
SUBSTITUTE HOUSE BILL 2563

State of Washington

57th Legislature

2002 Regular Session

By House Committee on State Government (originally sponsored by Representatives Miloscia, O'Brien, Kirby, Kessler, Haigh and McIntire)

Read first time 02/08/2002. Referred to Committee on .

1 AN ACT Relating to performance audits; and adding new sections to
2 chapter 43.41 RCW.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.41 RCW
5 to read as follows:

6 The legislature finds that public confidence in government is
7 essential and that programs to improve quality, efficiency, and
8 effectiveness of public functions must be enhanced. The legislature
9 recognizes that all Washington state agencies must transform the way
10 they operate and deliver services to respond to severe, ongoing budget
11 shortfalls and declining revenues.

12 The intent of this act is to establish an independent ongoing
13 performance audit and yearly scoring program in the office of financial
14 management for the conduct of independent performance audits and
15 scoring for state government entities to ensure all are world class in
16 management, program outcomes, customer satisfaction, and efficiency.
17 The office of financial management, in consultation with the governor's
18 performance audit standards and scorecard commission shall audit and
19 score government entities in order to assist them in developing the

1 management expertise to continuously improve through continuous
2 performance review and management leadership.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.41 RCW
4 to read as follows:

5 (1) The director of financial management shall establish a program
6 and strategic plan for the conduct of independent performance audits
7 and yearly performance scoring of state agencies and their programs and
8 functions.

9 (2) The office of financial management may contract with public or
10 private entities that have expertise in the conduct of public sector
11 reviews to perform the audits and performance scoring. Staff of the
12 office of financial management or other agency staff may also conduct
13 the audits.

14 (3) In consultation with the governor's performance audit standards
15 and scorecard commission, the office of financial management shall
16 develop an implementation plan for a phased-in audit schedule for a
17 program and periodic audit and scoring of all state government
18 agencies, including higher education.

19 (4) The director of financial management shall submit the results
20 of the performance audits, performance scoring, and any necessary
21 implementing legislation to the governor and the legislature by
22 November 1st of each year, and shall release audit results and
23 performance scoring to the public and provide public recognition for
24 outstanding effort.

25 (5) In consultation with the governor's performance audit standards
26 and scorecard commission, the office of financial management shall
27 collect, disseminate, and share best practices to all state agencies
28 and institutions of higher education.

29 (6) The director of financial management, in consultation with the
30 governor's performance audit standards and scorecard commission, shall
31 contract for a performance audit of the audit and performance scoring
32 program described in this section by a private professional by November
33 1, 2004.

34 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.41 RCW
35 to read as follows:

36 The governor's performance audit standards and scorecard commission
37 is established.

1 (1) The commission consists of seven citizen members appointed to
2 staggered terms by the governor. The citizen members shall demonstrate
3 professional knowledge and expertise in performance management, quality
4 management, auditing, or a closely related field.

5 (2) The office of financial management shall provide the staff and
6 resources necessary for implementing sections 1 through 4 of this act.

7 (3) Except for initial members, commission members shall serve for
8 terms of four years, with the terms expiring on June 30th on the fourth
9 year of the term. Members may serve more than one term.

10 (4) Members of the commission shall be compensated in accordance
11 with RCW 43.03.220 and reimbursed for travel expenses under RCW
12 43.03.050 and 43.03.060.

13 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.41 RCW
14 to read as follows:

15 The governor's performance audit standards and scorecard commission
16 shall:

17 (1) Assist in the development of criteria for performance audits
18 and a scoring system for grading overall agency performance. In
19 developing criteria and a scoring system, the commission shall consult
20 with and seek input from elected officials and professionals with a
21 background in performance management. Audit criteria shall be
22 distributed at least six weeks before an audit. The governor's
23 performance audit standards and scorecard commission shall consider
24 already developed best practices and audit criteria used by government
25 or nongovernment organizations;

26 (2) Advise the governor and the director of financial management on
27 the conduct of the performance audit program;

28 (3) Develop recommendations for the director of financial
29 management on the subjects of performance audits and the audit
30 schedule; and

31 (4) Evaluate audit findings and performance scoring in order to
32 identify opportunities to develop government partnerships and eliminate
33 program duplications and redundancies resulting in increased quality,
34 effectiveness, and efficiency of state agencies.

35 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.41 RCW
36 to read as follows:

1 For purposes of sections 1 through 5 of this act, "performance
2 audit" means an objective systematic assessment, survey, or directed
3 self-assessment of state agencies, programs, functions, or activities
4 to provide for public accountability. Initial performance audits and
5 performance scoring shall include, but are not limited to: (1) Quality
6 and process management practices; (2) independent and internal audit
7 functions; (3) internal and external customer satisfaction; (4) program
8 effectiveness; (5) fiscal productivity and efficiency; (6) regulatory
9 and procedural compliance; and (7) any other areas as appropriate.

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