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**ENGROSSED SUBSTITUTE SENATE BILL 5909**

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**State of Washington**

**58th Legislature**

**2003 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Reardon, Rossi, Roach, Poulsen, Hewitt, Shin, Doumit, Zarelli, Eide, Kline, Stevens, Keiser, McCaslin, West, Hale, McAuliffe, Parlette, Rasmussen, Sheahan and Schmidt)

READ FIRST TIME 03/05/03.

1       AN ACT Relating to government accountability; adding a new section  
2 to chapter 43.88 RCW; adding new sections to chapter 43.131 RCW; adding  
3 a new chapter to Title 43 RCW; and creating new sections.

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

5       NEW SECTION.   **Sec. 1.**   LEGISLATIVE FINDINGS.   The legislature finds  
6 that:

7       (1) Public confidence in government is essential. Public programs  
8 must continuously improve in quality, efficiency, and effectiveness in  
9 order to increase public trust;

10       (2) Washington state government and other entities that receive tax  
11 dollars must continuously improve the way they operate and deliver  
12 services so citizens receive maximum value for their tax dollars;

13       (3) State government must establish priorities for the delivery of  
14 governmental services and continually reassess the ability of state  
15 agencies, programs, and activities to contribute to those priorities.  
16 The highest priority programs must be evaluated to determine if they  
17 are operating at maximum efficiency, while the lowest priority programs  
18 must be assessed to determine their continued viability;

1 (4) Fair, independent, professional performance audits of state  
2 agencies by the state auditor are essential to improving the efficiency  
3 and effectiveness of government.

4 NEW SECTION. **Sec. 2.** PRIORITIES OF GOVERNMENT. (1) The  
5 legislature finds that the highest priority functions of state  
6 government serve the following objectives:

7 (a) Improve student achievement in elementary, middle, and high  
8 schools;

9 (b) Improve the quality and productivity of, and respect for, the  
10 state's work force, including consideration of competitive  
11 compensation, realistic workloads, and recruitment and retention;

12 (c) Improve the value of a state college or university education;

13 (d) Improve the health of the state's citizens;

14 (e) Improve the security of the state's vulnerable children and  
15 adults;

16 (f) Improve the economic vitality of businesses and individuals;

17 (g) Improve statewide mobility of people, goods, information, and  
18 energy;

19 (h) Improve the safety of people and property;

20 (i) Improve the quality of the state's natural resources; and

21 (j) Improve cultural and recreational opportunities throughout the  
22 state.

23 (2) The ten priority functions of state government identified in  
24 this section shall form the basis of the activity assessment under  
25 section 4 of this act.

26 NEW SECTION. **Sec. 3.** PRIORITIES OF GOVERNMENT OVERSIGHT BOARD.

27 (1) The priorities of government oversight board is established to  
28 oversee performance audits and priority-based activity assessments of  
29 state government agencies, programs, and activities as provided in  
30 sections 4 and 5 of this act.

31 (2) The board shall consist of fifteen members as follows:

32 (a) The director of financial management, who shall serve as chair;

33 (b) The state auditor;

34 (c) The chairs and ranking minority members of the senate committee  
35 on ways and means and the house of representatives committee on  
36 appropriations;

1 (d) The legislative auditor of the joint legislative audit and  
2 review committee;

3 (e) The director of the state institute for public policy;

4 (f) One representative of the private sector with expertise in  
5 organizational improvement strategies, to be appointed by and serve at  
6 the pleasure of the governor;

7 (g) One representative of state employees, to be appointed by and  
8 serve at the pleasure of the governor, in consultation with state  
9 employee organizations; and

10 (h) Five citizens to be selected by the governor as follows: Each  
11 major caucus of the house of representatives and the senate shall  
12 submit a list of three names. The lists shall not include members of  
13 the legislature. The governor shall select one person from each list  
14 provided by each caucus and shall also select a fifth citizen of the  
15 governor's choice. The citizen appointees under this subsection (2)(h)  
16 shall be individuals who have a basic understanding of state government  
17 operations with knowledge and expertise in performance management,  
18 quality management, strategic planning, performance assessments, or  
19 closely related fields. The citizen appointees shall serve for terms  
20 of four years, with the terms expiring on June 30th on the fourth year  
21 of the term. However, in the case of the initial members, two members  
22 shall serve four-year terms, two members shall serve three-year terms,  
23 and one member shall serve a two-year term, with each of the terms  
24 expiring on June 30th of the applicable year. Appointees may be  
25 reappointed to serve more than one term.

26 (3) The office of financial management shall provide lead staff  
27 support to the priorities of government oversight board. Additional  
28 staff support shall be provided by the other public members of the  
29 board.

30 (4) The members of the priorities of government oversight board  
31 shall be reimbursed for travel expenses in accordance with RCW  
32 43.03.050 and 43.03.060. Members of the committee who are not  
33 otherwise employed by the state shall be compensated under RCW  
34 43.03.220.

35 NEW SECTION. **Sec. 4.** PRIORITIES OF GOVERNMENT ACTIVITY  
36 ASSESSMENTS. (1) By January 1st of each year, the priorities of  
37 government oversight board shall select one of the priority functions

1 of government identified in section 2 of this act. By July 1st of each  
2 year, for all agency programs and activities within this priority  
3 function of government, the board shall determine the relative priority  
4 of each program and activity based on the program or activity's  
5 contribution to the overall objectives of the function.

