

Engrossed Substitute House Bill 1064
An act relating
to improving government performance and accountability

Executive Summary

Legislative Intent

- Citizens demand and deserve accountability of public programs. Public programs must continuously improve in quality, efficiency, and effectiveness in order to increase public trust.
- Washington state government and other entities that receive tax dollars must continuously improve the way they operate and deliver services so citizens receive maximum value for their tax dollars.
- An independent Citizen Advisory Board is necessary to ensure that government services, customer satisfaction, program efficiency, and management systems are world class in performance.
- Fair, independent, professional performance audits of state agencies are essential to improving the efficiency and effectiveness of government.
- The performance audit activities of the Joint Legislative Audit and Review Committee (JLARC) should be supplemented by making fuller use of the State Auditor's resources and capabilities.

Performance Audit Authority

Amends the state budgeting, accounting and reporting systems act to authorize the State Auditor to contract for performance audits of the executive branch of state government, excluding transportation-related agencies.

Citizen Advisory Board

Creates a 10-member Advisory Board as follows:

- State Auditor (nonvoting)
- Legislative Auditor (nonvoting)
- Director of the state Office of Financial Management (OFM) (nonvoting)
- Seven members selected by the Governor (four are nominated by the House and Senate Democrat and Republican caucuses and three are citizens)

The measure specifies that the seven appointees have a basic understanding of state government operations with knowledge and expertise in performance management, quality management, strategic planning, performance assessment or closely related fields.

Requires the State Auditor to provide clerical, technical and management personnel to the Advisory Board.

Requires the Board to meet at least once a quarter. It may hold additional meetings at the call of the chair or by a majority vote of Board Members.

Authorizes compensation for Board Members in accordance with state law (RCW 43.03.220 and travel reimbursement in accordance with RCW 43.03.050 and 43.03.060).

Performance Audits

Requires the Board to establish criteria for performance audits consistent with criteria and standards followed by the JLARC. Criteria must include, at a minimum, generally accepted government auditing standards as well as legislative mandates and performance objectives established by state agencies and the legislature. This includes the requirements of state law (RCW 43.88.090).

Requires the State Auditor to contract for statewide performance reviews and audits to be completed as expeditiously as possible and to post reports on the internet.

Requires the State Auditor and Advisory Board to jointly:

- Collaborate with JLARC regarding performance audits of state government.
- Develop a draft work plan for conducting performance audits subsequent to the statewide performance review based on input from citizens, state employees, state managers, chairs and ranking members of appropriate legislative committees, JLARC, public officials and others.
- Adopt the final work plan.
- Develop a schedule and common methodology for conducting the performance audits, so that on average they will be completed within as expeditiously as possible.
- Release the performance review and audit reports.

Authorizes broad authority for conducting the performance audits. The audits may include:

- Identification of programs and services that can be eliminated, reduced, consolidated or enhanced;
- Identification of funding sources to the state agency, to programs, and to services that can be eliminated, reduced, consolidated or enhanced;
- Analysis of gaps and overlaps in programs and services and recommendations for improving, dropping, blending, or separating functions to correct gaps or overlaps;
- Analysis and recommendations for pooling information technology systems used within the state agency, and evaluation of information processing and telecommunications policy, organization and management;
- Analysis of the roles and functions of the state agency, its programs, and its services and their compliance with statutory authority and recommendations for eliminating or changing those roles and functions and ensuring compliance with statutory authority;
- Recommendations for eliminating or changing statutes, rules and policy directives as may be necessary to ensure that the agency carry out reasonably and properly those functions vested in the agency by statute;
- Verification of the reliability and validity of agency performance data, self-assessments, and performance measurement systems as required by RCW 43.88.090;
- Identification of potential cost savings in the state agency, its programs, and its services;
- Identification and recognition of best practices;
- Evaluation of planning, budgeting and program evaluation policies and practices;
- Evaluation of personnel systems operation and management;
- Evaluation of state purchasing operations and management policies and practices; and
- Evaluation of organizational structure and staffing levels, particularly in terms of the ratio of managers and supervisors to non-management personnel.

Specifies a protocol that must be followed in soliciting comments on draft reports.

Requires final performance audit reports to include objectives, scope, methodology; the audit results, including findings and recommendations; conclusions; agency and oversight entity comments; and identification of best practices.

Higher Education

Specifies that performance audits shall not duplicate and, where applicable, shall make maximum use of existing audits, accreditation reviews and performance measures.

Transportation-Related Agencies

Excludes transportation-related agencies from the scope of ESHB 1064. This includes the Department of Transportation, Washington State Patrol, Department of Licensing, Transportation Improvement Board, County Road Administrative Board and Traffic Safety Commission.

Note: Substitute Senate Bill 6103 authorizes performance audits of the Department of Transportation, Transportation Improvement Board, County Road Administrative Board and the Traffic Safety Commission.

Local Government Performance Audits

Provides discretion to the state auditor to conduct local government performance audits under separate contract, using local funding.

State Auditor Performance Audit Accountability.

Requires JLARC to contract for a performance audit of the performance audit program authorized by this act on a four-year cycle.

Audit Resolution

Fixes responsibility for follow-up and corrective action of performance audit findings and recommendations with the audited agency.

Courts

Encourages the Administrative Office of the Courts to conduct performance audits of the courts.

Budgeting and Funding.

Requires the Legislature to appropriate an amount not to exceed two one-hundredths of one percent of the total general fund state appropriation in that biennium's omnibus operating appropriations act for the purpose of performance review, performance audits and activities of the board authorized by this Act.

Requires the State Auditor to prepare and submit a consolidated budget for the responsibilities defined in this Act.