

**ESHB 1094** - S AMD to S AMD TRAN (3116.2) **338**  
By Senator Clements

**NOT ADOPTED 3/31/2007**

1 On page 32, after line 13, insert the following:

2 NEW SECTION. **Sec. 231 For the State Auditor**

3 Transportation Partnership Account--State Appropriation . . . .  
4 \$1,500,000

5 The appropriation of this section is subject to the following  
6 conditions and limitations:

7 (1) \$1,500,000 is provided solely for the purpose of auditing  
8 transportation related agencies. These funds may be combined with  
9 additional funds provided for auditing transportation related agencies.  
10 Any funds remaining in an amount insufficient to conduct further  
11 transportation related agency audits shall be returned to the  
12 transportation partnership account.  
13

14 On page 73, after line 20, insert the following:

15 **Sec. 1.** RCW 46.68.290 and 2006 c 337 s 5 are each amended to read  
16 as follows:

17 (1) The transportation partnership account is hereby created in the  
18 state treasury. All distributions to the account from RCW 46.68.090  
19 must be deposited into the account. Money in the account may be spent  
20 only after appropriation. Expenditures from the account must be used  
21 only for projects or improvements identified as 2005 transportation  
22 partnership projects or improvements in the omnibus transportation  
23 appropriations act, including any principal and interest on bonds  
24 authorized for the projects or improvements.

25 (2) The legislature finds that:

26 (a) Citizens demand and deserve accountability of transportation-  
27 related programs and expenditures. Transportation-related programs  
28 must continuously improve in quality, efficiency, and effectiveness in  
29 order to increase public trust;

1 (b) Transportation-related agencies that receive tax dollars must  
2 continuously improve the way they operate and deliver services so  
3 citizens receive maximum value for their tax dollars; and

4 (c) Fair, independent, comprehensive performance audits of  
5 transportation-related agencies overseen by the elected state auditor  
6 are essential to improving the efficiency, economy, and effectiveness  
7 of the state's transportation system.

8 (3) For purposes of chapter 314, Laws of 2005:

9 (a) "Performance audit" means an objective and systematic  
10 assessment of a state agency or agencies or any of their programs,  
11 functions, or activities by the state auditor or designee in order to  
12 help improve agency efficiency, effectiveness, and accountability.  
13 Performance audits include economy and efficiency audits and program  
14 audits.

15 (b) "Transportation-related agency" means any state agency, board,  
16 or commission that receives funding primarily for transportation-  
17 related purposes. At a minimum, the department of transportation, the  
18 transportation improvement board or its successor entity, the county  
19 road administration board or its successor entity, and the traffic  
20 safety commission are considered transportation-related agencies. The  
21 Washington state patrol and the department of licensing shall not be  
22 considered transportation-related agencies under chapter 314, Laws of  
23 2005.

24 (4) Within the authorities and duties under chapter 43.09 RCW, the  
25 state auditor shall establish criteria and protocols for performance  
26 audits. Transportation-related agencies shall be audited using  
27 criteria that include generally accepted government auditing standards  
28 as well as legislative mandates and performance objectives established  
29 by state agencies. Mandates include, but are not limited to, agency  
30 strategies, timelines, program objectives, and mission and goals as  
31 required in RCW 43.88.090.

32 (5) Within the authorities and duties under chapter 43.09 RCW, the  
33 state auditor may conduct performance audits for transportation-related  
34 agencies. The state auditor shall contract with private firms to  
35 conduct the performance audits.

