

2026 -- S 2448

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S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO GENERAL ASSEMBLY -- GOVERNMENT PERFORMANCE AUDIT AND ACCOUNTABILITY ACT

Introduced By: Senators Ujifusa, Bell, Valverde, Euer, Murray, Urso, Mack, Acosta, and Quezada

Date Introduced: February 06, 2026

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 **SECTION 1. Purpose.**

2 The purpose of chapter 13.1 of title 22 is to strengthen the oversight capacity of the office
3 of the auditor general ("OAG") created pursuant to the provisions of chapter 13 of title 22 ("Auditor
4 General") by establishing a dedicated performance audit division to evaluate the economy,
5 efficiency, and effectiveness of state programs and expenditures, and to ensure timely and
6 appropriate corrective actions, in a manner that complements, and does not duplicate, existing
7 internal control and program integrity activities within state agencies.

8 **SECTION 2. Legislative findings.**

9 The general assembly hereby finds and declares:

10 (1) The Rhode Island office of the auditor general (OAG) performs high-quality and
11 nationally respected financial and compliance audits that safeguard the accuracy of state
12 accounting, ensure proper use of state and federal funds, and protect the fiscal integrity of
13 government operations. These audits--focused on financial statements, transactions, internal
14 controls, and compliance--are distinct from performance audits, which evaluate whether state
15 programs operate efficiently, effectively, economically, and in accordance with legislative intent.

16 (2) State government responsibilities, fiscal exposure, and operational risks have expanded
17 dramatically over the past two decades, including multi-billion-dollar Medicaid program
18 expenditures, increasing IT system complexity, major modernization projects, growing

1 cybersecurity threats, data integrity and interoperability challenges, and heightened federal
2 reporting and compliance obligations, yet the OAG has not received a meaningful staffing increase
3 in more than twenty years.

4 (3) The OAG is statutorily responsible and professionally capable of conducting both
5 financial and performance audits; however, the office currently employs only one performance
6 auditor, limiting its ability to evaluate program and operational effectiveness or to ensure timely
7 corrective actions. While the OAG may recommend improvements, it cannot require agencies to
8 implement corrective operational changes.

9 (4) Despite severe under-resourcing, the OAG has demonstrated the value of performance-
10 based oversight-identifying millions of dollars in Medicaid payments on behalf of individuals no
11 longer residing in Rhode Island and uncovering administrative weaknesses, outdated processes,
12 and insufficient outcome tracking in a 2024 review of childcare subsidy programs. These examples
13 show the substantial public benefit that could be achieved with a fully resourced performance audit
14 function.

15 (5) Other states have strengthened accountability and improved government effectiveness
16 through dedicated performance audit entities-including Washington's Joint Legislative Audit and
17 Review Committee, North Carolina's State Auditor, and Massachusetts' State Auditor-
18 demonstrating that independent, well-resourced performance auditing reduces inefficiency,
19 prevents waste, and improves program outcomes.

20 (6) Establishing a dedicated performance audit division within the OAG is necessary to
21 ensure Rhode Island's programs and expenditures are managed efficiently, effectively, and in
22 alignment with legislative intent, and to provide the General Assembly and the public with
23 independent, data-driven oversight of state operations.

24 (7) Performance auditing consistently yields significant fiscal returns. National studies
25 show that performance audit offices typically return between three (\$3.00) and ten dollars (\$10.00)
26 in savings or avoided costs for every one dollar invested, and Rhode Island's recent audits have
27 already identified millions in recoverable payments and avoided expenditures. Strengthening
28 performance auditing is therefore a fiscally responsible investment for the state.

29 SECTION 3. Title 22 of the General Laws entitled "GENERAL ASSEMBLY" is hereby
30 amended by adding thereto the following chapter:

31 CHAPTER 13.1

32 GOVERNMENT AUDIT AND ACCOUNTABILITY ACT

33 22-13.1-1. Short title.