6 (2) Based on the priority list developed under subsection (1) of  
7 this section, the board shall select up to two priority programs or  
8 activities to be the subject of performance audits conducted under  
9 section 5 of this act. One of the programs or activities selected for  
10 a performance audit may be from a different priority objective under  
11 section 2 of this act. The programs or activities shall be selected  
12 for performance audits based on evidence that the program or activity  
13 would likely benefit from the evaluation and review.

14 (3) Based on the priority list developed under subsection (1) of  
15 this section, one or more of the lowest priority programs or activities  
16 shall be the subject of activity assessments as provided in this  
17 subsection. The number and scope of activity assessments conducted  
18 under this subsection shall be determined by the board, subject to the  
19 availability of funds.

20 (a) Each activity assessment shall be conducted by an independent  
21 contractor selected by the board. For each activity assessment, the  
22 contractor shall address the following questions:

23 (i) Does the program or activity continue to serve the purpose for  
24 which it was created?

25 (ii) In comparison to other programs and priorities, does this  
26 purpose continue to merit the use of the state's limited resources?

27 (iii) Does this program or activity continue to contribute to the  
28 priorities of government identified in section 2 of this act?

29 (iv) Are there better alternatives for the use of these resources  
30 or to accomplish the objective of the program or activity?

31 (b) The board shall release the activity assessment to the citizens  
32 of the state, the governor, and the appropriate legislative committees.  
33 The board shall also submit proposed legislation, as appropriate, to  
34 implement the findings of the activity assessment.

35 NEW SECTION. **Sec. 5.** PERFORMANCE AUDITS. (1) The state auditor  
36 shall oversee performance audits of those agencies, programs, and

1 activities identified by the board under the activity assessment  
2 process in section 4 of this act.

3 (2) The board shall establish criteria for performance audits.  
4 Agencies shall be audited using criteria that include generally  
5 accepted government auditing standards as well as legislative mandates  
6 and performance objectives established by state agencies. Mandates  
7 include, but are not limited to, agency strategies, timelines, program  
8 objectives, and mission and goals as required in RCW 43.88.090.

9 (3) The state auditor shall contract with public and private  
10 organizations to conduct the performance audits under this section.  
11 The audits may include an evaluation of:

12 (a) Programs and services that can be eliminated, reduced,  
13 consolidated, or enhanced;

14 (b) Identification of funding sources of the state agency, program,  
15 or activity that can be eliminated, reduced, consolidated, or enhanced;

16 (c) Analysis of gaps and overlaps in programs and services and  
17 recommendations for improving, eliminating, blending, or separating  
18 functions to correct gaps or overlaps;

19 (d) Evaluation of planning, budgeting, and program evaluation  
20 policies and practices;

21 (e) Evaluation of personnel systems operation and management;

22 (f) Evaluation of state purchasing operations and management  
23 policies and practices; and

24 (g) Evaluation of organizational structure and staffing levels,  
25 particularly in terms of the ratio of managers and supervisors to  
26 nonmanagement personnel.

27 (4) Audit staff shall have access to any state agency records,  
28 data, and other information deemed necessary to carry out the audit.  
29 State agencies shall provide the requested information at no cost and  
30 in a timely manner. In requesting information from state agencies, the  
31 audit staff shall seek to minimize duplication of effort by making  
32 maximum use of existing audit records, accreditation records and  
33 reports, and other existing program documentation.

34 (5) The state auditor shall solicit comments on preliminary  
35 performance audit reports from the audited state agency, the governor,  
36 the office of financial management, the board, and the joint  
37 legislative audit and review committee.

1 (6) The final reports shall be submitted to the board by the state  
2 auditor. The board and the state auditor shall jointly release final  
3 reports to the citizens of the state, the governor, and the appropriate  
4 legislative committees. The board and the state auditor shall also  
5 submit proposed legislation, as appropriate, to implement the findings  
6 of the performance audit. Final performance audit reports shall be  
7 available on the internet.

8 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.88 RCW  
9 to read as follows:

10 In addition to the authority given the state auditor in RCW  
11 43.88.160(6), the state auditor is authorized to contract for and  
12 oversee performance audits pursuant to section 5 of this act.

13 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.131 RCW  
14 to read as follows:

15 The priorities of government oversight board created in section 3  
16 of this act and the board's powers and duties shall be terminated June  
17 30, 2010, as provided in section 8 of this act. The joint legislative  
18 audit and review committee shall contract with a private entity for the  
19 review in this chapter.

20 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.131 RCW  
21 to read as follows:

22 The following acts or parts of acts, as now existing or hereafter  
23 amended, are each repealed, effective June 30, 2011:

- 24 (1) Section 1 of this act;  
25 (2) Section 2 of this act;  
26 (3) Section 3 of this act;  
27 (4) Section 4 of this act; and  
28 (5) Section 5 of this act.

29 NEW SECTION. **Sec. 9.** Sections 1 through 5 of this act constitute  
30 a new chapter in Title 43 RCW.

31 NEW SECTION. **Sec. 10.** Section captions used in this act are not  
32 any part of the law.

1        NEW SECTION.   **Sec. 11.**  If specific funding for the purposes of  
2  this act, referencing this act by bill or chapter number, is not  
3  provided by June 30, 2003, in the omnibus appropriations act, this act  
4  is null and void.

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