
ENGROSSED SUBSTITUTE HOUSE BILL 1367

State of Washington

58th Legislature

2003 Regular Session

By House Committee on State Government (originally sponsored by Representatives Rockefeller, Alexander, Morris, Jarrett, Conway, Murray, Clibborn, Kenney, Wallace, McIntire, Anderson, Upthegrove, Berkey, Campbell, Kagi, McDermott, Darneille, Wood, Hudgins, Simpson and Ruderman)

READ FIRST TIME 02/12/03.

1 AN ACT Relating to government accountability; amending RCW
2 44.04.260, 44.28.005, 44.28.010, 44.28.020, 44.28.030, 44.28.040,
3 44.28.050, 44.28.055, 44.28.060, 44.28.065, 44.28.071, 44.28.075,
4 44.28.080, 44.28.083, 44.28.088, 44.28.091, 44.28.094, 44.28.097,
5 44.28.100, 44.28.120, 44.28.130, and 44.28.150; adding a new section to
6 chapter 44.28 RCW; and creating a new section.

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

8 NEW SECTION. **Sec. 1.** The legislature finds that performance
9 measurement is integral to the efficient and effective management and
10 operation of state agencies and programs, essential to the achievement
11 of effective interagency cooperation and management, and integral to
12 identifying priorities of government for purposes of funding biennial
13 budgets. The legislature finds that reviews of outcome and performance
14 measures are necessary for demonstrating the accountability of state
15 government to the public. Thus, the legislature intends to expand its
16 performance measure reviews to provide greater accountability to the
17 public, to ensure that state government has effective measures for

1 assessing and continuously improving performance, and to determine
2 whether targeted funding investments and established priorities of
3 government actually produce the intended and expected services and
4 benefits. It is the intent of the legislature that outcome and
5 performance measures used by state agencies and programs and required
6 by RCW 43.88.090 become a tool for the governor and the legislature in
7 establishing priorities of government and developing biennial budgets.

8 **Sec. 2.** RCW 44.04.260 and 2001 c 259 s 1 are each amended to read
9 as follows:

10 The (~~joint legislative audit and review committee~~) legislative
11 accountability board, the legislative transportation committee, the
12 joint committee on pension policy, the legislative evaluation and
13 accountability program committee, and the joint legislative systems
14 committee are subject to such operational policies, procedures, and
15 oversight as are deemed necessary by the facilities and operations
16 committee of the senate and the executive rules committee of the house
17 of representatives to ensure operational adequacy of the agencies of
18 the legislative branch. As used in this section, "operational
19 policies, procedures, and oversight" includes the development process
20 of biennial budgets, contracting procedures, personnel policies, and
21 compensation plans, selection of a chief administrator, facilities, and
22 expenditures. This section does not grant oversight authority to the
23 facilities and operations committee of the senate over any standing
24 committee of the house of representatives or oversight authority to the
25 executive rules committee of the house of representatives over any
26 standing committee of the senate.

27 **Sec. 3.** RCW 44.28.005 and 1996 c 288 s 2 are each amended to read
28 as follows:

29 Unless the context clearly requires otherwise, the definitions in
30 this section apply throughout this chapter.

31 (1) (~~"Legislative auditor" means the executive officer of the~~
32 ~~joint legislative audit and review committee~~) "Board" means the
33 legislative accountability board.

34 (2) "Economy and efficiency audits" means performance audits that
35 establish: (a) Whether a state agency or unit of local government
36 receiving state funds is acquiring, protecting, and using its resources

1 such as personnel, property, and space economically and efficiently;
2 (b) the causes of inefficiencies or uneconomical practices; and (c)
3 whether the state agency or local government has complied with
4 significant laws and rules in acquiring, protecting, and using its
5 resources.

6 (3) "Final compliance report" means a written document, as approved
7 by the (~~joint committee~~) board, that states the specific actions a
8 state agency or unit of local government receiving state funds has
9 taken to implement recommendations contained in the final performance
10 audit report and the preliminary compliance report. Any
11 recommendations, including proposed legislation and changes in the
12 agency's rules and practices or the local government's practices, based
13 on testimony received, must be included in the final compliance report.

