
- 18 (CC) Higher Education Coordinating Commission.
- 19 (DD) Oregon Growth Board.
- 20 (EE) Early Learning Council.
- 21 (FF) The Oversight and Accountability Council.
- 22 (r) The following officers of the State Treasurer:
- 23 (A) Deputy State Treasurer.
- 24 (B) Chief of staff for the office of the State Treasurer.
- 25 (C) Director of the Investment Division.
- 26 (s) Every member of the board of commissioners of a port governed by ORS 777.005 to 777.725
- 27 or 777.915 to 777.953.
- 28 (t) Every member of the board of directors of an authority created under ORS 441.525 to 441.595.
- 29 (u) Every member of a governing board of a public university listed in ORS 352.002.
- 30 (v) Every member of the district school board of a common school district or union high school
- 31 district.
- 32 (w) Every member of the board of directors of an authority created under ORS 465.600 to
- 33 465.621.
- 34 (2) By April 15 next after the date an appointment takes effect, every appointed public official
- 35 on a board or commission listed in subsection (1) of this section shall file with the Oregon Govern-
- 36 ment Ethics Commission a statement of economic interest as required under ORS 244.060, 244.070
- 37 and 244.090.
- 38 (3) By April 15 next after the filing deadline for the primary election, each candidate described
- 39 in subsection (1) of this section shall file with the commission a statement of economic interest as
- 40 required under ORS 244.060, 244.070 and 244.090.
- 41 (4) Not later than the 40th day before the date of the statewide general election, each candidate
- 42 described in subsection (1) of this section who will appear on the statewide general election ballot
- 43 and who was not required to file a statement of economic interest under subsections (1) to (3) of this
- 44 section shall file with the commission a statement of economic interest as required under ORS
- 45 244.060, 244.070 and 244.090.

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

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

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

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

13