

ESHB 1053 - H AMD 599

By Representative Haigh

ADOPTED 06/10/2003

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that:

4 (1) Public confidence in government is essential. Public programs
5 must continuously improve in quality, efficiency, and effectiveness in
6 order to increase public trust;

7 (2) Washington state government and other entities that receive tax
8 dollars must continuously improve the way they operate and deliver
9 services so citizens receive maximum value for their tax dollars;

10 (3) An independent citizen oversight board is necessary to
11 establish a program to ensure that government services, customer
12 satisfaction, program efficiency, and management systems are world
13 class in performance; and

14 (4) Fair, independent, professional performance audits of state
15 agencies by the state auditor are essential to improving the efficiency
16 and effectiveness of government.

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

19 For purposes of sections 3 through 6 of this act:

20 (1) "Board" means the citizen oversight board created in section 3
21 of this act.

22 (2) "Draft work plan" means the work plan for conducting
23 performance audits of state agencies proposed by the board and state
24 auditor after the statewide performance review.

25 (3) "Final performance audit report" means a written document
26 jointly released by the citizen oversight board and the state auditor
27 that includes the findings and comments from the preliminary
28 performance audit report.

1 (4) "Final work plan" means the work plan for conducting
2 performance audits of state agencies adopted by the board and state
3 auditor.

4 (5) "Performance audit" means an objective and systematic
5 assessment of a state agency or any of its programs, functions, or
6 activities by an independent evaluator in order to help public
7 officials improve efficiency, effectiveness, and accountability.
8 Performance audits include economy and efficiency audits and program
9 audits.

10 (6) "Preliminary performance audit report" means a written document
11 prepared after the completion of a performance audit to be submitted
12 for comment before the final performance audit report. The preliminary
13 performance audit report must contain the audit findings and any
14 proposed recommendations to improve the efficiency, effectiveness, or
15 accountability of the state agency being audited.

16 (7) "State agency" or "agency" means a state agency, department,
17 office, officer, board, commission, bureau, division, institution, or
18 institution of higher education. "State agency" includes all elective
19 offices in the executive branch of state government.

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

22 (1) The citizen oversight board is created to improve efficiency,
23 effectiveness, and accountability in state government.

24 (2) The board shall consist of seven members as follows:

25 (a) One member shall be the state auditor, who shall be a nonvoting
26 member;

27 (b) One member shall be the chair of the joint legislative audit
28 and review committee, or his or her designee, who shall be a nonvoting
29 member;

30 (c) Four of the members shall be selected by the governor as
31 follows: Each major caucus of the house of representatives and the
32 senate shall submit a list of three names. The lists may not include
33 the names of members of the legislature. The governor shall select a
34 person from each list provided by each caucus; and

35 (d) The governor shall select the fifth member.

1 (3) The board shall elect a chair. Neither the chair of the joint
2 legislative audit and review committee nor the state auditor may serve
3 as chair.

4 (4) Appointees shall be individuals who have a basic understanding
5 of state government operations with knowledge and expertise in
6 performance management, quality management, strategic planning,
7 performance assessments, or closely related fields.

8 (5) Appointed members shall serve for terms of four years, with the
9 terms expiring on June 30th on the fourth year of the term. However,
10 in the case of the initial members, two members shall serve four-year
11 terms, two members shall serve three-year terms, and one member shall
12 serve a two-year term, with each of the terms expiring on June 30th of
13 the applicable year. Appointees may be reappointed to serve more than
14 one term.

15 (6) The office of the state auditor shall provide clerical,
16 technical, and management personnel to the board to serve as the
17 board's staff.

18 (7) The board shall meet at least once a quarter and may hold
19 additional meetings at the call of the chair or by a majority vote of
20 the members of the board.

21 (8) The members of the board shall be compensated in accordance
22 with RCW 43.03.220 and reimbursed for travel expenses in accordance
23 with RCW 43.03.050 and 43.03.060.

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

26 (1) The board and the state auditor shall work together regarding
27 performance audits of state government.

28 (2) The board shall establish criteria for performance audits.
29 Agencies shall be audited using criteria that include generally
30 accepted government auditing standards as well as legislative mandates
31 and performance objectives established by state agencies. Mandates
32 include, but are not limited to, agency strategies, time lines, program
33 objectives, and mission and goals as required in RCW 43.88.090.

34 (3) Using the criteria developed in subsection (2) of this section,
35 the board and the state auditor shall complete a statewide performance

1 review as a preliminary to a draft work plan for conducting performance
2 audits. The board and the state auditor shall develop a schedule and
3 common methodology for conducting these reviews.

4 (4) The board and the state auditor shall develop the draft work
5 plan for performance audits based on input from citizens, state
6 employees, state managers, the joint legislative audit and review
7 committee, public officials, and others. The draft work plan may
8 include a list of agencies, programs, or systems to be audited on a
9 time line decided by the board and the state auditor based on a number
10 of factors including risk, importance, and citizen concerns. All
11 audits shall be designed to be completed within a six-month period.

12 (5) Before adopting the final work plan, the board shall consider
13 other relevant audits, accreditation, and operational or management
14 reviews and consult with the legislative auditor and other appropriate
15 oversight and audit entities to coordinate work plans and avoid
16 duplication of effort. The board shall defer to the joint legislative
17 audit and review committee work plan if a similar performance audit is
18 included on both work plans for auditing. The final work plan must be
19 agreed upon by the board and the state auditor.