14 (4) "Final performance audit report" means a written document
15 adopted by the (~~joint legislative audit and review committee~~) board
16 that contains the findings and proposed recommendations made in the
17 preliminary performance audit report, the final recommendations adopted
18 by the (~~joint committee~~) board, any comments to the preliminary
19 performance audit report by the (~~joint committee~~) board, and any
20 comments to the preliminary performance audit report by the state
21 agency or local government that was audited.

22 (5) (~~"Joint committee" means the joint legislative audit and~~
23 ~~review committee~~) "Legislative auditor" means the executive officer of
24 the board.

25 (6) "Local government" means a city, town, county, special purpose
26 district, political subdivision, municipal corporation, or quasi-
27 municipal corporation, including a public corporation created by such
28 an entity.

29 (7) "Performance audit" means an (~~objective and systematic~~
30 ~~assessment of a state agency or any of its programs, functions, or~~
31 ~~activities, or a unit of local government receiving state funds, by an~~
32 ~~independent evaluator in order to help public officials improve~~
33 ~~efficiency, effectiveness, and accountability~~) independent,
34 systematic, and unbiased review of selected programs, operations,
35 services, or functions of state government or a unit of local
36 government receiving state funds:

37 (a) To determine (i) compliance with statutory intent or budget

1 direction, and (ii) whether applicable performance goals, standards,
2 benchmarks, and measures are being achieved in a timely, efficient, and
3 cost-effective manner; and

4 (b) Based upon such determinations, to develop recommendations for
5 the improvement, cessation, reorganization, or more effective, timely,
6 and efficient use of government resources to accomplish established
7 priorities of government as expressed in statute and budget direction.

8 Performance audits include economy and efficiency audits and program
9 audits. A performance audit of a local government may only be made to
10 determine whether the local government is using state funds for their
11 intended purpose in an efficient and effective manner.

12 (8) "Performance measures" are a composite of key indicators of a
13 program's or activity's inputs, outputs, outcomes, productivity,
14 timeliness, and/or quality. They are means of evaluating policies and
15 programs by measuring results against agreed upon program goals or
16 standards.

17 (9) "Performance measure review" means an independent evaluation of
18 how a state agency uses its performance measures to assess the outcomes
19 of its legislatively authorized activities.

20 (10) "Preliminary compliance report" means a written document that
21 states the specific actions a state agency or unit of local government
22 receiving state funds has taken to implement any recommendations
23 contained in the final performance audit report.

24 ~~((+10))~~ (11) "Preliminary performance audit report" means a
25 written document prepared for review and comment by the ~~((joint~~
26 ~~legislative audit and review committee))~~ board after the completion of
27 a performance audit. The preliminary performance audit report must
28 contain the audit findings and any proposed recommendations to improve
29 the efficiency, effectiveness, or accountability of the state agency or
30 local government audited.

31 ~~((+11))~~ (12) "Program audits" means performance audits that
32 determine: (a) The extent to which desired outcomes or results are
33 being achieved; (b) the causes for not achieving intended outcomes or
34 results; and (c) compliance with significant laws and rules applicable
35 to the program.

36 ~~((+12))~~ (13) "State agency" or "agency" means a state agency,
37 department, office, officer, board, commission, bureau, division,

1 institution, or institution of higher education. "State agency"
2 includes all elective offices in the executive branch of state
3 government.

4 **Sec. 4.** RCW 44.28.010 and 1996 c 288 s 3 are each amended to read
5 as follows:

6 The (~~joint legislative audit and review committee~~) legislative
7 accountability board is created, which shall consist of eight senators
8 and eight representatives from the legislature. The senate members of
9 the (~~committee~~) board shall be appointed by the president of the
10 senate, and the house members of the (~~committee~~) board shall be
11 appointed by the speaker of the house. Not more than four members from
12 each house shall be from the same political party. Members shall be
13 appointed before the close of each regular session of the legislature
14 during an odd-numbered year. If before the close of a regular session
15 during an odd-numbered year, the governor issues a proclamation
16 convening the legislature into special session, or the legislature by
17 resolution convenes the legislature into special session, following
18 such regular session, then such appointments shall be made as a matter
19 of closing business of such special session. Members shall be subject
20 to confirmation, as to the senate members by the senate, and as to the
21 house members by the house. In the event of a failure to appoint or
22 confirm (~~joint committee~~) board members, the members of the (~~joint~~
23 ~~committee~~) board from either house in which there is a failure to
24 appoint or confirm shall be elected by the members of such house.

