

SENATE BILL REPORT

SHB 1190

As Reported By Senate Committee On:
Ways & Means, April 3, 1997

Title: An act relating to performance audits.

Brief Description: Requiring preliminary compliance reviews of performance audits and consideration of performance audit recommendations in budget preparation.

Sponsors: House Committee on Government Administration (originally sponsored by Representatives Backlund, Huff, Lambert, McMorris, Cairnes, Honeyford, Sherstad, McDonald, D. Schmidt and Wensman).

Brief History:

Committee Activity: Ways & Means: 4/2/97, 4/3/97 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Brown, Fraser, Hochstatter, Long, McDonald, Rossi, Schow, Snyder, Spanel, Swecker, Winsley and Zarelli.

Staff: Steve Jones (786-7440)

Background: Performance audits are conducted by the legislative auditor under the supervision of the Joint Legislative Audit and Review Committee (JLARC).

When the legislative auditor has completed a performance audit, the preliminary performance audit report is transmitted to the affected state agency or local government and the Office of Financial Management (OFM) for comment. The preliminary performance audit report must also be forwarded to JLARC for its review, comments, and final recommendations. Any comments by the audited entity, OFM, and JLARC are incorporated into the final performance audit report. The final performance audit report is sent to the audited entity, OFM, the leadership of the House and Senate, and the appropriate legislative standing committees. The results of the final report must be published and the report must be made available to the public.

No later than nine months after the final performance audit has been transmitted to the appropriate legislative committees, JLARC may issue a preliminary compliance report on the agency's or local government's compliance with the final performance audit report recommendations. The preliminary compliance report must be prepared in consultation with the standing committees. The agency or local government may attach its comments to JLARC's preliminary compliance report as a separate addendum. JLARC is not required to prepare a preliminary compliance report.

If a preliminary compliance report is issued by JLARC, it may hold a public hearing and receive testimony regarding the findings of the preliminary compliance report. JLARC must issue any final compliance report within four weeks after the public hearings. JLARC is not required to hold a public hearing if it issues a preliminary compliance report.

Summary of Amended Bill: An agency or local government that has undergone a performance audit must produce a preliminary compliance report on its compliance with the final performance audit recommendations. This report must be submitted to JLARC. At the request of JLARC, the agency or local government must provide JLARC with periodic updates to the compliance report until JLARC determines that the agency or local government has complied with the performance audit recommendations to its satisfaction. JLARC no longer produces preliminary compliance reports.

JLARC may hold public hearings and receive testimony if the agency or local government is not making satisfactory progress in achieving compliance. JLARC may issue a final compliance report after the agency or local government has satisfactorily complied with the final audit recommendations.

Agency budget requests submitted to the Governor must reflect that the agency considered any performance audit findings that would reduce costs or improve service delivery.

Amended Bill Compared to Substitute Bill: The agency or local government is not required to produce compliance reports every three months, and the final compliance report from JLARC is not mandatory.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill provides for greater consistency in the follow-up on performance audits by improving the compliance procedure and incorporating audit findings into the budget development process. A final compliance report will bring closure to each performance audit.

Testimony Against: None.

Testified: Representative Backlund, prime sponsor.