20 (6) The state auditor shall contract out for performance audits.
21 In conducting the audits, agency front-line employees and internal
22 auditors should be involved. The audits may include an evaluation of:

23 (a) Identification of programs and services that can be eliminated,
24 reduced, consolidated, or enhanced;

25 (b) Identification of funding sources to the state agency, to
26 programs, and to services that can be eliminated, reduced,
27 consolidated, or enhanced;

28 (c) Analysis of gaps and overlaps in programs and services and
29 recommendations for improving, dropping, blending, or separating
30 functions to correct gaps or overlaps;

31 (d) Analysis and recommendations for pooling information technology
32 systems used within the state agency, and evaluation of information
33 processing and telecommunications policy, organization, and management;

34 (e) Analysis of the roles and functions of the state agency, its
35 programs, and its services and their compliance with statutory
36 authority and recommendations for eliminating or changing those roles
37 and functions and ensuring compliance with statutory authority;

1 (f) Recommendations for eliminating or changing statutes, rules,
2 and policy directives as may be necessary to ensure that the agency
3 carry out reasonably and properly those functions vested in the agency
4 by statute;

5 (g) Verification of the reliability and validity of agency
6 performance data, self-assessments, and performance measurement systems
7 as required under RCW 43.88.090;

8 (h) Identification of potential cost savings in the state agency,
9 its programs, and its services;

10 (i) Identification and recognition of best practices;

11 (j) Evaluation of planning, budgeting, and program evaluation
12 policies and practices;

13 (k) Evaluation of personnel systems operation and management;

14 (l) Evaluation of state purchasing operations and management
15 policies and practices; and

16 (m) Evaluation of organizational structure and staffing levels,
17 particularly in terms of the ratio of managers and supervisors to
18 nonmanagement personnel.

19 (7) The state auditor and the board may develop a grading system
20 for the audits. The audit report may include the agency grade,
21 evaluation and identification of best practices, and findings and
22 recommendations for efficiency and effectiveness of state programs.
23 The board and the state auditor shall examine a system for grading the
24 audits. The board shall report its findings to the legislature by
25 December 31, 2003.

26 (8) The state auditor must solicit comments on preliminary
27 performance audit reports from the audited state agency, the office of
28 the governor, the office of financial management, the board, and the
29 joint legislative audit and review committee for comment. Comments
30 must be received within thirty days after receipt of the preliminary
31 performance audit report unless a different time period is approved by
32 the state auditor. All comments shall be incorporated into the final
33 performance audit report. The final audit report shall include the
34 objectives, scope, and methodology; the audit results, including
35 findings and recommendations; conclusions; and identification of best
36 practices.

1 (9) The final reports shall be submitted to the board by the state
2 auditor. The board and the state auditor shall jointly release final
3 reports to the citizens of Washington, the governor, and the
4 appropriate legislative committees. Final performance audit reports
5 shall be posted on the internet.

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

8 The audited agency is responsible for follow-up and corrective
9 action on all performance audit findings and recommendations. The
10 audited agency's plan for addressing each audit finding and
11 recommendation shall be included in the final audit report. The plan
12 shall provide the name of the contact person responsible for each
13 action, the action planned, and the anticipated completion date. If
14 the audited agency does not agree with the audit findings and
15 recommendations or believes action is not required, then the action
16 plan shall include an explanation and specific reasons.

17 For agencies under the authority of the governor, the governor may
18 require periodic progress reports from the audited agency until all
19 resolution has occurred.

20 For agencies under the authority of an elected official other than
21 the governor, the auditor and the board may require periodic reports of
22 the action taken by the audited agency until all resolution has
23 occurred.

24 The board may request status reports on specific audits or
25 findings.

26 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.88 RCW
27 to read as follows:

28 In addition to the authority given the state auditor in RCW
29 43.88.160(6), the state auditor is authorized to contract out for
30 performance audits identified in section 4 of this act.

31 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.131 RCW
32 to read as follows:

33 The citizen oversight board created in section 3 of this act and
34 its powers and duties shall be terminated June 30, 2010, as provided in

1 section 8 of this act. The joint legislative audit and review
2 committee shall contract with a private entity for the review in this
3 section.

4 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.131 RCW
5 to read as follows:

6 The following acts or parts of acts, as now existing or hereafter
7 amended, are each repealed, effective June 30, 2011:

- 8 (1) Section 2 of this act;
- 9 (2) Section 3 of this act;
- 10 (3) Section 4 of this act;
- 11 (4) Section 5 of this act; and
- 12 (5) Section 6 of this act.

13 NEW SECTION. **Sec. 9.** (1) The sum of one hundred ninety-two
14 thousand dollars, or as much thereof as may be necessary, is
15 appropriated for the fiscal year ending June 30, 2004, from the general
16 fund to the state auditor for the purposes of this act.

17 (2) The sum of seven hundred sixty-eight thousand dollars, or as
18 much thereof as may be necessary, is appropriated for the fiscal year
19 ending June 30, 2005, from the general fund to the state auditor for
20 the purposes of this act.

21 (3) The sum of forty thousand dollars, or as much thereof as may be
22 necessary, is appropriated for the fiscal year ending June 30, 2005,
23 from the general fund to the joint legislative audit and review
24 committee for the purposes of this act."

25 Correct the title.

--- END ---