25 **Sec. 5.** RCW 44.28.020 and 1996 c 288 s 4 are each amended to read
26 as follows:

27 The term of office of the members of the (~~joint committee~~) board
28 who continue to be members of the senate and house shall be from the
29 close of the session in which they were appointed or elected as
30 provided in RCW 44.28.010 until the close of the next regular session
31 during an odd-numbered year or special session following such regular
32 session, or, in the event that such appointments or elections are not
33 made, until the close of the next regular session during an odd-
34 numbered year during which successors are appointed or elected. The
35 term of office of (~~joint committee~~) board members who do not continue
36 to be members of the senate and house ceases upon the convening of the

1 next regular session of the legislature during an odd-numbered year
2 after their confirmation, election or appointment. Vacancies on the
3 (~~joint committee~~) board shall be filled by appointment by the
4 remaining members. All such vacancies shall be filled from the same
5 political party and from the same house as the member whose seat was
6 vacated.

7 **Sec. 6.** RCW 44.28.030 and 1996 c 288 s 5 are each amended to read
8 as follows:

9 On and after the commencement of a succeeding general session of
10 the legislature, those members of the (~~joint committee~~) board who
11 continue to be members of the senate and house, respectively, shall
12 continue as members of the (~~joint committee~~) board as indicated in
13 RCW 44.28.020 and the (~~joint committee~~) board shall continue with all
14 its powers, duties, authorities, records, papers, personnel and staff,
15 and all funds made available for its use.

16 **Sec. 7.** RCW 44.28.040 and 1996 c 288 s 6 are each amended to read
17 as follows:

18 The members of the (~~joint committee~~) board shall serve without
19 additional compensation, but shall be reimbursed for their travel
20 expenses in accordance with RCW 44.04.120 for attending meetings of the
21 (~~joint committee~~) board or a subcommittee of the (~~joint committee~~)
22 board, or while engaged on other business authorized by the (~~joint~~
23 ~~committee~~) board.

24 **Sec. 8.** RCW 44.28.050 and 1989 c 137 s 1 are each amended to read
25 as follows:

26 All expenses incurred by the (~~committee~~) board, including
27 salaries and expenses of employees, shall be paid upon voucher forms as
28 provided by the auditor. The legislative auditor may be authorized by
29 the (~~legislative budget committee's~~) board's executive committee to
30 sign vouchers. Such authorization shall specify a dollar limitation
31 and be set out in writing. A monthly report of such vouchers shall be
32 submitted to the executive committee. If authorization is not given to
33 the legislative auditor then the chair, or the vice-chair in the
34 chair's absence, is authorized to sign vouchers. This authority shall
35 continue until the chair's or vice-chair's successors are selected

1 after each ensuing session of the legislature. Vouchers may be drawn
2 on funds appropriated generally by the legislature for legislative
3 expenses or upon any special appropriation which may be provided by the
4 legislature for the expenses of the (~~committee~~) board or both.

5 **Sec. 9.** RCW 44.28.055 and 2001 c 259 s 2 are each amended to read
6 as follows:

7 The administration of the (~~joint legislative audit and review~~
8 ~~committee~~) board is subject to RCW 44.04.260.

9 **Sec. 10.** RCW 44.28.060 and 2001 c 259 s 3 are each amended to read
10 as follows:

11 The members of the (~~joint committee~~) board shall form an
12 executive committee consisting of one member from each of the four
13 major political caucuses, which shall include a chair and a vice-chair.
14 The chair and vice-chair shall serve for a period not to exceed two
15 years. The chair and the vice-chair may not be members of the same
16 political party. The chair shall alternate between the members of the
17 majority parties in the senate and the house of representatives.

