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## State Government Committee

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### HB 2563

**Brief Description:** Creating the governor's performance audit standards and scorecard commission.

**Sponsors:** Representatives Miloscia, O'Brien, Kirby, Kessler, Haigh and McIntire.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>· Creates the Governor's Performance Audit Standards and Scorecard Commission to develop and institute a performance audit system for all state agencies.</li></ul>
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**Hearing Date:** 2/7/02

**Staff:** Marsha Reilly (786-7135).

**Background:**

The state auditor, the Office of Financial Management (OFM), and the Joint Legislative Audit and Review Committee (JLARC) are authorized to conduct performance, fiscal, and compliance audits of state agencies and departments.

The OFM provides necessary professional and technical assistance to assist state agencies in the development of strategic plans that include the mission of the agency and its programs, measurable goals, strategies, and performance measurement systems.

The state Auditor conducts financial audits and is authorized to perform or participate in performance verifications and performance audits only as expressly authorized by the legislature in the omnibus biennial appropriations acts or in the performance audit work plan approved by the JLARC.

The JLARC conducts performance audits, performance reviews, sunset reviews and other studies as directed by the Legislature. In addition to special studies delineated by the Legislature, the JLARC develops a biennial work plan that identifies state agency programs for evaluation

**Summary of Bill:**

The Governor's Performance Audit Standards and Scorecard Commission (the Commission) is established. The Commission includes the Governor, the State Auditor, the Secretary of State, two members from the Senate and two members from the House of Representatives, one from each major caucus.

The Commission will also include four citizen members who demonstrate professional knowledge and expertise in performance management, quality management, auditing, or a closely related field. Two citizen members are appointed by the Governor, one by the Secretary of State, and one by the State Auditor. The OFM will staff the Commission.

Duties of the Commission include the following:

- 1) Develop criteria for performance excellence and a scoring system for grading agency performance;
- 2) Conduct performance audits of state agencies, local governments, institutions of higher education, and public and private entities that contract with or receive grants from the state;
- 3) Release audit results to the public and report audit results to the Legislature by January 10th of each year;
- 4) Evaluate audit findings and identify opportunities to eliminate program duplications and track implementation of suggested corrective action.
- 5) Provide and approve grants to agencies and government entities for planning and measuring corrective action;
- 6) Form a committee to share best practices;
- 7) Develop a strategic implementation plan for a phased-in audit schedule; and
- 8) Contract for a performance audit of the Commission by a private professional.

Performance audit is defined as an objective systematic assessment, survey, or directed self-assessment. The performance audits will include, but are not limited to:

- 1) quality and process management practices;
- 2) independent and effective internal audit functions;
- 3) internal and external customer satisfaction;
- 4) program and periodic program reviews;
- 5) financial and fiscal productivity and efficiency; and
- 6) regulatory and procedural compliance.

The Commission may contract audits to public or private independent professional and technical experts or may assign audits to the OFM.

**Rulemaking Authority:** No express authority.

**Appropriation:** The sum of \$1 million.

**Fiscal Note:** Not Requested.

**Effective Date:** The bill takes effect after approval by the people (through referendum).