
Transportation Committee

SSB 5748

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 Summary of Substitute Bill

- The Transportation Performance Audit Board (TPAB) is created to direct a two-step agency performance review and audit process.
- At the request of the TPAB, the Legislative Transportation Committee (LTC) may request the Legislative Auditor to conduct a full functional or performance audit of a state transportation agency.

Hearing Date:

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 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 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 Bill:

The TPAB is created and is comprised of eleven members as follows:

- Four legislative members - majority and minority leaders of the House and Senate Transportation Committees.
- Five citizen members with expertise in the following areas:
 1. Construction project planning, including permitting and assuring regulatory compliance.
 2. Construction means and methods and construction management, crafting and implementing environmental mitigation plans, and administration.
 3. Construction engineering services.
 4. Project management.
 5. Transportation planning and congestions management.
- One gubernatorial appointee.
- The Legislative Auditor who will be an ex-officio member.

The citizen members of the TPAB must be nominated by professional associations and appointed by the Governor for four-year terms. The LTC must provide staff support for the TPAB. Compensation for Board members is to be provided out of the LTC's general appropriation.

The TPAB is required to direct a two step agency performance review and audit process as follows:

Step 1 - Performance Reviews:

The TPAB must conduct performance reviews that specifically look at the performance measures and benchmarks of transportation agencies. Performance reviews may assess such things as: determining if the agency's performance and outcome measures are consistent with legislative mandates, strategic plans, and mission statements; examining how the measures are used to manage resources; assessing how benchmarks are established; examining how measurement data is used to make planning and operational improvements; determining how performance measures are used in the budget planning, development, and allotment process; assessing the reliability, timeliness, and uniformity of performance measurement data; etc.

In carrying out their responsibilities, the TPAB must develop a schedule and determine the extent of the performance reviews. Based on the information gathered from the agency performance reviews, the TPAB will determine if a full functional or performance audit needs to be done on an agency or a specific program, and must report its recommendations to the Executive Committee of the LTC.

Based on the recommendations of the TPAB, the LTC's Executive Committee may request

the Legislative Auditor with the JLARC to conduct a full performance or functional audit. To the greatest extent possible, the Legislative Auditor must contract for services and consult with private sector professionals and experts in order to optimize the independence of an audit. The LTC must reimburse the JLARC for the costs of carrying out audits requested by them, including the costs associated with contract and consultant services. The Executive Committee of the LTC must review and approve the methodology for the performance audits.

Step 2 - Performance Audits:

The Legislative Auditor must develop an audit scope and the Executive Committee of LTC and the TPAB must approve it. The audit scope may include nine specific elements: (1) identification of cost savings; (2) identification of best practices; (3) Identification of funding that could be eliminated or reduced; (4) identification of programs or services that could be eliminated, reduced, or transferred to the private sector; (5) analysis of gaps or overlaps in programs or services and recommendations to correct gaps or overlaps; (6) analysis and recommendations for pooling information technology systems; (7) analysis of the roles and functions of the agency, and their compliance with recommendations or mandates to change or eliminate those roles and functions; (8) recommendations for statutory or regulatory changes that may be necessary for the agency to properly carry out its functions; and (9) verification of agency performance data, self-assessments, and performance measurement systems.

Before releasing the results of an audit to the Legislature or the public, the Legislative Auditor must submit the preliminary audit report to the Executive Committees of the JLARC and the LTC for their review and comment, which may be made solely on the management of the audit. Any comments must be included as an addendum to the final audit report.

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

Appropriation: None.

Fiscal Note: Available.

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