18 Subject to RCW 44.04.260, the executive committee is responsible
19 for performing all general administrative and personnel duties assigned
20 to it in the rules and procedures adopted by the (~~joint committee~~)
21 board, as well as other duties delegated to it by the (~~joint~~
22 ~~committee~~) board. The executive committee shall recommend applicants
23 for the position of the legislative auditor to the membership of the
24 (~~joint committee~~) board. The legislative auditor shall be hired with
25 the approval of a majority of the membership of the (~~joint committee~~)
26 board. Subject to RCW 44.04.260, the executive committee shall set the
27 salary of the legislative auditor.

28 The (~~joint committee~~) board shall adopt rules and procedures for
29 its orderly operation. The board must review and approve its rules and
30 procedures not less than every two years. The (~~joint committee~~)
31 board may create subcommittees to perform duties under this chapter.

32 **Sec. 11.** RCW 44.28.065 and 2001 c 259 s 4 are each amended to read
33 as follows:

34 The legislative auditor shall:

1 (1) Establish and manage the office of the (~~joint legislative~~
2 ~~audit and review committee~~) board to carry out the functions of this
3 chapter;

4 (2) Direct the audit and review functions described in this chapter
5 and ensure that performance audits are performed in accordance with the
6 "Government Auditing Standards" published by the comptroller general of
7 the United States as applicable to the scope of the audit;

8 (3) Make findings and recommendations to the (~~joint committee~~)
9 board and under its direction to the committees of the state
10 legislature concerning the organization and operation of state agencies
11 and the expenditure of state funds by units of local government;

12 (4) Subject to RCW 44.04.260, in consultation with and with the
13 approval of the executive committee, hire staff necessary to carry out
14 the purposes of this chapter. Subject to RCW 44.04.260, employee
15 salaries, other than the legislative auditor, shall be set by the
16 legislative auditor with the approval of the executive committee;

17 (5) Assist the several standing committees of the house and senate
18 in consideration of legislation affecting state departments and their
19 efficiency; appear before other legislative committees; and assist any
20 other legislative committee upon instruction by the (~~joint legislative~~
21 ~~audit and review committee~~) board;

22 (6) Provide the legislature with information obtained under the
23 direction of the (~~joint legislative audit and review committee~~)
24 board;

25 (7) Maintain a record of all work performed by the legislative
26 auditor under the direction of the (~~joint legislative audit and review~~
27 ~~committee~~) board and keep and make available all documents, data, and
28 reports submitted to the legislative auditor by any legislative
29 committee.

30 **Sec. 12.** RCW 44.28.071 and 1996 c 288 s 9 are each amended to read
31 as follows:

32 (1) In conducting performance audits and other reviews, the
33 legislative auditor shall work closely with the chairs and staff of
34 standing committees of the senate and house of representatives, and may
35 (~~work in consultation~~) consult with the state auditor and the
36 director of financial management.

1 (2) The legislative auditor may contract with and consult with
2 public and private independent professional and technical experts as
3 necessary in conducting the performance audits. The legislative
4 auditor shall solicit input from appropriate representatives and
5 experts in the field that is the subject of an audit regarding the
6 conduct of the performance audits and regarding the preliminary and
7 final reports and recommendations of the legislative auditor. It is
8 the intent of the legislature that the staff, administration, and costs
9 of the board be minimized, and that the board conduct operations
10 through the use of qualified public and private resources and entities
11 when appropriate and feasible or when staff resources are insufficient.
12 The legislative auditor should also involve front-line employees and
13 internal auditors in the performance audit process to the highest
14 possible degree.

15 (3) The legislative auditor shall work with the (~~legislative~~
16 ~~evaluation and accountability program committee~~) board and the office
17 of financial management to develop information system capabilities
18 necessary for the performance audit requirements of this chapter.

19 (4) The legislative auditor shall work with the (~~legislative~~
20 ~~office of performance review~~) board and the office of financial
21 management to facilitate the implementation of effective performance
22 measures throughout state government. In agencies and programs where
23 effective systems for performance measurement exist, the measurements
24 incorporated into those systems should be a basis for performance
25 audits conducted under this chapter.

