

3ESHB 1053 - S COMM AMD  
By Committee on Ways & Means

ADOPTED 03/04/2004

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** LEGISLATIVE FINDINGS. The legislature  
4 finds that:

5 (1) Public confidence in government is essential. Public programs  
6 must continuously improve in quality, efficiency, and effectiveness in  
7 order to increase public trust;

8 (2) Washington state government and other entities that receive tax  
9 dollars must continuously improve the way they operate and deliver  
10 services so citizens receive maximum value for their tax dollars;

11 (3) State government must establish priorities for the delivery of  
12 governmental services and continually reassess the ability of state  
13 agencies, programs, and activities to contribute to those priorities.  
14 The highest priority programs must be evaluated to determine if they  
15 are operating at maximum efficiency, while the lowest priority programs  
16 must be assessed to determine their continued viability;

17 (4) Fair, independent, professional performance audits of state  
18 agencies by the state auditor are essential to improving the efficiency  
19 and effectiveness of government.

20 NEW SECTION. **Sec. 2.** PRIORITIES OF GOVERNMENT. (1) The  
21 legislature finds that the highest priority functions of state  
22 government serve the following objectives:

23 (a) Improve student achievement in elementary, middle, and high  
24 schools;

25 (b) Improve the quality and productivity of, and respect for, the  
26 state's work force, including consideration of competitive  
27 compensation, realistic workloads, and recruitment and retention;

28 (c) Improve the value of a state college or university education;

29 (d) Improve the health of the state's citizens;

- 1 (e) Improve the security of the state's vulnerable children and
  - 2 adults;
  - 3 (f) Improve the economic vitality of businesses and individuals;
  - 4 (g) Improve statewide mobility of people, goods, information, and
  - 5 energy;
  - 6 (h) Improve the safety of people and property;
  - 7 (i) Improve the quality of the state's natural resources; and
  - 8 (j) Improve cultural and recreational opportunities throughout the
  - 9 state.
- 10 (2) The ten priority functions of state government identified in
- 11 this section shall form the basis of the activity assessment under
- 12 section 4 of this act.

13 NEW SECTION. **Sec. 3.** PRIORITIES OF GOVERNMENT OVERSIGHT BOARD.

14 (1) The priorities of government oversight board is established to

15 oversee performance audits and priority-based activity assessments of

16 state government agencies, programs, and activities as provided in

17 sections 4 and 5 of this act.

18 (2) The board shall consist of fifteen members as follows:

- 19 (a) The director of financial management, who shall serve as chair;
- 20 (b) The state auditor;

21 (c) The chairs and ranking minority members of the senate committee

22 on ways and means and the house of representatives committee on

23 appropriations;

24 (d) The legislative auditor of the joint legislative audit and

25 review committee;

26 (e) The director of the state institute for public policy;

27 (f) One representative of the private sector with expertise in

28 organizational improvement strategies, to be appointed by and serve at

29 the pleasure of the governor;

30 (g) One representative of state employees, to be appointed by and

31 serve at the pleasure of the governor, in consultation with state

32 employee organizations; and

33 (h) Five citizens to be selected by the governor as follows: Each

34 major caucus of the house of representatives and the senate shall

35 submit a list of three names. The lists shall not include members of

36 the legislature. The governor shall select one person from each list

1 provided by each caucus and shall also select a fifth citizen of the  
2 governor's choice. The citizen appointees under this subsection (2)(h)  
3 shall be individuals who have a basic understanding of state government  
4 operations with knowledge and expertise in performance management,  
5 quality management, strategic planning, performance assessments, or  
6 closely related fields. The citizen appointees shall serve for terms  
7 of four years, with the terms expiring on June 30th on the fourth year  
8 of the term. However, in the case of the initial members, two members  
9 shall serve four-year terms, two members shall serve three-year terms,  
10 and one member shall serve a two-year term, with each of the terms  
11 expiring on June 30th of the applicable year. Appointees may be  
12 reappointed to serve more than one term.

13 (3) The office of financial management shall provide lead staff  
14 support to the priorities of government oversight board. Additional  
15 staff support shall be provided by the other public members of the  
16 board.

17 (4) The members of the priorities of government oversight board  
18 shall be reimbursed for travel expenses in accordance with RCW  
19 43.03.050 and 43.03.060. Members of the committee who are not  
20 otherwise employed by the state shall be compensated under RCW  
21 43.03.220.

22 NEW SECTION. **Sec. 4.** PRIORITIES OF GOVERNMENT ACTIVITY  
23 ASSESSMENTS. (1) By January 1st of each year, the priorities of  
24 government oversight board shall select one of the priority functions  
25 of government identified in section 2 of this act. By July 1st of each  
26 year, for all agency programs and activities within this priority  
27 function of government, the board shall determine the relative priority  
28 of each program and activity based on the program or activity's  
29 contribution to the overall objectives of the function.

30 (2) Based on the priority list developed under subsection (1) of  
31 this section, the board shall select up to two priority programs or  
32 activities to be the subject of performance audits conducted under  
33 section 5 of this act. One of the programs or activities selected for  
34 a performance audit may be from a different priority objective under  
35 section 2 of this act. The programs or activities shall be selected

1 for performance audits based on evidence that the program or activity  
2 would likely benefit from the evaluation and review.

