
SUBSTITUTE HOUSE BILL 1121

State of Washington

58th Legislature

2003 Regular Session

By House Committee on Transportation (originally sponsored by Representatives Wallace, Clibborn, Murray, Romero, Hatfield, Kessler, Miloscia, Cooper, Simpson, Darneille, Lovick, Hunter, O'Brien, Veloria, Moeller, Eickmeyer, Hunt, Kenney, Schual-Berke, Fromhold, Conway, Wood, Linville, Berkey, Sullivan, McDermott, Haigh, Rockefeller, McCoy, Campbell, Upthegrove and Ruderman)

READ FIRST TIME 01/31/03.

1 AN ACT Relating to performance audits of transportation-related
2 agencies; adding a new section to chapter 44.40 RCW; adding a new
3 chapter to Title 44 RCW; creating a new section; and declaring an
4 emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** INTENT. It is essential that the
7 legislature improve the accountability and efficiency of
8 transportation-related agencies. Taxpayers must know that their tax
9 dollars are being well spent to deliver critically needed
10 transportation projects and services. To accomplish this, a system of
11 transportation performance audits must be established to provide
12 oversight and accountability of transportation-related agencies.

13 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
14 section apply throughout this chapter.

15 (1) "Economy and efficiency audit" has the meaning contained in
16 chapter 44.28 RCW.

17 (2) "Joint legislative audit and review committee" means the agency
18 created in chapter 44.28 RCW, or its statutory successor.

1 (3) "Legislative auditor" has the meaning contained in chapter
2 44.28 RCW.

3 (4) "Legislative transportation committee" means the agency created
4 in chapter 44.40 RCW, or its statutory successor.

5 (5) "Performance audit" has the meaning contained in chapter 44.28
6 RCW.

7 (6) "Performance review" means an outside evaluation of how a state
8 agency uses its performance measures to assess the outcomes of its
9 legislatively authorized activities.

10 (7) "Program audit" has the meaning contained in chapter 44.28 RCW.

11 (8) "Transportation-related agencies" means any agency, board, or
12 commission that receives funding for transportation-related purposes.

13 NEW SECTION. **Sec. 3.** REVIEWS OF TRANSPORTATION-RELATED AGENCIES.

14 (1) The joint legislative audit and review committee, in consultation
15 with the legislative transportation committee, shall review the
16 performance and outcome measures of transportation-related agencies.
17 The purpose of these reviews is to ensure that the legislature has the
18 means to adequately and accurately assess the performance and outcomes
19 of those agencies and departments. Where two or more agencies have
20 shared responsibility for functions or priorities of government, these
21 reviews can also determine whether effective interagency cooperation
22 and collaboration occurs in areas such as program coordination,
23 administrative structures, information systems, and administration of
24 grants and loans.

25 (2) In conducting these reviews, the joint legislative audit and
26 review committee shall work in consultation with the legislative
27 transportation committee, as directed in subsection (1) of this
28 section, the office of financial management, and other state agencies.

29 NEW SECTION. **Sec. 4.** AUTHORIZATION TO RETAIN PROFESSIONAL

30 EXPERTISE. (1) To the greatest extent possible, the legislative
31 auditor shall contract with and consult with private independent
32 professional and technical experts to optimize the independence of the
33 reviews and performance audits. In determining the need to contract
34 with private experts, the legislative auditor shall consider the degree
35 of difficulty of the review or audit, the relative cost of contracting

1 for expertise, and the need to maintain auditor independence from the
2 subject agency or program.

3 (2) The joint legislative audit and review committee may solicit
4 the expertise of the state auditor in conducting reviews of
5 transportation-related agencies.

6 NEW SECTION. **Sec. 5.** REVIEW METHODOLOGY. (1) The joint
7 legislative audit and review committee shall develop a schedule and
8 common methodology for conducting these reviews. The performance and
9 outcome measures of each agency or department must be reviewed at least
10 every five years. In setting the schedule and the extent of these
11 performance reviews, the joint legislative audit and review committee
12 shall consider the timing and results of other recent state, federal,
13 and independent reviews and audits, the seriousness of past findings,
14 any inadequate remedial action taken by an agency or department,
15 whether an agency or department lacks performance and outcome measures,
16 and the desirability to include a diverse range of agencies or programs
17 each year.

18 (2) The legislative transportation committee must review and
19 approve the schedule and methodology for conducting the performance
20 review of transportation-related agencies.

21 NEW SECTION. **Sec. 6.** SCOPE OF REVIEWS. The reviews must include
22 at least:

23 (1) A determination of whether the performance and outcome measures
24 are consistent with legislative mandates, strategic plans, mission
25 statements, and goals and objectives, and whether the legislature has
26 established clear mandates, strategic plans, mission statements, and
27 goals and objectives that lend themselves to performance and outcome
28 measurement;

29 (2) An examination of how agency management uses the measures to
30 manage resources in an efficient and effective manner;

31 (3) An assessment of how performance benchmarks are established for
32 the purpose of assessing overall performance compared to external
33 standards and benchmarks;

34 (4) An examination of how an analysis of the measurement data is
35 used to make planning and operational improvements;

1 (5) A determination of how performance and outcome measures are
2 used in the budget planning, development, and allotment processes and
3 the extent to which the agency is in compliance with its
4 responsibilities under RCW 43.88.090;

5 (6) A review of how performance data are reported to and used by
6 the legislature both in policy development and resource allocation;

7 (7) An assessment of whether the performance measure data are
8 reliable and collected in a uniform and timely manner;

9 (8) A determination whether targeted funding investments and
10 established priorities of government actually produce the intended and
11 expected services and benefits; and

12 (9) Recommendations as necessary or appropriate.