36 (6) The audits may include:

37 (a) Identification of programs and services that can be eliminated,  
38 reduced, consolidated, or enhanced;

1 (b) Identification of funding sources to the transportation-related  
2 agency, to programs, and to services that can be eliminated, reduced,  
3 consolidated, or enhanced;

4 (c) Analysis of gaps and overlaps in programs and services and  
5 recommendations for improving, dropping, blending, or separating  
6 functions to correct gaps or overlaps;

7 (d) Analysis and recommendations for pooling information technology  
8 systems used within the transportation-related agency, and evaluation  
9 of information processing and telecommunications policy, organization,  
10 and management;

11 (e) Analysis of the roles and functions of the transportation-  
12 related agency, its programs, and its services and their compliance  
13 with statutory authority and recommendations for eliminating or  
14 changing those roles and functions and ensuring compliance with  
15 statutory authority;

16 (f) Recommendations for eliminating or changing statutes, rules,  
17 and policy directives as may be necessary to ensure that the  
18 transportation-related agency carry out reasonably and properly those  
19 functions vested in the agency by statute;

20 (g) Verification of the reliability and validity of transportation-  
21 related agency performance data, self-assessments, and performance  
22 measurement systems as required under RCW 43.88.090;

23 (h) Identification of potential cost savings in the transportation-  
24 related agency, its programs, and its services;

25 (i) Identification and recognition of best practices;

26 (j) Evaluation of planning, budgeting, and program evaluation  
27 policies and practices;

28 (k) Evaluation of personnel systems operation and management;

29 (l) Evaluation of purchasing operations and management policies and  
30 practices;

31 (m) Evaluation of organizational structure and staffing levels,  
32 particularly in terms of the ratio of managers and supervisors to  
33 nonmanagement personnel; and

34 (n) Evaluation of transportation-related project costs, including  
35 but not limited to environmental mitigation, competitive bidding  
36 practices, permitting processes, and capital project management.

37 (7) Within the authorities and duties under chapter 43.09 RCW, the  
38 state auditor must provide the preliminary performance audit reports to  
39 the audited state agency for comment. The auditor also may seek input

1 on the preliminary report from other appropriate officials. Comments  
2 must be received within thirty days after receipt of the preliminary  
3 performance audit report unless a different time period is approved by  
4 the state auditor. The final performance audit report shall include  
5 the objectives, scope, and methodology; the audit results, including  
6 findings and recommendations; the agency's response and conclusions;  
7 and identification of best practices.

8 (8) The state auditor shall provide final performance audit reports  
9 to the citizens of Washington, the governor, the joint legislative  
10 audit and review committee, the appropriate legislative committees, and  
11 other appropriate officials. Final performance audit reports shall be  
12 posted on the internet.

13 (9) The audited transportation-related agency is responsible for  
14 follow-up and corrective action on all performance audit findings and  
15 recommendations. The audited agency's plan for addressing each audit  
16 finding and recommendation shall be included in the final audit report.  
17 The plan shall provide the name of the contact person responsible for  
18 each action, the action planned, and the anticipated completion date  
19 and shall be reported to the joint transportation committee. If the  
20 audited agency does not agree with the audit findings and  
21 recommendations or believes action is not required, then the action  
22 plan shall include an explanation and specific reasons.

23 The office of financial management shall require periodic progress  
24 reports from the audited agency until all resolution has occurred. The  
25 office of financial management is responsible for achieving audit  
26 resolution. The office of financial management shall annually report  
27 by December 31st the status of performance audit resolution to the  
28 appropriate legislative committees and the state auditor. The  
29 legislature shall consider the performance audit results in connection  
30 with the state budget process.

31 The auditor may request status reports on specific audits or  
32 findings.

33 (10) For the period from July 1, 2005, until June 30, 2007, the  
34 amount of \$4,000,000 is appropriated from the transportation  
35 partnership account to the state auditors office for the purposes of  
36 subsections (2) through (9) of this section. It is the intent of the  
37 legislature that transportation related agency audits be a priority and  
38 that the state auditor's audit schedule should reflect their priority  
39 status.

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**EFFECT:** Provides the remaining \$1,500,000 of the \$4,000,000 in transportation related agency audit funds from 2005 to the auditor to continue transportation audits. Provides that plans for corrective action shall be reported to the joint transportation committee. Instructs the auditor that transportation audits are a priority and that the audit schedule should reflect this priority.