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**State Government & Tribal Affairs  
Committee**

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**HB 1065**

**Brief Description:** Identifying and reviewing new programs.

**Sponsors:** Representatives Bailey and Dammeier.

**Brief Summary of Bill**

- Requires the State Auditor to publish a list of all new programs funded during the previous fiscal year and to conduct a fiscal and performance audit of each new program three years after its initial funding.
- Requires the Governor to include a listing of all new programs funded in the previous two years in the budget document.

**Hearing Date:** 1/17/11

**Staff:** Marsha Reilly (786-7135).

**Background:**

The State Auditor

The State Auditor (Auditor) is responsible for conducting financial, accountability, and performance audits, and conducts investigations on Whistleblower complaints and reports of fraud. In addition, the Auditor must annually audit the statewide combined financial statements prepared by the Office of Financial Management (OFM) and, as a result of these audits, make post-audits of state agencies. Post audits are conducted at periodic intervals as determined by the Auditor. Other required reports include:

- The Single Audit Report, an audit of the state that includes both the financial statements and the expenditures of federal awards by all state agencies, including institutions of higher education;

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- State Government Performance Review, a comprehensive review of the performance audits and annual performance review conducted during the past year; and
- Local Funds Report, audits of the financial activity and record-keeping practices of local funds.

### Governor's Budget Proposal

The Budget and Accounting Act establishes various requirements for the budget documents that the Governor must submit to the Legislature before each regular session. The required documents include the Governor's budget message; the budget bill; and other supporting information.

The Governor must communicate statewide priorities to agencies for use in developing budget recommendations for their agency. The Governor must seek public involvement and input on these priorities. The Governor's operating budget document must reflect statewide priorities and must also describe accountability indicators that demonstrate measurable improvement towards priority policy functions as well as identify any programs that are not addressing statewide priorities. The Governor's budget document must include a listing of expenditures made outside of the State Treasury rather than listing those activities that are funded from non-appropriated, non-budgeted sources.

### **Summary of Bill:**

#### State Auditor

On July 1 of each calendar year, the Auditor must publish a draft list on its website of all new programs funded during the previous fiscal year. The list shall include the name of the program; a brief description of the program and expected results, and the name of the agencies receiving funding, along with the amounts appropriated.

The Auditor shall provide written notice of the publication of the draft list to the appropriate fiscal committees of the House of Representatives and the Senate, and to the OFM. The Legislature and the OFM may provide comments on the draft list within 30 days of publication. Within 60 days after publication of the draft list, the Auditor shall publish a final list on its web site and again notify the appropriate fiscal committees of the House of Representatives and the Senate and to the OFM.

Three years after the initial funding of any new program, the Auditor shall conduct a fiscal and performance audit of each new program, including:

- the program objectives;
- data collected by the program and performance measures;
- the effectiveness of the program at meeting its objectives;
- efficiency of resources used; and
- suggested changes to increase effectiveness and efficiency.

A final copy of the audit shall be provided to the appropriate fiscal committees of the House of Representatives and the Senate and to the OFM by December 31 of the calendar year for that audit period.

## Governor's Budget Proposal

The Governor's budget document must include a listing of all new programs funded in the previous two years, including program name; program objective; a brief description of the program; performance measures; current annual funding levels by agency; and the funding level proposed in the budget request.

## Definitions

For purposes of the act, "new program" is defined as:

- a newly created agency;
- services not supported in the previous biennium by the state;
- services to a population or other entity not served by the state in the previous biennium;
- or
- any activity not undertaken by the state in the previous biennium. "Activity" means a discrete work element carried out by state government agencies.

**Appropriation:** None.

**Fiscal Note:** Requested.

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