
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
18 assessing and continuously improving performance, and to determine
19 whether targeted funding investments and established priorities of

1 government actually produce the intended and expected services and
2 benefits. It is the intent of the legislature that outcome and
3 performance measures used by state agencies and programs and required
4 by RCW 43.88.090 become a tool for the governor and the legislature in
5 establishing priorities of government and developing biennial budgets.

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

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

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

27 Unless the context clearly requires otherwise, the definitions in
28 this section apply throughout this chapter.

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

32 (2) "Economy and efficiency audits" means performance audits that
33 establish: (a) Whether a state agency or unit of local government
34 receiving state funds is acquiring, protecting, and using its resources
35 such as personnel, property, and space economically and efficiently;
36 (b) the causes of inefficiencies or uneconomical practices; and (c)

1 whether the state agency or local government has complied with
2 significant laws and rules in acquiring, protecting, and using its
3 resources.

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

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

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

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

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

35 (a) To determine (i) compliance with statutory intent or budget
36 direction, and (ii) whether applicable performance goals, standards,
37 benchmarks, and measures are being achieved in a timely, efficient, and
38 cost-effective manner; and

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

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

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

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

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

21 ~~((+10+))~~ (11) "Preliminary performance audit report" means a
22 written document prepared for review and comment by the ~~((joint~~
23 ~~legislative audit and review committee))~~ board after the completion of
24 a performance audit. The preliminary performance audit report must
25 contain the audit findings and any proposed recommendations to improve
26 the efficiency, effectiveness, or accountability of the state agency or
27 local government audited.

28 ~~((+11+))~~ (12) "Program audits" means performance audits that
29 determine: (a) The extent to which desired outcomes or results are
30 being achieved; (b) the causes for not achieving intended outcomes or
31 results; and (c) compliance with significant laws and rules applicable
32 to the program.

33 ~~((+12+))~~ (13) "State agency" or "agency" means a state agency,
34 department, office, officer, board, commission, bureau, division,
35 institution, or institution of higher education. "State agency"
36 includes all elective offices in the executive branch of state
37 government.

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

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

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

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

1 remaining members. All such vacancies shall be filled from the same
2 political party and from the same house as the member whose seat was
3 vacated.

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

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

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

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

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

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

1 expenses or upon any special appropriation which may be provided by the
2 legislature for the expenses of the (~~committee~~) board or both.

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

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

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

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

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

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

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

32 The legislative auditor shall:

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

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

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

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

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

19 (6) Provide the legislature with information obtained under the
20 direction of the (~~joint legislative audit and review committee~~)
21 board;

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

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

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

34 (2) The legislative auditor may contract with and consult with
35 public and private independent professional and technical experts as
36 necessary in conducting the performance audits. The legislative
37 auditor shall solicit input from appropriate representatives and

1 experts in the field that is the subject of an audit regarding the
2 conduct of the performance audits and regarding the preliminary and
3 final reports and recommendations of the legislative auditor. It is
4 the intent of the legislature that the staff, administration, and costs
5 of the board be minimized, and that the board conduct operations
6 through the use of qualified public and private resources and entities
7 when appropriate and feasible or when staff resources are insufficient.
8 The legislative auditor should also involve front-line employees and
9 internal auditors in the performance audit process to the highest
10 possible degree.

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

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

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

24 (1) (~~Subject to the requirements of the performance audit work~~
25 ~~plan approved by the joint committee under RCW 44.28.083, performance~~
26 ~~audits may, in addition to the determinations that may be made in such~~
27 ~~an audit as specified in RCW 44.28.005, include the following:~~

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

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

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

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

36 (2) ~~As part of a performance audit, the legislative auditor may~~
37 ~~review the costs of programs recently implemented by the legislature to~~

1 ~~compare actual agency costs with the appropriations provided and the~~
2 ~~cost estimates that were included in the fiscal note for the program at~~
3 ~~the time the program was enacted.))~~ The scope of performance audits
4 conducted by the legislative accountability board, in addition to the
5 requirements of the performance audit work plan approved by the board
6 under RCW 44.28.083, should be attentive to the following issues:

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

13 (b) Identification of opportunities for enhancement, consolidation,
14 elimination, or other actions to improve the administration of state
15 programs, operations, services, or functions to address significant and
16 unnecessary duplication of effort;

17 (c) Identification of opportunities for improved communication and
18 integration of information technology systems and data bases within and
19 across program, operational, service, or functional areas of state
20 government;

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

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

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

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

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

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

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

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

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

19 (5) To conduct performance audits in accordance with the work plan
20 adopted by the ((~~joint committee~~)) board under RCW ((~~44.28.180~~))
21 44.28.083.

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

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

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

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

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

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

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

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

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

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

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

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

35 (1) When the legislative auditor has completed a performance audit
36 authorized in the performance audit work plan, the legislative auditor
37 shall transmit the preliminary performance audit report to the affected

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

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

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

32 (1) No later than nine months after the final performance audit has
33 been transmitted by the (~~joint committee~~) board to the appropriate
34 standing committees of the house of representatives and the senate, the
35 (~~joint committee~~) board in consultation with the standing committees
36 may produce a preliminary compliance report on the agency's or local
37 government's compliance with the final performance audit

1 recommendations. The agency or local government may attach its
2 comments to the (~~joint committee's~~) board's preliminary compliance
3 report as a separate addendum.