26 **Sec. 13.** RCW 44.28.075 and 1996 c 288 s 10 are each amended to
27 read as follows:

28 (~~Subject to the requirements of the performance audit work~~
29 ~~plan approved by the joint committee under RCW 44.28.083, performance~~
30 ~~audits may, in addition to the determinations that may be made in such~~
31 ~~an audit as specified in RCW 44.28.005, include the following:~~

32 (~~a) An examination of the costs and benefits of agency programs,~~
33 ~~functions, and activities;~~

34 (~~b) Identification of viable alternatives for reducing costs or~~
35 ~~improving service delivery;~~

36 (~~c) Identification of gaps and overlaps in service delivery, along~~
37 ~~with corrective action; and~~

1 ~~(d) Comparison with other states whose agencies perform similar~~
2 ~~functions, as well as their relative funding levels and performance.~~

3 ~~(2) As part of a performance audit, the legislative auditor may~~
4 ~~review the costs of programs recently implemented by the legislature to~~
5 ~~compare actual agency costs with the appropriations provided and the~~
6 ~~cost estimates that were included in the fiscal note for the program at~~
7 ~~the time the program was enacted.))~~ The scope of performance audits
8 conducted by the legislative accountability board, in addition to the
9 requirements of the performance audit work plan approved by the board
10 under RCW 44.28.083, should be attentive to the following issues:

11 (a) Identification of recommendations to the governor, the
12 legislature, and appropriate agencies for performance improvement, cost
13 avoidance, cost savings, and more efficient, timely, and effective use
14 of available resources in selected state programs, operations,
15 services, or functions, based on cost-effectiveness analyses and review
16 of best management practices;

17 (b) Identification of opportunities for enhancement, consolidation,
18 elimination, or other actions to improve the administration of state
19 programs, operations, services, or functions to address significant and
20 unnecessary duplication of effort;

21 (c) Identification of opportunities for improved communication and
22 integration of information technology systems and data bases within and
23 across program, operational, service, or functional areas of state
24 government;

25 (d) Identification of opportunities to eliminate, combine, or
26 integrate statutes, rules, and policy directives when their intended
27 purposes are substantially equivalent or overlapping, in order to
28 improve and simplify government programs, services, operations, or
29 functions; and

30 (e) Verification of the reliability and validity of individual or
31 multiple agency performance data, self-assessments, and performance
32 measurement systems as required under RCW 43.88.090.

33 (2) In setting the scope of a performance audit, the legislative
34 auditor may include comparisons with other states, governments, or
35 private or nonprofit organizations in which similar programs,
36 operations, services, processes, or functions are being administered or
37 performed.

1 **Sec. 14.** RCW 44.28.080 and 1996 c 288 s 11 are each amended to
2 read as follows:

3 The (~~joint committee~~) board has the following powers:

4 (1) To make examinations and reports concerning whether or not
5 appropriations are being expended for the purposes and within the
6 statutory restrictions provided by the legislature; and concerning the
7 organization and operation of procedures necessary or desirable to
8 promote economy, efficiency, and effectiveness in state government, its
9 officers, boards, committees, commissions, institutions, and other
10 state agencies, and to make recommendations and reports to the
11 legislature.

12 (2) To make such other studies and examinations of economy,
13 efficiency, and effectiveness of state government and its state
14 agencies as it may find advisable, and to hear complaints, hold
15 hearings, gather information, and make findings of fact with respect
16 thereto.

17 (3) To conduct program and fiscal reviews of any state agency or
18 program scheduled for termination under the process provided under
19 chapter 43.131 RCW.

20 (4) To perform other legislative staff studies of state government
21 or the use of state funds.

22 (5) To conduct performance audits in accordance with the work plan
23 adopted by the (~~joint committee~~) board under RCW (~~44.28.180~~)
24 44.28.083.

25 (6) To receive a copy of each report of examination or audit issued
26 by the state auditor for examinations or audits that were conducted at
27 the request of the (~~joint committee~~) board and to make
28 recommendations as it deems appropriate as a separate addendum to the
29 report or audit.

