

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 SENATE BILL 1786

By: Jett

6 AS INTRODUCED

7 An Act relating to state government; granting State
8 Auditor and Inspector certain authority; prohibiting
9 certain noncompliance; stating penalty for violation;
10 requiring submission of certain report to the
11 Attorney General and district attorney; requiring
12 Attorney General to take certain actions; requiring
13 Attorney General to submit certain annual report;
14 requiring State Auditor and Inspector to submit
15 certain audit to certain officers; providing for
16 certain conditional public release of certain audit;
requiring certain entities to create certain plan;
providing for State Auditor and Inspector to monitor
implementation of certain plan; creating the
Investigative Division of the Office of the State
Auditor and Inspector; allowing for certain recovery
of costs by State Auditor and Inspector; making
certain appropriation; providing for codification;
providing for noncodification; providing an effective
date; and declaring an emergency.

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

20 SECTION 1. NEW LAW A new section of law to be codified

21 in the Oklahoma Statutes as Section 212.5 of Title 74, unless there
22 is created a duplication in numbering, reads as follows:

23 A. The State Auditor and Inspector shall have discretionary
24 authority to initiate performance audits, operational audits,
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1 forensic audits, or special investigative audits of any state
2 agency, board, commission, or local government entity. Such audits
3 may be initiated based on:

- 4 1. Risk assessments;
- 5 2. Credible allegations of waste, fraud, abuse, or
6 inefficiency; or
- 7 3. The State Auditor and Inspector's independent determination.

8 B. The audits provided for in subsection A of this section may
9 be initiated by the State Auditor and Inspector without requiring
10 the prior request of the Governor, the Attorney General, an agency
11 director, a district attorney, or a legislative resolution.

12 C. The State Auditor and Inspector shall have the authority to
13 issue administrative subpoenas to any public entity, officer,
14 employee, contractor, or third party receiving or managing public
15 funds for:

- 16 1. Documents;
- 17 2. Records;
- 18 3. Testimony under oath;
- 19 4. Electronic data; and
- 20 5. Physical evidence.

21 D. Any person who does not comply with an administrative
22 subpoena issued by the State Auditor and Inspector under the
23 provisions of subsection A of this section shall, upon conviction,
24 be guilty of a misdemeanor punishable by a fine not more than One

1 Thousand Dollars (\$1,000.00), or by imprisonment in the custody of
2 the Department of Corrections for not more than thirty (30) days, or
3 by both such fine and imprisonment.

4 E. The State Auditor and Inspector is authorized to conduct
5 audits or inspections without prior announcement.

6 F. The State Auditor and Inspector is authorized to secure
7 premises or records on a temporary basis when deemed necessary by
8 the State Auditor and Inspector to preserve evidence of potential
9 wrongdoing.

10 SECTION 2. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 212.6 of Title 74, unless there
12 is created a duplication in numbering, reads as follows:

13 A. The State Auditor and Inspector shall, within thirty (30)
14 days of the finalization of an audit, refer all audit findings that
15 indicate potential criminal violations, fraud, embezzlement, or
16 misappropriation of public funds to the Attorney General and the
17 district attorney for the county where such violations occurred.

18 B. The Attorney General shall review such referral from the
19 State Auditor and Inspector and shall:

20 1. Initiate investigation or prosecution where probable cause
21 exists; or

22 2. Electronically submit a written explanation to the State
23 Auditor and Inspector and the Legislature for any decision to not
24 proceed with such investigation or prosecution.

1 C. The Attorney General shall annually submit a report to the
2 Legislature and the State Auditor and Inspector by electronic
3 submission on the status and outcomes of all referrals received from
4 the State Auditor and Inspector, including:

5 1. Actions taken;
6 2. Cases prosecuted;
7 3. Recoveries achieved; and
8 4. The written explanations provided for in paragraph 2 of
9 subsection B of this section.

10 D. Any audit that provides serious findings of waste, fraud, or
11 abuse shall be automatically transmitted by the State Auditor and
12 Inspector to the President Pro Tempore of the Senate, the Speaker of
13 the House of Representatives, and the chairs of the legislative
14 committee relating to the audited entity. Additionally, unless
15 confidentiality is required for an ongoing criminal investigation,
16 the contents of such audit shall be released for public viewing.

17 SECTION 3. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 212.7 of Title 74, unless there
19 is created a duplication in numbering, reads as follows:

20 A. Any entity audited by the State Auditor and Inspector shall
21 submit a corrective action plan to the State Auditor and Inspector
22 within sixty (60) days after receiving an audit report with adverse
23 findings.

1 B. The State Auditor and Inspector shall monitor the
2 implementation of the corrective action plan and report
3 noncompliance with such plan to the Attorney General and the
4 Legislature. An entity reported to be in noncompliance by the State
5 Auditor and Inspector may be subject to sanctions, including but not
6 limited to the withholding of state funds.

7 SECTION 4. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 212.8 of Title 74, unless there
9 is created a duplication in numbering, reads as follows:

10 A. There is hereby established within the Office of the State
11 Auditor and Inspector the Investigative Division.

12 B. The Division shall:

13 1. Be staffed with certified fraud examiners and investigators;
14 and

15 2. Support expanded forensic and special audits.

16 C. The State Auditor and Inspector shall promulgate rules to
17 effectuate the provisions of this section.

18 SECTION 5. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 212.9 of Title 74, unless there
20 is created a duplication in numbering, reads as follows:

21 The Office of the State Auditor and Inspector is authorized to
22 recover costs from audited entities for expenses related to special
23 or investigate audits.

1 SECTION 6. NEW LAW A new section of law not to be
2 codified in the Oklahoma Statutes reads as follows:

3 There is hereby appropriated to the State Auditor and Inspector
4 from any monies not otherwise appropriated from the General Revenue
5 Fund of the State Treasury for the fiscal year ending June 30, 2027,
6 One Million Five Hundred Thousand Dollars (\$1,500,000.00) for the
7 purposes of supporting enhanced staffing and operations as provided
8 for in this act.

9 SECTION 7. This act shall become effective July 1, 2026.

10 SECTION 8. It being immediately necessary for the preservation
11 of the public peace, health or safety, an emergency is hereby
12 declared to exist, by reason whereof this act shall take effect and
13 be in full force from and after its passage and approval.

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