

HOUSE BILL REPORT

SSB 5748

As Reported by House Committee On:
Transportation

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

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

Sponsors: Senate Committee on Highways & Transportation (originally sponsored by Senators Finkbeiner, Haugen, Horn, Spanel, Jacobsen, Swecker, Benton, Hale, Kohl-Welles, Oke, Rasmussen, Esser, Schmidt and Shin).

Brief History:

Committee Activity:

Transportation: 3/28/03 [DPA].

Brief Summary of Substitute Bill
(As Amended by House Committee)

- The Legislative Transportation Committee (LTC) is required to review the performance and outcome measures of transportation-related agencies.
- The LTC may retain a consultant or request the Joint Legislative Audit and Review Committee (JLARC) to conduct a performance or program audit of an agency or program.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended. Signed by 26 members: Representatives Murray, Chair; Rockefeller, Vice Chair; Simpson, Vice Chair; Ericksen, Ranking Minority Member; Jarrett, Assistant Ranking Minority Member; Anderson, Armstrong, Bailey, Campbell, Clibborn, Cooper, Dickerson, Flannigan, Hankins, Hatfield, Hudgins, Kristiansen, Lovick, Morris, Nixon, Romero, Shabro, Sullivan, Wallace, Wood and Woods.

Staff: Reema Griffith (786-7301).

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 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 and many 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 creating a citizen board that was 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.

Summary of Amended Bill:

The LTC is required to review the performance and outcome measures of transportation-related agencies. The schedule and frequency of the reviews is to be determined by the LTC. The DOT must be the first agency subject to the review process.

Criteria is established for the performance reviews to be conducted by the LTC, and include such things as examining how agency management uses the performance measures to manage resources, assessing how benchmarks are established, determining how the measures are used to make budget decisions, etc.

Based on the outcome of the performance reviews, the LTC may retain a consultant or request the JLARC to conduct performance or program audits of an agency, a specific program, or an activity area. The LTC will pay for all costs associated with the requested audits.

The scope of the audit must be approved by the LTC. The LTC and the entity retained to do the audit must consider inclusion of specific audit elements that are established in the bill and include such things as identifying potential cost savings in the agency or program, identifying funding that could be eliminated, identifying programs or services that could be eliminated, etc.

Completed audit reports must be submitted to the LTC or its executive committee, and

must include, at a minimum, recommendations on: (a) The continuation, abolition, consolidation, or reorganization of each affected agency or program; and (b) opportunities to develop government partnerships, and eliminate redundant programs.

Amended Bill Compared to Substitute Bill:

Strikes the substitute bill and replaces it with a modified version, the main differences being as follows: removes the creation of the Transportation Performance Audit Board (Board) and assigns the Board's performance measure review responsibilities to the LTC; allows the LTC to use either the JLARC or a private consultant to conduct performance or program audits of transportation-related agencies, rather than requiring that the JLARC do the audits.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: None.

Testified: None.