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HOUSE BILL 2563

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State of Washington

57th Legislature

2002 Regular Session

By Representatives Miloscia, O'Brien, Kirby, Kessler, Haigh and McIntire

Read first time 01/21/2002. Referred to Committee on State Government.

1 AN ACT Relating to performance audits; adding new sections to  
2 chapter 43.09 RCW; making an appropriation; and providing for  
3 submission of this act to a vote of the people.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.09 RCW  
6 to read as follows:

7 The legislature finds that public confidence in government at all  
8 levels is essential and that programs to improve quality, efficiency,  
9 and effectiveness of public functions must be enhanced.

10 The intent of this act is to create the governor's performance  
11 audit standards and scorecard commission and a process for  
12 accomplishing audits and improving results. A strong, objective, and  
13 independent commission is necessary to develop, oversee, and direct a  
14 performance management audit system for all government to ensure that  
15 all government-funded entities accomplish intended goals and are world  
16 class in management, program outcomes, customer satisfaction, and  
17 efficiency. The governor's performance audit standards and scorecard  
18 commission should facilitate, educate, direct, motivate, and monitor

1 all government entities to develop the management expertise to  
2 continuously improve through internal audit and management leadership.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.09 RCW  
4 to read as follows:

5 The governor's performance audit standards and scorecard commission  
6 is established.

7 (1) Commission members are the governor, the state auditor, the  
8 secretary of state, and eight appointed members as follows:

9 (a) Two members from the senate, one from each major caucus,  
10 selected by caucus leadership;

11 (b) Two members from the house of representatives, one from each  
12 major caucus, selected by caucus leadership;

13 (c) Four citizen members, two appointed by the governor, one  
14 appointed by the secretary of state, and one appointed by the state  
15 auditor. The citizen members shall demonstrate professional knowledge  
16 and expertise in performance management, quality management, auditing,  
17 or a closely related field.

18 (2) The office of financial management shall provide the staff and  
19 resources necessary for implementing sections 1 through 5 of this act.

20 (3) Appointed citizen members shall serve for staggered terms of  
21 four years, with the terms expiring on June 30th on the fourth year of  
22 the term. Other members shall serve terms of two years, with the terms  
23 expiring on December 31st of the second year. Appointed members may  
24 serve more than one term.

25 (4) The members of the commission shall be compensated in  
26 accordance with RCW 43.03.220 and reimbursed for travel expenses under  
27 RCW 43.03.050 and 43.03.060.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.09 RCW  
29 to read as follows:

30 Duties of the governor's performance audit standards and scorecard  
31 commission include:

32 (1) Developing criteria for performance excellence and a scoring  
33 system for grading overall agency performance. Audit criteria shall be  
34 distributed at least six weeks before an audit. In developing criteria  
35 and a scoring system, the commission shall consult with and seek input  
36 from elected officials and professionals with a background in  
37 performance management. The governor's performance audit standards and

1 scorecard commission shall consider already developed best practices or  
2 audit criteria used by government or nongovernment organizations.  
3 Criteria shall be distributed at least one year before an audit;

4 (2) Conducting performance audits of state agencies, local  
5 governments, institutions of higher education, and public and private  
6 entities that contract with the state or receive grants from the state;

7 (3) Releasing audit results to the public and providing public  
8 recognition for outstanding effort. The governor's performance audit  
9 standards and scorecard commission must report audit results to the  
10 legislature by January 10th of each year;

11 (4) Evaluating all audit findings and identifying opportunities to  
12 eliminate program duplications or redundancies and tracking agency  
13 implementation of suggested corrective action;

14 (5) Providing and approving grants to agencies and government  
15 entities for the purpose of planning and measuring corrective actions;

16 (6) Forming a committee to collect, disseminate, and share best  
17 practices to state agencies, local governments, institutions of higher  
18 education, private entities that have state contracts or grants, and  
19 other interested parties;

20 (7) Developing a strategic implementation plan for a phased-in  
21 audit schedule, and reporting it to the legislature; and

22 (8) Contracting a performance audit of the governor's performance  
23 audit standards and scorecard commission by a private professional.

24 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.09 RCW  
25 to read as follows:

26 For purposes of sections 1 through 5 of this act, "performance  
27 audit" means an objective systematic assessment, survey, or directed  
28 self-assessment of state government or any of its agencies, programs,  
29 functions, or activities in order to help public officials demonstrate  
30 public accountability. Performance audits include, but are not  
31 limited to: (1) Quality and process management practices; (2)  
32 independent and effective internal audit functions; (3) internal and  
33 external customer satisfaction; (4) program and periodic program  
34 reviews; (5) financial and fiscal productivity and efficiency; and (6)  
35 regulatory and procedural compliance.

36 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.09 RCW  
37 to read as follows:

1 (1) The governor's performance audit standards and scorecard  
2 commission may contract performance audits to public or private  
3 independent professional and technical experts qualified to conduct  
4 performance audits or may conduct performance audits using office of  
5 financial management staff, where appropriate.

6 (2) The office of financial management may conduct performance  
7 audits by the governor's performance audit standards and scorecard  
8 commission.

9 NEW SECTION. **Sec. 6.** The sum of one million dollars, or as much  
10 thereof as may be necessary, is appropriated from the general fund to  
11 the office of financial management for the fiscal year ending June 30,  
12 2003, solely for costs associated with the governor's performance audit  
13 standards and scorecard commission.

14 NEW SECTION. **Sec. 7.** The secretary of state shall submit this act  
15 to the people for their adoption and ratification, or rejection, at the  
16 next general election to be held in this state, in accordance with  
17 Article II, section 1 of the state Constitution and the laws adopted to  
18 facilitate its operation.

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