

An Act

ENROLLED HOUSE
BILL NO. 2311

By: McCall, Murdock and
Montgomery of the House

and

Schulz, Daniels, Leewright,
Dugger and Sharp of the
Senate

An Act relating to public finance; creating the Agency Performance and Accountability Act; providing short title; creating Agency Performance and Accountability Commission; providing for membership and staffing and administrative support of Commission; requiring Commission to conduct certain independent comprehensive performance audits; defining term; allowing audit results to be used by Legislature in certain manner; specifying agencies to be audited; requiring certain reports; providing for certain contracts and providing procedures; specifying topics to be addressed by audit; exempting certain bills and resolutions from legislative deadlines; providing for implementation of audit recommendations and review thereof; requiring agencies to provide explanation or justification for failure to implement audit recommendations; providing for codification; and declaring an emergency.

SUBJECT: Agency Performance and Accountability Act

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 8001 of Title 62, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Agency Performance and Accountability Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 8002 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created the Agency Performance and Accountability Commission which shall consist of:

1. Three members appointed by the Governor:

- a. at least one of whom shall be the president, owner, chief executive officer or chief financial officer of an Oklahoma-based company, and
- b. at least one of whom shall be an auditor who is employed as an internal auditor by a company or who is employed by a private auditing firm;

2. Three members appointed by the President Pro Tempore of the Oklahoma Senate, at least one of whom shall be a business efficiency expert;

3. Three members appointed by the Speaker of the Oklahoma House of Representatives, at least one of whom shall be a business efficiency expert; and

4. The Director of the Office of Management and Enterprise Services, or his or her designee who is an employee of the Office of Management and Enterprise Services, who shall be an ex officio and nonvoting member.

B. No person shall be appointed to the Commission who at the time of his or her appointment is an elected official. Any person who is appointed to the Commission who subsequently becomes an elected official during his or her term on the Commission shall be required to vacate his or her position on the Commission.

C. The Senate and the House of Representatives shall provide staff and administrative support to the Commission.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 8003 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The Agency Performance and Accountability Commission shall conduct independent comprehensive performance audits. The term "independent comprehensive performance audit" (ICPA) includes, but is not limited to, a review and analysis of the economy, efficiency, effectiveness and compliance of the policies, management, fiscal affairs and operations of state agencies, divisions, programs and accounts. The results of an ICPA may be used by the Legislature to implement the best budgeting and policy-making practices for government services to run in the most cost-effective way.

B. The Commission shall conduct an ICPA for each appropriated executive branch agency having total state appropriations for a fiscal year which rank the agency in the highest twenty such agencies. The Commission shall develop a schedule under which an ICPA for each such agency shall be conducted at least once every four (4) fiscal years. The Commission may also conduct an ICPA of any other agency at its discretion, subject to the availability of funds.

C. By December 31 of each year, the Commission shall issue an annual report on the status of implementation of audit recommendations. The Commission may also include its comments or recommendations based on any ICPA in this report.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 8004 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The Agency Performance and Accountability Commission may contract with a private company, nonprofit organization or academic institution to assist with an independent comprehensive performance audit. The Commission may, but shall not be required to, contract with the Office of the State Auditor and Inspector to conduct any ICPA. The Commission shall develop the scope of services for a request for proposals issued, for professional services necessary to complete each ICPA. Prior to entering into any contract, the Commission shall obtain no less than three separate bids for the auditing services, unless the Commission determines that fewer than three entities meet the qualifications to bid to perform such services as set forth by the Commission. The cost of the contract shall be paid by the Legislative Services Bureau.

B. The Commission shall provide the results of each ICPA in a written report to the Governor, President Pro Tempore of the Senate

and Speaker of the House of Representatives. The report shall be made publicly available on the Oklahoma State Legislature's website and *documents.ok.gov*.

C. The independent comprehensive performance audit shall address but not be limited to the following topics:

1. Policies which shall include constitutional mandates, if any, statutory mandates, statutory authorizations, administrative rules or policies of the affected agency reflected in internal agency documents or agency practices;

2. All sources of funding received by the agency, inclusive of federal funds, state appropriations, state-dedicated revenues, fee revenue sources, the use of agency revolving funds or any other fund or revenue source which is used to pay the expenses of the agency;

3. Management of the agency which shall include, but not be limited to, its governance, capacity, divisions, programs, accounts, information technology systems and policies and agency operations which include objective analysis of the roles and functions of the department; and

4. A schedule for implementation of agency-specific recommendations.

D. Bills and resolutions introduced to implement any specific recommendation of this report shall not be subject to filing deadlines set by the Legislature.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 8005 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The state agency which has undergone an independent comprehensive performance audit shall implement the recommendations of the Agency Performance and Accountability Commission as concluded from the independent comprehensive performance audit.

B. Not later than twelve (12) months after the completion of the independent comprehensive performance audit, the Commission shall review the implementation of the recommendations in the audit.

C. The Commission shall issue a report regarding the extent to which the agency has or has not implemented the recommendations of

the audit. The follow-up report shall be submitted to the Governor, President Pro Tempore of the Senate and Speaker of the House of Representatives. The report shall be made publicly available on the Oklahoma State Legislature's website and *documents.ok.gov*.

D. The state agency shall be required to provide an explanation or justification for any failure to implement the recommendations of an independent comprehensive performance audit.

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

Passed the House of Representatives the 17th day of May, 2017.

Presiding Officer of the House
of Representatives

Passed the Senate the 26th day of April, 2017.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____