30 (7) To develop internal tracking procedures that will allow the
31 legislature to measure the effectiveness of performance audits
32 conducted by the (~~joint committee~~) board including, where
33 appropriate, measurements of cost-savings and increases in efficiency
34 and effectiveness in how state agencies deliver their services.

35 (8) To receive messages and reports in person or in writing from
36 the governor or any other state officials and to study generally any
37 and all business relating to economy, efficiency, and effectiveness in
38 state government and state agencies.

1 **Sec. 15.** RCW 44.28.083 and 1996 c 288 s 12 are each amended to
2 read as follows:

3 (1) During the regular legislative session of each odd-numbered
4 year, beginning with 1997, the (~~joint legislative audit and review~~
5 ~~committee~~) board shall develop and approve a performance audit work
6 plan for the subsequent sixteen to twenty-four-month period and an
7 overall work plan that identifies state agency programs for which
8 formal evaluation appears necessary. Among the factors to be
9 considered in preparing the work plans are:

10 (a) Whether a program newly created or significantly altered by the
11 legislature warrants continued oversight because (i) the fiscal impact
12 of the program is significant, or (ii) the program represents a
13 relatively high degree of risk in terms of reaching the stated goals
14 and objectives for that program;

15 (b) Whether implementation of an existing program has failed to
16 meet its goals and objectives by any significant degree; and

17 (c) Whether a follow-up audit would help ensure that previously
18 identified recommendations for improvements were being implemented.

19 (2) The project description for each performance audit must include
20 start and completion dates, the proposed approach, and cost estimates.

21 (3) The legislative auditor (~~may~~) shall consult with the chairs
22 and staff of appropriate legislative committees, the state auditor, and
23 the director of financial management in developing the performance
24 audit work plan.

25 (4) The performance audit work plan and the overall work plan may
26 include proposals to employ contract resources. As conditions warrant,
27 the performance audit work plan and the overall work plan may be
28 amended from time to time. All performance audit work plans shall be
29 transmitted to the appropriate fiscal and policy committees of the
30 senate and the house of representatives no later than the sixtieth day
31 of the regular legislative session of each odd-numbered year, beginning
32 with 1997. All overall work plans shall be transmitted to the
33 appropriate fiscal and policy committees of the senate and the house of
34 representatives.

35 **Sec. 16.** RCW 44.28.088 and 1996 c 288 s 13 are each amended to
36 read as follows:

37 (1) When the legislative auditor has completed a performance audit

1 authorized in the performance audit work plan, the legislative auditor
2 shall transmit the preliminary performance audit report to the affected
3 state agency or local government and the office of financial management
4 for comment. The agency or local government and the office of
5 financial management shall provide any response to the legislative
6 auditor within thirty days after receipt of the preliminary performance
7 audit report unless a different time period is approved by the (~~joint~~
8 ~~committee~~) board. The legislative auditor shall incorporate the
9 response of the agency or local government and the office of financial
10 management into the final performance audit report.

11 (2) Before releasing the results of a performance audit to the
12 legislature or the public, the legislative auditor shall submit the
13 preliminary performance audit report to the (~~joint committee~~) board
14 for its review, comments, and final recommendations. Any comments by
15 the (~~joint committee~~) board must be included as a separate addendum
16 to the final performance audit report. Upon consideration and
17 incorporation of the review, comments, and recommendations of the
18 (~~joint committee~~) board, the legislative auditor shall transmit the
19 final performance audit report to the affected agency or local
20 government, the director of financial management, the leadership of the
21 senate and the house of representatives, and the appropriate standing
22 committees of the house of representatives and the senate and shall
23 publish the results and make the report available to the public through
24 the board's web site and through customary public communications. For
25 purposes of this section, "leadership of the senate and the house of
26 representatives" means the speaker of the house, the majority leaders
27 of the senate and the house of representatives, the minority leaders of
28 the senate and the house of representatives, the caucus chairs of both
29 major political parties of the senate and the house of representatives,
30 and the floor leaders of both major political parties of the senate and
31 the house of representatives.