34 This chapter shall be known and may be cited as the "Government Audit and

1 Accountability Act."

2 **22-13.1-2. Establishment of performance audit division.**

3 (a) There is hereby established within the office of the auditor general ("OAG") a
4 performance audit division ("division") responsible for planning, conducting, and reporting on
5 performance audits of state agencies and, consistent with existing statutory authority under § 35-7-
6 11, contractors or other entities receiving state or federal funds. Performance audits conducted
7 under this chapter shall complement and not duplicate existing internal audit, program integrity, or
8 oversight activities within state agencies.

9 (b) The division shall be staffed with no fewer than five (5) full-time equivalent (FTE)
10 positions dedicated to performance audit functions, including a chief performance auditor and
11 necessary analysts/auditors, and may be expanded as necessary to meet audit requirements.

12 (c) The auditor general may engage outside contractors or consultants for specialized audits
13 or subject-matter expertise.

14 **22-13.1-3. Duties.**

15 The performance audit division shall:

16 (1) Prepare and publish an annual performance audit plan, starting on November 1, 2026,
17 or as soon as practicable after division staffing is complete, and annually thereafter, identifying
18 proposed audit entities based on fiscal materiality, program risk, and public interest, and prioritizing
19 those that involve the highest potential fiscal impact, including but not limited to Medicaid,
20 procurement, and information technology projects.

21 (2) Conduct audits in accordance with generally accepted government auditing standards
22 ("GAGAS") issued by the U.S. Government Accountability Office.

23 (3) Evaluate whether agencies and contractors or other entities receiving state or federal
24 funds:

25 (i) Operate efficiently and effectively;
26 (ii) Achieve intended outcomes; and
27 (iii) Adhere to applicable state and federal statutes and regulations.

28 (4) Recommend corrective actions and follow up on prior audit recommendations.
29 (5) Provide public reports starting on November 1, 2027, or as soon as practicable
30 thereafter, to the general assembly, the governor, and the public detailing audit findings,
31 recommendations, and the status of agency compliance.

32 (6) Conduct reviews focused on systems and processes rather than individual employee
33 performance.

34 **22-13.1-4. Corrective action and oversight.**

1 (a) Each audited entity shall, within sixty (60) days of receiving a performance audit report,
2 submit to the OAG, the joint committee on legislative services, the house committee on finance,
3 and the senate committee on finance, a corrective action plan ("CAP") describing actions being
4 taken and timelines for addressing deficiencies.

5 (b) The OAG shall monitor implementation of CAPs and report annually on agency
6 compliance to the joint committee on legislative services and the house and senate finance
7 committees.

8 (c) If an audited entity fails to make reasonable progress on a corrective action plan, or if
9 a performance audit identifies a potential violation of state or federal law or material financial harm
10 to the state resulting from contractor practices, the auditor general may refer the matter to the Rhode
11 Island attorney general for further review and enforcement under existing statutory authority.

12 **22-13.1-5. Budget and staffing.**

13 Costs of the additional FTEs, contractor services, equipment, training, and any necessary
14 office space shall be included in the general revenue appropriation for the office of the auditor
15 general.

16 **22-13.1-6. Independence and access.**

17 The OAG shall have unrestricted access to records, data, and personnel of all state agencies
18 and contractors as necessary to perform its duties under this chapter. Nothing in this section shall
19 be construed to alter statutory protections for confidential or proprietary information, which shall
20 be protected consistent with state and federal law.

21 SECTION 4. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO GENERAL ASSEMBLY -- GOVERNMENT PERFORMANCE AUDIT AND
ACCOUNTABILITY ACT

1 This act would establish a performance audit division within the office of the auditor
2 general. The purpose of the performance audit division would include preparing an annual
3 performance audit plan, conducting audits in accordance with Generally Accepted Government
4 Auditing Standards, evaluating agencies and contractors receiving state or federal funds, and
5 publishing a public report containing the divisions' findings and recommendations.

6 This act would take effect upon passage.

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