3 (3) Based on the priority list developed under subsection (1) of  
4 this section, one or more of the lowest priority programs or activities  
5 shall be the subject of activity assessments as provided in this  
6 subsection. The number and scope of activity assessments conducted  
7 under this subsection shall be determined by the board, subject to the  
8 availability of funds.

9 (a) Each activity assessment shall be conducted by an independent  
10 contractor selected by the board. For each activity assessment, the  
11 contractor shall address the following questions:

12 (i) Does the program or activity continue to serve the purpose for  
13 which it was created?

14 (ii) In comparison to other programs and priorities, does this  
15 purpose continue to merit the use of the state's limited resources?

16 (iii) Does this program or activity continue to contribute to the  
17 priorities of government identified in section 2 of this act?

18 (iv) Are there better alternatives for the use of these resources  
19 or to accomplish the objective of the program or activity?

20 (b) The board shall release the activity assessment to the citizens  
21 of the state, the governor, and the appropriate legislative committees.  
22 The board shall also submit proposed legislation, as appropriate, to  
23 implement the findings of the activity assessment.

24 NEW SECTION. **Sec. 5.** PERFORMANCE AUDITS. (1) The state auditor  
25 shall oversee performance audits of those agencies, programs, and  
26 activities identified by the board under the activity assessment  
27 process in section 4 of this act.

28 (2) The board shall establish criteria for performance audits.  
29 Agencies shall be audited using criteria that include generally  
30 accepted government auditing standards as well as legislative mandates  
31 and performance objectives established by state agencies. Mandates  
32 include, but are not limited to, agency strategies, timelines, program  
33 objectives, and mission and goals as required in RCW 43.88.090.

34 (3) The state auditor shall contract with public and private  
35 organizations to conduct the performance audits under this section.  
36 The audits may include an evaluation of:

1 (a) Programs and services that can be eliminated, reduced,  
2 consolidated, or enhanced;

3 (b) Identification of funding sources of the state agency, program,  
4 or activity that can be eliminated, reduced, consolidated, or enhanced;

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

8 (d) Evaluation of planning, budgeting, and program evaluation  
9 policies and practices;

10 (e) Evaluation of personnel systems operation and management;

11 (f) Evaluation of state purchasing operations and management  
12 policies and practices; and

13 (g) Evaluation of organizational structure and staffing levels,  
14 particularly in terms of the ratio of managers and supervisors to  
15 nonmanagement personnel.

16 (4) Audit staff shall have access to any state agency records,  
17 data, and other information deemed necessary to carry out the audit.  
18 State agencies shall provide the requested information at no cost and  
19 in a timely manner. In requesting information from state agencies, the  
20 audit staff shall seek to minimize duplication of effort by making  
21 maximum use of existing audit records, accreditation records and  
22 reports, and other existing program documentation.

23 (5) The state auditor shall solicit comments on preliminary  
24 performance audit reports from the audited state agency, the governor,  
25 the office of financial management, the board, and the joint  
26 legislative audit and review committee.

27 (6) The final reports shall be submitted to the board by the state  
28 auditor. The board and the state auditor shall jointly release final  
29 reports to the citizens of the state, the governor, and the appropriate  
30 legislative committees. The board and the state auditor shall also  
31 submit proposed legislation, as appropriate, to implement the findings  
32 of the performance audit. Final performance audit reports shall be  
33 available on the internet.

34 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.88 RCW  
35 to read as follows:

1 In addition to the authority given the state auditor in RCW  
2 43.88.160(6), the state auditor is authorized to contract for and  
3 oversee performance audits pursuant to section 5 of this act.

4 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.131 RCW  
5 to read as follows:

6 The priorities of government oversight board created in section 3  
7 of this act and the board's powers and duties shall be terminated June  
8 30, 2010, as provided in section 8 of this act. The joint legislative  
9 audit and review committee shall contract with a private entity for the  
10 review in this chapter.

11 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.131 RCW  
12 to read as follows:

13 The following acts or parts of acts, as now existing or hereafter  
14 amended, are each repealed, effective June 30, 2011:

- 15 (1) Section 1 of this act;
- 16 (2) Section 2 of this act;
- 17 (3) Section 3 of this act;
- 18 (4) Section 4 of this act; and
- 19 (5) Section 5 of this act.

20 NEW SECTION. **Sec. 9.** Sections 1 through 5 of this act constitute  
21 a new chapter in Title 43 RCW.

22 NEW SECTION. **Sec. 10.** Section captions used in this act are not  
23 any part of the law.

24 NEW SECTION. **Sec. 11.** If specific funding for the purposes of  
25 this act, referencing this act by bill or chapter number, is not  
26 provided by June 30, 2004, in the omnibus appropriations act, this act  
27 is null and void."

**ADOPTED 03/04/2004**

1           On page 1, line 1 of the title, after "accountability;" strike the  
2 remainder of the title and insert "adding a new section to chapter  
3 43.88 RCW; adding new sections to chapter 43.131 RCW; adding a new  
4 chapter to Title 43 RCW; and creating new sections."

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