32 **Sec. 17.** RCW 44.28.091 and 1996 c 288 s 14 are each amended to
33 read as follows:

34 (1) No later than nine months after the final performance audit has
35 been transmitted by the (~~joint committee~~) board to the appropriate
36 standing committees of the house of representatives and the senate, the
37 (~~joint committee~~) board in consultation with the standing committees

1 may produce a preliminary compliance report on the agency's or local
2 government's compliance with the final performance audit
3 recommendations. The agency or local government may attach its
4 comments to the (~~joint committee's~~) board's preliminary compliance
5 report as a separate addendum.

6 (2) Within three months after the issuance of the preliminary
7 compliance report, the (~~joint committee~~) board may hold at least one
8 public hearing and receive public testimony regarding the findings and
9 recommendations contained in the preliminary compliance report. The
10 (~~joint committee~~) board may waive the public hearing requirement if
11 the preliminary compliance report demonstrates that the agency or local
12 government is in compliance with the audit recommendations. The
13 (~~joint committee~~) board shall issue any final compliance report
14 within four weeks after the public hearing or hearings. The
15 legislative auditor shall transmit the final compliance report in the
16 same manner as a final performance audit is transmitted under RCW
17 44.28.088.

18 NEW SECTION. Sec. 18. A new section is added to chapter 44.28 RCW
19 to read as follows:

20 (1) The board shall review the performance and outcome measures of
21 selected state agencies and departments. The purpose of these
22 performance measure reviews is to ensure that the legislature has the
23 means to adequately and accurately assess the performance of those
24 agencies and departments, and the outcomes of their performance. Where
25 two or more agencies have shared responsibility for functions or
26 priorities of government, these reviews can also determine whether
27 effective interagency cooperation and collaboration occurs in areas
28 such as program coordination, administrative structures, information
29 systems, and administration of grants and loans.

30 (2) In conducting these reviews, the board shall consult with the
31 office of financial management and other state agencies. The
32 legislative auditor may contract with and consult with public and
33 private independent professional and technical experts as necessary in
34 conducting the reviews.

35 (3) The board shall develop a work plan and common methodology for
36 conducting these reviews, which shall be accomplished within a five-
37 year period. In setting the work plan and the extent of these

1 performance measure reviews, the board shall consider the timing and
2 results of other recent state, federal, and independent reviews and
3 audits, the seriousness of past findings, any inadequate remedial
4 action taken by an agency or department, the adequacy of an agency or
5 department's existing performance and outcome measures, and the
6 desirability to include a diverse range of agencies each year. The
7 reviews may include, but not be limited to:

8 (a) A determination of whether the performance and outcome measures
9 are consistent with legislative mandates, as well as agency strategic
10 plans, mission statements, and goals and objectives, and whether the
11 legislature has established clear mandates, strategic plans, mission
12 statements, and goals and objectives that lend themselves to
13 performance and outcome measurement;

14 (b) An examination of how agency management uses the measures to
15 manage resources in an efficient and effective manner;

16 (c) An assessment of how the agency uses performance benchmarks for
17 the purpose of assessing program or agency performance compared to
18 external standards and benchmarks;

19 (d) An examination of how performance and outcome measures are used
20 to make planning and operational improvements;

21 (e) A determination of how performance and outcome measures are
22 used in the budget planning, development, and allotment processes and
23 the extent to which the agency is in compliance with its
24 responsibilities under RCW 43.88.090;

25 (f) An assessment of whether the performance and outcome measures
26 are reliable and collected in a uniform and timely manner; and

27 (g) Recommendations as necessary or appropriate.

28 (4) Completed performance measure reviews shall be presented to the
29 board and published in the same manner as prescribed for performance
30 audits in RCW 44.28.088. Published performance measure reviews shall
31 be made available to the public through the board's web site and
32 through customary public communications. Final reports must also be
33 transmitted to the appropriate policy and fiscal standing committees of
34 the legislature.

