

# SENATE BILL REPORT

## SB 5909

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As Reported By Senate Committee On:  
Ways & Means, March 4, 2003

**Title:** An act relating to government accountability.

**Brief Description:** Assessing the efficiency and effectiveness of state government.

**Sponsors:** Senators Reardon, Rossi, Roach, Poulsen, Hewitt, Shin, Doumit, Zarelli, Eide, Kline, Stevens, Keiser, McCaslin, West, Hale, McAuliffe, Parlette, Rasmussen, Sheahan and Schmidt.

**Brief History:**

**Committee Activity:** Ways & Means: 2/27/03, 3/4/03 [DPS, DNP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5909 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Doumit, Hale, Honeyford, Johnson, Parlette, Sheahan and Winsley.

**Minority Report:** Do not pass.

Signed by Senators Fairley, Fraser and Regala.

**Staff:** Steve Jones (786-7440)

**Background:** A performance audit is an objective and systematic assessment of a governmental agency, program, function, or activity to improve its efficiency, effectiveness, and accountability. Performance audits are the primary function of the Joint Legislative Audit and Review Committee (JLARC), a 16-member legislative committee that employs a professional staff headed by the Legislative Auditor.

The State Auditor, a statewide elected official, may perform or participate in a performance audit only when expressly authorized in the state budget act or in a work plan adopted by JLARC.

The state Budget and Accounting Act requires each state agency to define its mission and develop measurable goals and program objectives as part of a performance-based budgeting system.

In developing his 2003-05 state budget proposal, the Governor developed a "Priorities of Government" process that identified ten priority functions of state government, including the K-12 school system, higher education, public health, natural and recreational resources, public safety, economic vitality, transportation, and services to vulnerable children and adults.

The Governor's budget decisions were based on an assessment of each state program's relative contribution to these priority functions.

**Summary of Substitute Bill:** The Legislature finds that state government must establish priorities for the delivery of state services, evaluate high-priority programs to determine if they are operating at maximum efficiency, and assess low-priority programs for their continuing viability.

The Governor's ten priority functions of state government are recognized as the state's highest priorities.

A Priorities of Government Oversight Board is established to conduct performance audits of the state's high-priority programs and activity assessments of the state's low-priority programs and functions. The board consists of 15 members, including the Director of Financial Management, the State Auditor, four legislators, the Legislative Auditor, five citizens, representatives of state employees and the private sector, and others.

Each year, the Priorities of Government Oversight Board selects one of the ten priority functions of government and determines the relative priority of each program and activity within that governmental function. After that prioritization process, the oversight board chooses one or two programs for a performance audit to improve the efficiency and effectiveness of the program. The performance audits are conducted by a public or private entity under a contract with the State Auditor and under the supervision of the oversight board.

The oversight board also selects one or more lower-priority programs to be the subject of an activity assessment to be conducted by an independent contractor. The purpose of the activity assessment is to determine whether the program continues to serve the purpose for which it was created and whether the program should be discontinued or modified.

The bill is contingent on funding being provided in the state budget.

The oversight board and its powers and duties terminate on June 30, 2010.

**Substitute Bill Compared to Original Bill:** Minor clarification is made to the State Auditor's oversight of the performance audit contracts and requests for agency records and documentation.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** The bill provides a thoughtful, targeted focus on single-program performance audits. The bill builds on the "Priorities of Government" process, developed by the Governor, that is tied directly to state fiscal planning and budgeting. Single-program audits allow for deeper analysis of state programs that is preferable to a more superficial look at all state agencies simultaneously. The bill restores trust and confidence in state

government. Both the State Auditor and the Governor's Office of Financial Management need to be involved in determining the policy direction of the performance audits. Activity assessments allow for comparisons between overlapping programs and will determine whether state programs continue to serve the purpose for which they were originally created and whether they should be eliminated.

**Testimony Against:** The "Priorities of Government" process is a flawed concept that provides for no stakeholder or customer involvement. This process has hurt many families and vulnerable persons.

**Testified:** Senator Aaron Reardon, prime sponsor; State Auditor Brian Sonntag (pro); Mark Johnson, National Federation of Independent Businesses (pro); Mary Campbell, Governor's Office (pro); L. Mike Freeman, citizen (con).