

HOUSE OF REPRESENTATIVES

Olympia Washington

BilAnalysis

BilNo. HB 1190

Performance Audits

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Brief title

Reps. Backlund/Huff/Lambert

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**BACKGROUND:**

In 1996 the Legislature enacted comprehensive legislation pertaining to performance audits. This legislation requires the Joint Legislative Audit and Review Committee (JLARC) to develop a performance audit work plan in each odd-numbered year for the subsequent 16-24 months. This plan is to be developed beginning in 1997.

When the Legislative Auditor has completed a performance audit authorized in the work plan, the preliminary performance audit report is transmitted to the affected state agency or local government and the Office of Financial Management (OFM) for comment. The preliminary performance audit report must also be forwarded to the JLARC for its review, comments, and final recommendations. Any comments by the audited entity, the OFM, and the JLARC are incorporated into the final performance audit report. The final performance audit report is sent to the audited entity, the OFM, the leadership of the House and Senate, and the appropriate standing committees of the House and Senate. The results of the final report must be published and the report must be made available to the public.

No later than nine months after the final performance audit has been transmitted to the appropriate legislative committee, the JLARC may issue a preliminary compliance report to the agency or local government's compliance with the final performance audit report recommendations. The preliminary compliance report must be prepared in consultation with the standing committees. The agency or local government may attach its comments to the joint committee's preliminary compliance report as a separate addendum. There is no requirement for the JLARC to prepare a preliminary compliance report.

If a preliminary compliance report is issued by the JLARC, it may hold a public hearing and receive public testimony regarding the findings and recommendations contained within the preliminary compliance report. The JLARC must issue any final compliance report within four weeks after the public hearing or hearings. There is no requirement for the JLARC to hold a public hearing if it issues a preliminary compliance report.

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The Governor vetoed a section of the 1996 legislation that would have required agencies to consider performance audit findings in the budget estimates that they submit to the Governor for budget preparation.

**SUMMARY:**

The Joint Legislative Audit and Review Committee (JLARC) is required to issue a preliminary compliance report on an agency's or local government's compliance with the recommendations contained in a final performance audit report. The JLARC must hold at least one public hearing and receive public testimony regarding the findings and recommendations contained in the preliminary compliance report within three months after issuing such report. The JLARC may waive the public hearing if the preliminary compliance report indicates that the agency or local government is complying with the recommendations contained in the final performance audit report.

Budget estimates submitted by agencies to the Governor for budget development must reflect that the agency considered any alternatives identified in a performance audit of the agency by the JLARC to reduce costs or improve service delivery.

**FISCAL NOTE:** Requested February 2, 1997.

**EFFECTIVE DATE:** Ninety days after adjournment of session in which bill passed.