

SENATE BILL REPORT

SB 5349

As of March 6, 1995

Title: An act relating to performance audits conducted by the state auditor.

Brief Description: Requiring a performance audit for state agencies.

Sponsors: Senators Cantu, Roach, Oke, Schow, Johnson, Deccio, Wood, Winsley, Hale, Strannigan, Finkbeiner, McCaslin, Palmer, Long, Hochstatter, Moyer, West, Newhouse, Swecker, Morton and A. Anderson.

Brief History:

Committee Activity: Ways & Means: 2/27/95.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Stan Pynch (786-7512)

Background: Authority and responsibility for performance assessment, performance audits, and performance improvement is vested in a number of agencies within state government.

The Legislature created the Washington Performance Partnership (WPP) in 1994, setting forth the expectation that Washington State government be the most effective and best performing state government in the United States, measured in terms of quality of customer service, accountability for cost-effective services, and productivity. The WPP is a two-tracked process for the long-term improvement of state government. The first area of effort is to clarify the purpose, goals, basic services, priorities, and values of state government, consistent with the desires of the public. The second area of effort is a focus on improving performance of programs and services by clarifying objectives, measuring performance, analyzing and improving processes, redesigning systems, and removing barriers to performance.

In addition, the Legislative Budget Committee is authorized to conduct performance audits, program evaluations, and management surveys, all of which are intended to provide independent examination of agency and program performance, along with recommendations for improvement.

Currently, the State Auditor is authorized to conduct performance verifications to verify the accuracy of measurements and reports used by agencies in measuring their performance. Such performance verifications must be specifically authorized by the Legislature in the omnibus biennial appropriations act.

Summary of Bill: The State Auditor is required to undertake a comprehensive, statewide performance audit of all agencies, boards, commissions, and institutions within the legislative and executive branches of government. The Auditor must present an audit work plan to the Legislative Budget Committee within 60 days of the effective date of the act, and present the

final audit report to the Legislature, Governor, and the public within one year. The audit must include: (1) an evaluation of the efficiency with which state agencies fulfill the duties assigned; (2) methods to maximize available federal funds; (3) potential cost savings; (4) identification of agencies or programs that can reasonably be eliminated or transferred to the private sector; (5) recommendations for reduction or elimination of funding; and (6) analysis of gaps and overlaps in programs, along with corrective action.

The Auditor must involve private-sector professional and technical experts in conducting the audit, and must solicit suggestions for performance improvement from front-line state employees. The Auditor is required to establish a toll-free telephone number at which the public may make suggestions and report government waste.

The Auditor's authorization to conduct performance verification is changed to performance audits, and no longer requires authorization by the Legislature in the appropriations act. Performance audit is defined as an audit which determines whether a government entity is using its resources efficiently, the causes of inefficiencies or uneconomical practices, compliance with applicable laws and rules, the extent to which intended outcomes are achieved, and causes for inadequate performance.

Provisions requiring the Auditor to ensure that agencies have an opportunity to respond to findings prior to reporting to the Legislature are eliminated.

Appropriation: \$1,700,000 from the General Fund-State.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The performance audit described is necessary to improve the efficiency and effectiveness of state government. The audit plan will be reviewed by the Legislative Budget Committee.

Testimony Against: None.

Testified: Senator Cantu, prime sponsor.