

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 56th Legislature (2017)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1690

By: Murdock and McBride

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8 COMMITTEE SUBSTITUTE

9 An Act relating to state government; enacting the
10 Independent Comprehensive Performance Audit Act;
11 requiring certain action by the Legislative Service
12 Bureau; defining term; requiring independent
13 comprehensive performance audits; providing for scope
14 of audit; imposing duty with respect to certain
15 agencies based on appropriated budget amounts;
16 authorizing contract with State Auditor and
17 Inspector; prescribing frequency of audit;
18 authorizing preliminary risk assessment; providing
19 for payment of audit costs; prescribing procedures
20 regarding timing of audit; providing for audit based
21 upon certain events related to chief executive
22 officer of executive branch entities; requiring
23 notice of audit completion; authorizing special
24 hearings; requiring formal presentation by the
 Legislative Service Bureau; stating purposes;
 requiring notice to legislators; requiring submission
 of audit results to certain public officials;
 requiring audit results to be accessible through a
 website; requiring implementation of audit results;
 requiring review of implementation; requiring report
 related to implementation; requiring explanations or
 justifications; providing for codification; and
 declaring an emergency.

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

1 SECTION 1. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 452.21 of Title 74, unless there
3 is created a duplication in numbering, reads as follows:

4 This act shall be known and may be cited as the "Independent
5 Comprehensive Performance Audit Act".

6 SECTION 2. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 452.22 of Title 74, unless there
8 is created a duplication in numbering, reads as follows:

9 A. In keeping with accountability to the taxpayer, the
10 Legislative Service Bureau shall invest in independent comprehensive
11 performance audits.

12 B. The term "Independent Comprehensive Performance Audit" (ICPA)
13 includes, but is not limited to, a review and analysis of the
14 economy, efficiency, effectiveness and compliance of the policies,
15 management, fiscal affairs and operations of state agencies,
16 divisions, programs and accounts for the Legislature to implement
17 the best budgeting and policy-making practices for government
18 services to run in the most cost-effective way.

19 C. An independent comprehensive performance audit shall be
20 conducted in accordance with generally accepted government auditing
21 standards (GAGAS).

22 D. The independent comprehensive performance audit shall
23 address but not limited to the following topics:
24

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

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

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

15 E. For each appropriated executive branch agency having total
16 General Revenue Fund appropriations for a fiscal year which rank the
17 agency in the highest twenty such agencies for that fiscal year, the
18 Legislative Service Bureau shall conduct an ICPA of any such agency
19 if the chief executive officer of the agency concludes his or her
20 term of office, dies, resigns from office, is removed from office or
21 otherwise ends his or her elected or appointed term of office.

22 F. The Legislative Service Bureau may contract with but shall
23 not be limited to the State Auditor and Inspector's Office or an
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1 outside firm in order to conduct the independent comprehensive
2 performance audit.

3 G. The independent comprehensive performance audit required by
4 this section shall be conducted no more than once each four (4)
5 years.

6 H. The Legislative Service Bureau may conduct a preliminary
7 risk assessment to determine if an independent comprehensive
8 performance audit is necessary.

9 I. The expense of the ICPA shall be paid from the funds of the
10 Legislative Service Bureau.

11 J. The Legislative Service Bureau shall initiate the
12 independent comprehensive performance audit immediately upon being
13 notified of the death, resignation or other vacancy by the
14 administrative head or chief executive officer of the agency. The
15 audit shall be completed not later than six (6) months after the
16 audit begins. If the Legislative Service Bureau determines that the
17 audit will not be completed within the six-month period, the
18 Legislative Service Bureau shall notify the Governor, the Speaker of
19 the Oklahoma House of Representatives, the President Pro Tempore of
20 the Oklahoma State Senate, the chairs and vice chairs of all House
21 and Senate appropriations and budget committees and subcommittees in
22 writing of the reason for the delay and the estimated amount of
23 additional time needed to complete the ICPA.

1 K. When the audit is complete, the Legislative Service Bureau
2 shall provide notice of such completion to the Governor, the Speaker
3 of the Oklahoma House of Representatives, the President Pro Tempore
4 of the Oklahoma State Senate, the chairs of the standing committees
5 of the respective chambers for appropriations and budget and to the
6 chair of each subcommittee of such standing committee, if
7 applicable. Copies of the audit shall be provided to any official
8 described by this subsection who requests it.

9 L. The committees identified above may hold special hearings
10 regarding the ICPA and any issues or exceptions contained in the
11 audit findings.

12 SECTION 3. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 452.23 of Title 74, unless there
14 is created a duplication in numbering, reads as follows:

15 A. The Legislative Service Bureau shall conduct a formal
16 presentation of the results of any Independent Comprehensive
17 Performance Audit (ICPA) required by Section 2 of this act at a
18 public hearing to be conducted within thirty (30) days after the
19 formal release of the audit and/or be at a date and time that is
20 most appropriate for the legislative schedule as possible.

21 B. The purpose of the public presentation shall be to inform
22 and advise the Governor, the Speaker of the Oklahoma House of
23 Representatives, the President Pro Tempore of the Oklahoma State
24 Senate and the chairs and vice chairs of all House and Senate

1 appropriations and budget committees and subcommittees, the state
2 agency which includes the head and division leaders audited and
3 other public officials about the recommendations in the ICPA which
4 shall include, but not be limited to, cost savings, efficiency,
5 effectiveness of policy and programs, improved budgeting and
6 appropriations process and practices, policy-making and any
7 recommendations for a different type or additional audit.

8 C. All members of the Legislature and the agency audited shall
9 be provided a specific notice of the date, time and location of the
10 public hearing with sufficient notice to be able to attend.

11 D. After the conclusion of the public hearing, the results of
12 the independent comprehensive performance audit and the public
13 hearing shall be submitted to the Governor, the Speaker of the
14 Oklahoma House of Representatives, the President Pro Tempore of the
15 Oklahoma State Senate, the chairs and vice chairs of the standing
16 committees and subcommittees responsible for appropriations and
17 budgets for both chambers of the Legislature and to each member of
18 those committees.

19 E. The committees identified above may hold special hearings
20 regarding the ICPA and any issues or exceptions contained in the
21 audit findings.

22 F. The Legislative Service Bureau shall cause the audit to be
23 accessible through an Internet website.

1 SECTION 4. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 452.24 of Title 74, unless there
3 is created a duplication in numbering, reads as follows:

4 A. The state agency which has undergone a performance audit
5 shall implement the recommendations of the Legislature as concluded
6 from the independent performance audit.

7 B. Not later than twelve (12) months after the completion of
8 the performance audit, the Legislative Service Bureau shall review
9 the implementation of the recommendations in the audit.

10 C. The Legislative Service Bureau shall prepare a report
11 regarding the extent to which the agency has or has not implemented
12 the recommendations of the Legislature from the audit. The follow-
13 up report shall be submitted to the Governor, the Speaker of the
14 Oklahoma House of Representatives, the President Pro Tempore of the
15 Oklahoma State Senate, the chairs and vice chairs of the standing
16 committees and subcommittees of the Legislature on appropriations
17 and budget and to each of the members of such standing committees.

18 D. The state agency shall be required to provide an explanation
19 or justification for any failure to implement the recommendations of
20 a performance audit.

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

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4 COMMITTEE REPORT BY: COMMITTEE ON RULES, dated 02/22/2017 - DO PASS,
5 As Amended and Coauthored.
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