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

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

18 (1) The board shall review the performance and outcome measures of
19 all state agencies and departments that are under the authority of the
20 governor, the commissioner of public lands, the insurance commissioner,
21 the state treasurer, the state attorney general, the superintendent of
22 public instruction, the state auditor, the secretary of state, or a
23 board or commission. The purpose of these performance measure reviews
24 is to ensure that the legislature has the means to adequately and
25 accurately assess the performance of those agencies and departments,
26 and the outcomes of their performance. Where two or more agencies have
27 shared responsibility for functions or priorities of government, these
28 reviews can also determine whether effective interagency cooperation
29 and collaboration occurs in areas such as program coordination,
30 administrative structures, information systems, and administration of
31 grants and loans.

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

1 (3) The board shall develop a work plan and common methodology for
2 conducting these reviews. The performance and outcome measures of each
3 agency or department shall be reviewed not less than every five years.
4 In setting the work plan and the extent of these performance measure
5 reviews, the board shall consider the timing and results of other
6 recent state, federal, and independent reviews and audits, the
7 seriousness of past findings, any inadequate remedial action taken by
8 an agency or department, the adequacy of an agency or department's
9 existing performance and outcome measures, and the desirability to
10 include a diverse range of agencies each year. The reviews shall
11 include, but not be limited to:

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

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

20 (c) An assessment of how the agency uses performance benchmarks for
21 the purpose of assessing program or agency performance compared to
22 external standards and benchmarks;

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

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

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

31 (g) An assessment of whether the performance and outcome measures
32 are reliable and collected in a uniform and timely manner;

33 (h) A determination whether targeted funding investments and
34 established priorities of government actually produce the intended and
35 expected services and benefits; and

36 (i) Recommendations as necessary or appropriate.

37 (4) Completed performance measure reviews shall be presented to the
38 board and published in the same manner as prescribed for performance

1 audits in RCW 44.28.088. Published performance measure reviews shall
2 be made available to the public through the board's web site and
3 through customary public communications. Final reports must also be
4 transmitted to the appropriate policy and fiscal standing committees of
5 the legislature.

6 (5) After reviewing the performance or outcome measures of an
7 agency or department, the legislative auditor shall recommend whether
8 a full performance audit of the agency or department, or a specific
9 program within the agency or department, is appropriate, and publicly
10 post those recommendations. The board shall solicit input from the
11 public at a subsequent hearing to decide whether and how to proceed
12 with a full performance audit. If the board decides by a majority vote
13 that a full performance audit of an agency or department, a specific
14 program within an agency or department, or multiple agencies is
15 appropriate, the board shall add that audit to its biennial performance
16 audit work plan under RCW 44.28.080 and 44.28.083.

17 (6) When conducting a full performance audit of an agency or
18 department, or a specific program within an agency or department, or
19 multiple agencies, in accordance with subsection (5) of this section,
20 the board shall solicit input from appropriate representatives and
21 experts in the field that is the subject of an audit. The board shall
22 make recommendations regarding the continuation, abolition,
23 consolidation, or reorganization of each affected agency, department,
24 or program. The board shall identify opportunities to develop
25 government partnerships, and eliminate program redundancies that will
26 result in increased quality, effectiveness, and efficiency of state
27 agencies.

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

30 ~~((Subject to the joint committee's approval, the office of the~~
31 ~~joint committee)) The board, legislative auditor, and board staff shall
32 undergo an external ~~((quality control review within three years of June~~
33 ~~6, 1996, and)) performance audit at regular intervals ~~((thereafter))~~
34 not less than every three years. The ~~((review))~~ audit must be
35 conducted by an independent organization that has experience in
36 conducting performance audits. The ~~((quality control review))~~
37 performance audit must include, at a minimum, an evaluation of the~~~~

1 quality of the audits conducted by the (~~joint committee~~) board, an
2 assessment of the audit procedures used by the (~~joint committee~~)
3 board, and an assessment of the qualifications of the (~~joint~~
4 ~~committee~~) board staff to conduct performance audits. The first
5 performance audit shall be completed no later than June 30, 2004.

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

8 All agency reports concerning program performance, including
9 administrative review, quality control, and other internal audit or
10 performance reports, as requested by the (~~joint committee~~) board,
11 shall be furnished by the agency requested to provide such report.

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

14 The (~~joint committee may~~) board shall make reports from time to
15 time to the members of the legislature, to the governor, and to the
16 public with respect to any of its findings or recommendations. The
17 (~~joint committee~~) board shall keep complete minutes of its meetings.

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

20 In case of the failure on the part of any person to comply with any
21 subpoena issued in behalf of the (~~joint committee~~) board, or on the
22 refusal of any witness to testify to any matters regarding which he or
23 she may be lawfully interrogated, it shall be the duty of the superior
24 court of any county, or of the judge thereof, on application of the
25 (~~joint committee~~) board, to compel obedience by proceedings for
26 contempt, as in the case of disobedience of the requirements of a
27 subpoena issued from such court or a refusal to testify therein.

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

30 Each witness who appears before the (~~joint committee~~) board by
31 its order, other than a state official or employee, shall receive for
32 his or her attendance the fees and mileage provided for witnesses in
33 civil cases in courts of record, which shall be audited and paid upon

1 the presentation of proper vouchers signed by such witness, verified by
2 the legislative auditor, and approved by the chair and the vice-chair
3 of the ((~~joint-committee~~)) board.

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

6 The ((~~joint-committee~~)) board shall cooperate, act, and function
7 with legislative committees and with the councils or committees of
8 other states similar to this ((~~joint-committee~~)) board and with other
9 interstate research organizations.

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