13 NEW SECTION. **Sec. 7.** PRESENTATION AND PUBLICATION OF PERFORMANCE
14 REVIEWS. Completed performance measure reviews must be presented to
15 the legislative transportation committee and the joint legislative
16 audit and review committee, and published in the same manner as
17 prescribed for performance audits in RCW 44.28.088. Published
18 performance reviews must be made available to the public through the
19 joint legislative audit and review committee's web site and through
20 customary public communications. Final reports must also be
21 transmitted to the appropriate policy and fiscal standing committees of
22 the legislature.

23 NEW SECTION. **Sec. 8.** PERFORMANCE AUDITS--DETERMINATION OF
24 NECESSITY. After reviewing the performance or outcome measures of an
25 agency or department, the legislative transportation committee shall
26 recommend whether a full performance audit of the agency or department,
27 or a specific program within the agency or department, is appropriate,
28 and publicly post those recommendations. The legislative
29 transportation committee shall solicit input from the public at a
30 subsequent hearing to decide whether and how to proceed with a full
31 performance audit. If the legislative transportation committee decides
32 by a majority vote that a full performance audit of an agency or
33 department, a specific program within an agency or department, or
34 multiple agencies is appropriate, the legislative transportation
35 committee shall direct the joint legislative audit and review committee

1 to add that audit to its biennial performance audit work plan under RCW
2 44.28.080 and 44.28.083.

3 NEW SECTION. **Sec. 9.** CONTENTS OF AUDIT REPORT. When conducting
4 a full performance audit of an agency or department, or a specific
5 program within an agency or department, or multiple agencies, in
6 accordance with section 10 of this act, the legislative auditor shall
7 solicit input from appropriate industry representatives or experts.
8 The audit report must make recommendations regarding the continuation,
9 abolition, consolidation, or reorganization of each affected agency,
10 department, or program. The audit report must identify opportunities
11 to develop government partnerships, and eliminate program redundancies
12 that will result in increased quality, effectiveness, and efficiency of
13 state agencies.

14 NEW SECTION. **Sec. 10.** SCOPE OF PERFORMANCE AUDIT. The
15 legislative auditor shall determine in writing the scope of the
16 performance audit. The joint legislative audit and review committee
17 and the legislative transportation committee must review and approve
18 the final scope of the audit. Before approving the final scope of the
19 performance audit, the legislative auditor, the joint legislative audit
20 and review committee, and the legislative transportation committee
21 shall consider inclusion of the following elements in the scope of the
22 audit:

- 23 (1) Identification of potential cost savings in the agency, its
24 programs, and its services;
- 25 (2) Identification and recognition of best practices;
- 26 (3) Identification of funding to the agency, to programs, and to
27 services that can be eliminated or reduced;
- 28 (4) Identification of programs and services that can be eliminated,
29 reduced, or transferred to the private sector;
- 30 (5) Analysis of gaps and overlaps in programs and services and
31 recommendations for improving, dropping, blending, or separating
32 functions to correct gaps or overlaps;
- 33 (6) Analysis and recommendations for pooling information technology
34 systems;
- 35 (7) Analysis of the roles and functions of the agency, its

1 programs, and its services and their compliance with statutory
2 authority and recommendations for eliminating or changing those roles
3 and functions and ensuring compliance with statutory authority;

4 (8) Recommendations for eliminating or changing statutes, rules,
5 and policy directives as may be necessary to ensure that the agency
6 carry out reasonably and properly those functions expressly vested in
7 the department by statute; and

8 (9) Verification of the reliability and validity of department
9 performance data, self-assessments, and performance measurement systems
10 as required under RCW 43.88.090.

11 NEW SECTION. **Sec. 11.** The legislative auditor shall take steps to
12 ensure that the department of transportation is the first agency
13 subject to the performance review and audit process established in this
14 chapter.

15 NEW SECTION. **Sec. 12.** A new section is added to chapter 44.40 RCW
16 to read as follows:

17 The legislative transportation committee or its successor shall
18 work with the joint legislative audit and review committee to review
19 and audit transportation-related agencies, as directed in chapter 44.--
20 RCW (sections 1 through 11 of this act).

21 NEW SECTION. **Sec. 13.** Sections 1 through 11 of this act
22 constitute a new chapter in Title 44 RCW.

23 NEW SECTION. **Sec. 14.** Section captions used in this act are not
24 part of the law.

25 NEW SECTION. **Sec. 15.** This act is necessary for the immediate
26 preservation of the public peace, health, or safety, or support of the
27 state government and its existing public institutions, and takes effect
28 immediately.

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