
Higher Education Committee

HB 2478

Brief Description: Creating higher education student auditing committees.

Sponsors: Representatives Wilcox, Stanford, Zeiger, Pollet, Fagan, Eddy, Crouse, Miloscia, Fitzgibbon, Haler, Appleton, Anderson, Goodman, Lias, Billig, Probst and Kelley.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Creates a student auditing committee at each four-year institution of higher education.

Hearing Date: 1/25/12

Staff: Jill Reinmuth (786-7134).

Background:

Four-year institutions of higher education are subject to various financial audits and performance reviews by the State Auditor (Auditor), the Joint Legislative Audit and Review Committee (Joint Committee), internal auditors, federal auditors and reviewers, and others. The institutions are also required to develop quality management, accountability, and performance systems.

The Auditor examines financial information and compliance with state laws and institutional policies by four-year institutions of higher education and other state agencies. Audits of statewide basic financial statements are conducted each year, and audits for accountability and compliance are conducted on a one-, two-, or three-year cycle. The Auditor also conducts performance audits, as well as special investigations of fraud and whistleblower cases.

The Joint Committee carries out oversight, review, and evaluation of state-funded programs and activities. The Joint Committee conducts performance audits, program evaluations, sunset reviews, and other policy and fiscal studies for the Legislature. Recent higher education-related studies have examined linking expenditure, revenue, and performance information for the state's

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four-year institutions of higher education (completed in 2010). Future work includes a performance audit of tuition-setting authority (to be completed in 2018).

Internal auditors conduct compliance, financial, and operations audits, and ethics and fraud investigations.

Four-year institutions of higher education, like other state agencies, are required to develop and implement a quality management, accountability, and performance system. The system must evaluate program effectiveness, establish performance goals, report progress, and provide for planning where performance does not meet objectives. The institutions must report quarterly to the Governor, and the Governor must report performance of the institutions annually to the citizens of the state.

Summary of Bill:

The Legislature recognizes that students have a strong interest in a cost-effective higher education system. The Legislature intends to enhance the system's affordability and efficiency by providing for systematic review and consideration of cost-containment strategies.

A student auditing committee is created at each four-year institution of higher education. The institution's student government association must appoint not more than seven members to the committee. The student member on the institution's governing board must be one of the committee members. The chair must be selected from among the committee members.

The committee must examine at least one major project at the institution each year. The purpose of the committee's examination is to identify programs, practices, and process that could benefit from improved efficiency and to report findings and recommendations for reducing costs.

The committee's report must be distributed to the institution's board members and published on the institution's web site. The institution's governing board must provide at least one opportunity each year for the committee to present its findings and recommendations at a public meeting.

The committee must consult with staff of the Joint Legislative Audit and Review Committee and the Higher Education Coordinating Board's successor for guidance on choosing projects, methodology, and presentation of information.

The provision creating student auditing committees expires July 1, 2017.

Appropriation: None.

Fiscal Note: Requested on January 22, 2012.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.