35 (5) After reviewing the performance or outcome measures of an
36 agency or department, the legislative auditor shall recommend whether
37 a full performance audit of the agency or department, or a specific
38 program within the agency or department, is appropriate, and publicly

1 post those recommendations. The board shall solicit input from the
2 public at a subsequent hearing to decide whether and how to proceed
3 with a full performance audit. If the board decides by a majority vote
4 that a full performance audit of an agency or department, a specific
5 program within an agency or department, or multiple agencies is
6 appropriate, the board shall add that audit to its biennial performance
7 audit work plan under RCW 44.28.080 and 44.28.083.

8 (6) When conducting a full performance audit of an agency or
9 department, or a specific program within an agency or department, or
10 multiple agencies, in accordance with subsection (5) of this section,
11 the board shall solicit input from appropriate representatives and
12 experts in the field that is the subject of an audit. The board shall
13 make recommendations regarding the continuation, abolition,
14 consolidation, or reorganization of each affected agency, department,
15 or program. The board shall identify opportunities to develop
16 government partnerships, and eliminate program redundancies that will
17 result in increased quality, effectiveness, and efficiency of state
18 agencies.

19 **Sec. 19.** RCW 44.28.094 and 1996 c 288 s 15 are each amended to
20 read as follows:

21 ~~((Subject to the joint committee's approval, the office of the~~
22 ~~joint committee)) The board, legislative auditor, and board staff shall
23 undergo an external ~~((quality control review within three years of June~~
24 ~~6, 1996, and)) performance audit at regular intervals ~~((thereafter))~~
25 not less than every three years. The ~~((review))~~ audit must be
26 conducted by an independent organization that has experience in
27 conducting performance audits. The ~~((quality control review))~~
28 performance audit must include, at a minimum, an evaluation of the
29 quality of the audits conducted by the ~~((joint committee))~~ board, an
30 assessment of the audit procedures used by the ~~((joint committee))~~
31 board, and an assessment of the qualifications of the ~~((joint~~
32 ~~committee))~~ board staff to conduct performance audits. The first
33 performance audit shall be completed no later than June 30, 2004.~~~~

34 **Sec. 20.** RCW 44.28.097 and 1996 c 288 s 18 are each amended to
35 read as follows:

36 All agency reports concerning program performance, including

1 administrative review, quality control, and other internal audit or
2 performance reports, as requested by the ((~~joint-committee~~)) board,
3 shall be furnished by the agency requested to provide such report.

4 **Sec. 21.** RCW 44.28.100 and 1996 c 288 s 19 are each amended to
5 read as follows:

6 The ((~~joint-committee may~~)) board shall make reports from time to
7 time to the members of the legislature, to the governor, and to the
8 public with respect to any of its findings or recommendations. The
9 ((~~joint-committee~~)) board shall keep complete minutes of its meetings.

10 **Sec. 22.** RCW 44.28.120 and 1996 c 288 s 20 are each amended to
11 read as follows:

12 In case of the failure on the part of any person to comply with any
13 subpoena issued in behalf of the ((~~joint-committee~~)) board, or on the
14 refusal of any witness to testify to any matters regarding which he or
15 she may be lawfully interrogated, it shall be the duty of the superior
16 court of any county, or of the judge thereof, on application of the
17 ((~~joint-committee~~)) board, to compel obedience by proceedings for
18 contempt, as in the case of disobedience of the requirements of a
19 subpoena issued from such court or a refusal to testify therein.

20 **Sec. 23.** RCW 44.28.130 and 1996 c 288 s 21 are each amended to
21 read as follows:

22 Each witness who appears before the ((~~joint-committee~~)) board by
23 its order, other than a state official or employee, shall receive for
24 his or her attendance the fees and mileage provided for witnesses in
25 civil cases in courts of record, which shall be audited and paid upon
26 the presentation of proper vouchers signed by such witness, verified by
27 the legislative auditor, and approved by the chair and the vice-chair
28 of the ((~~joint-committee~~)) board.

29 **Sec. 24.** RCW 44.28.150 and 1996 c 288 s 22 are each amended to
30 read as follows:

31 The ((~~joint-committee~~)) board shall cooperate, act, and function
32 with legislative committees and with the councils or committees of

1 other states similar to this ((~~joint committee~~)) board and with other
2 interstate research organizations.

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