

HOUSE BILL REPORT

HB 1121

As Reported by House Committee On:
Transportation

Title: An act relating to performance audits of transportation-related agencies.

Brief Description: Implementing performance audits of transportation-related agencies.

Sponsors: Representatives Wallace, Clibborn, Murray and Romero.

Brief History:

Committee Activity:

Transportation: 1/20/03, 1/29/03 [DPS].

Brief Summary of Substitute Bill

- Creates a two-step performance review and audit process.
- The Joint Legislative Audit and Review Committee must work with the Legislative Transportation Committee to develop an audit scope.
- The Department of Transportation will be the first agency subject to this performance review and audit process.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 29 members: Representatives Murray, Chair; Rockefeller, 1st Vice Chair; Simpson, Vice Chair; Ericksen, Ranking Minority Member; Jarrett, Assistant Ranking Minority Member; Anderson, Armstrong, Bailey, Campbell, Clibborn, Cooper, Dickerson, Edwards, Flannigan, Hankins, Hatfield, Hudgins, Kristiansen, Lovick, Mielke, Morris, Nixon, Romero, Schindler, Shabro, Sullivan, Wallace, Wood and Woods.

Staff: Jeff Doyle (786-7322).

Background:

The State Auditor's Office regularly audits state and local government agencies. These fiscal audits focus on accounting controls and statutory compliance. Performance audits,

on the other hand, focus on the operational effectiveness and efficiency of an organization or program. These audits are most typically conducted through the Joint Legislative Audit and Review Committee (JLARC) at the direction of the Legislature. Neither the State Auditor nor the JLARC conduct regular scheduled performance audits of agencies.

Since 1991 there have been eight performance audits performed (seven since 1998) on the three major transportation-related agencies: Department of Licensing (DOL); Washington State Patrol (WSP); and the Department of Transportation (DOT). All of the performance audits had recommendations to improve the efficiency and effectiveness of the agency and/or programs. Many (but not all) of the recommendations were implemented.

Most recently, there have been initiatives or referenda that required some form of performance auditing of transportation agencies. Referendum 51 contained provisions requiring a new citizen board to analyze and report on the expenditures and progress of new transportation projects that were to be funded with the new taxes proposed in that measure. Initiative 745 would have required (among other things) the State Auditor to conduct transportation performance audits. Proposed Initiative 257 would have required the State Auditor to conduct performance audits of all state agencies.

There is no current legal mandate for regular performance auditing of transportation-related agencies.

Summary of Substitute Bill:

Transportation-related agencies must undergo a two-step performance review and audit process. The JLARC must develop a proposed schedule and methodology for conducting performance reviews. The Legislative Transportation Committee (LTC) will review and approve the performance review process.

After the JLARC conducts a performance review of a transportation-related agency, it would report its findings and publish the results of the review. The LTC must determine whether a more in-depth performance audit is required. If a performance audit is warranted, the LTC would work with the JLARC to develop a scope of work. The scope of work must consider inclusion of nine specific elements: (1) identification of cost savings; (2) identification of services that can be reduced or eliminated; (3) identification of programs or services that can be transferred to the private sector; (4) analysis of gaps or overlaps in programs or services and recommendations to correct gaps or overlaps; (5) feasibility of pooling information technology systems within the Department; (6) analysis of the roles and functions of the Department, and recommendations to change or eliminate departmental roles or functions; (7) recommendations for statutory or regulatory changes that may be necessary for the Department to properly carry out its functions; (8) analysis of departmental performance data, performance measures, and self-assessment

systems; and (9) identification of best practices.

To the greatest extent possible, the JLARC must contract for professional and technical expertise in conducting performance reviews and audits. The JLARC is also authorized to utilize the State Auditor's expertise.

The DOT must be the first agency subject to the performance review and audit process.

Substitute Bill Compared to Original Bill:

A two-step performance review and performance audit process is required. The LTC must work with the JLARC on an approved process and methodology, and in defining the scope of the audits. The LTC would make the determination whether to conduct a detailed performance audit. Nine specific elements must be considered in defining the scope of the performance audits.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The Department of Transportation welcomes performance audits. The general public feels that accountability is lacking, and these performance audits will help create greater accountability. Clarification was sought about whether these audits could extend to programs that receive state grants, even if the programs themselves are not part of state government.

Testimony Against: None

Testified: (In support) Doug MacDonald, Washington State Department of Transportation; Aubrey Davis, Transportation Commission; Lisa Kuruvilla, Doug Hurley, Blue Ribbon Commission on Transportation; Stephanie Bowman, Seattle Chamber; Amber Balch, Association of Washington Businesses; Duke Schaub, Association of General Contractors; and Kevin Shively, Transportation Choices Coalition.

(In support with concerns) Jackie White, Association of Washington Cities; and Peter Thein, Washington State Transit Association.

(Opposed) Paul Locke.

