

1 **ESSB 6387 - H AMD TO H AMD (H-4900.3/02) Adopted 3-13-02 0614**

2 By Representative Miloscia

3 On page 16, line 35, reduce the general fund-state appropriation  
4 for fiscal year 2003 by \$350,000

5 Correct the total accordingly

6 On page 17, after line 21, strike all of subsection 3 and insert  
7 the following:

8 "(3) \$150,000 of the general fund-state appropriation for fiscal  
9 year 2003 is provided solely for the state auditor to contract for an  
10 objective and systematic performance audit of state claims benefits  
11 administration.

12 (a)The independent contractor shall use generally accepted  
13 government auditing standards. The performance audit shall include,  
14 but not be limited to, the following:

15 (i) Validity and reliability of management's performance measures;

16 (ii) A review of internal controls and internal audits;

17 (iii) The adequacy of systems used for measuring, reporting, and  
18 monitoring performance;

19 (iv) The extent to which legislative, regulatory, and  
20 organizational goals and objectives are being achieved; and

21 (v) Identification and recognition of best practices.

22 (b) The performance audit on state claims benefits shall include  
23 direct grants to clients, direct payments to providers, and workers'  
24 compensation payments. The following state agencies, at a minimum,  
25 shall be subject to audit sampling: department of community, trade,  
26 and economic development, the department of employment security, the  
27 department of labor and industries, the department of social and health  
28 services, and the Washington state health care authority. The  
29 performance audit shall indicate and grade agencies' performances in  
30 administering state claims benefits. The state auditor shall report  
31 the findings of the performance audit to the appropriate legislative  
32 committees by November 30, 2002."

1           On page 29, line 27, increase the general fund-state appropriation  
2 for fiscal year 2003 by \$350,000

3           Correct the total accordingly

4           On page 30, after line 22, insert the following:

5           "(4) \$350,000 of the general fund-state appropriation for fiscal  
6 year 2003 is provided solely for an assessment and performance scoring  
7 of state agencies and separate systemwide performance audits of two  
8 governmental functions: state capital construction practices and state  
9 contracting practices.

10           (a) The scorecard on state agencies shall include, but not be  
11 limited to, the following:

- 12           (i) Quality and process management practices;
- 13           (ii) Independent and internal audit functions;
- 14           (iii) Internal and external customer satisfaction;
- 15           (iv) Program effectiveness;
- 16           (v) Fiscal productivity and efficiency; and
- 17           (vi) Statutory and regulatory compliance.

18 Each agency shall be graded on the categories selected for the  
19 scorecard. The office of financial management shall submit the results  
20 of the performance scoring, forward recommendations for legislation to  
21 the governor and the appropriate committees of the legislature by  
22 November 30, 2002, and release the results of the performance scoring  
23 to the public.

24           (b) (i) The office of financial management shall conduct separate  
25 systemwide performance audits on the state's capital construction and  
26 contracting practices using generally accepted government auditing  
27 standards. Each performance audit shall include, but not be limited  
28 to, a review of the following:

- 29           (A) Validity and reliability of management's performance measures;
- 30           (B) A review of internal controls and internal audits;
- 31           (C) The adequacy of systems used for measuring, reporting, and  
32 monitoring performance;
- 33           (D) The extent to which legislative, regulatory, and  
34 organizational goals and objectives are being achieved; and
- 35           (E) Identification and recognition of best practices.

1        (ii) The performance audit on state capital construction practices  
2 shall include building projects, highway projects, and architectural  
3 and engineering services. The following state agencies, at a minimum,  
4 shall be subject to audit sampling: department of transportation,  
5 department of general administration, and state higher education  
6 agencies.

7        (iii) The performance audit on state contracting practices shall  
8 include state agencies with sufficient activity with personal services  
9 contracts and other types of contracts to evaluate the state's  
10 contracting practices.

11        (iv) The office of financial management shall grade the results of  
12 the performance audits to indicate agencies' performance regarding  
13 capital construction and contracting practices. The office of  
14 financial management shall report findings from the performance audits  
15 to the governor and appropriate legislative committees by November 30,  
16 2002.

17        (c) The office of financial management may contract for  
18 consulting services in completing requirements under this subsection."

**EFFECT:** Removes the requirement that the State Auditor conduct performance audits of DSHS's Division of Developmental Disabilities and the Department of Fish and Wildlife.

Requires the State Auditor to contract for a performance audit of state claims benefits administration.

Requires OFM to prepare a performance scorecard on state agencies and to conduct two systemwide performance audits on the state's capital construction and contracting practices.

**FISCAL IMPACT:**

Reduces State Auditor's appropriation by \$350,000 and increases OFM's appropriation by \$350,000.

Net fiscal impact is zero.