

FINAL BILL REPORT

ESHB 1064

PARTIAL VETO

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Synopsis as Enacted

Brief Description: Improving government performance and accountability.

Sponsors: By House Committee on State Government Operations & Accountability (originally sponsored by Representatives Miloscia, Nixon, Haigh, Shabro, Green, Hunt, Priest, Linville, Armstrong, Simpson, Bailey, Kenney, Haler, Springer, Chase, Quall, Murray, Wallace, McDermott, Upthegrove, Kilmer, Moeller, Kessler, Appleton, Williams, McCoy, Blake, Dickerson, Conway, Tom, P. Sullivan, Kagi, Morris, Wood, McIntire, Lantz, Hudgins, Ericks, Darneille, Clibborn, Morrell, Takko, O'Brien, Ormsby, McDonald and B. Sullivan).

House Committee on State Government Operations & Accountability

Senate Committee on Government Operations & Elections

Senate Committee on Ways & Means

Background:

Various state agencies and programs address government efficiency and accountability.

The Joint Legislative Audit and Review Committee (JLARC) employs the Legislative Auditor and conducts performance audits, program evaluations, sunset reviews, and other studies. The State Auditor audits public accounts in state agencies and local governments. In addition, the State Auditor may conduct performance audits or performance verifications if authorized to do so in the operating budget or in JLARC's work plan.

Legislation was enacted in 1996 establishing a performance-based budgeting system for state agencies. Agencies are expected to: (a) establish mission statements and set goals; (b) develop strategies to achieve goals; (c) set outcome-based objectives; (d) provide continuous self-assessment of each program; (e) link budget proposals with their mission statements and goals; and (f) objectively determine the success in achieving goals. The Office of Financial Management (OFM) assists agencies in developing strategic plans.

The Productivity Board was established to administer the Employee Suggestion Program and the Teamwork Incentive Program. State agencies are authorized to make employee recognition awards.

The Governor issued Executive Order 97-03 in 1997. The Executive Order directed all agencies to develop and implement programs to improve the quality, efficiency, and effectiveness of their public services using quality improvement, business process redesign, employee involvement, and other quality improvement techniques.

Summary:

Citizen Oversight Board

A Citizen Oversight Board (Board) is created to improve efficiency, effectiveness, and accountability in state government. The Board consists of seven members as follows: the State Auditor, the JLARC chair and the Director of the Office of Financial Management, who are non-voting members; four citizen members selected by the Governor from a list submitted by each major caucus in the Senate and the House of Representatives; and three citizen members selected by the Governor. Appointed members serve staggered terms and must have an understanding of state government operations and knowledge and expertise in performance management, quality management, strategic planning, performance assessments, or closely related fields. Staff support to the Board is provided by the State Auditor.

Assessment and Performance Grading

The Board must establish and conduct an assessment and performance grading program of all state agencies on a phased-in schedule. Areas to be assessed include quality management, productivity and fiscal efficiency, program effectiveness, contract management and oversight, internal audit, internal and external customer satisfaction, statutory and regulatory compliance, and technology systems and on-line services. The results of the assessment and grading program are submitted to the Governor, the appropriate legislative committees, and the public by December 15 of each year. Results will be posted on the Internet.

Performance Audits

The Board and the State Auditor must collaborate with the JLARC regarding performance audits of state government. The Board must establish performance audit criteria consistent with criteria and standards followed by the JLARC. Using these criteria, the State Auditor must contract for a statewide performance review as a preliminary step to preparing a draft performance audit plan. The purpose of the reviews is to identify agencies, programs, functions, or activities most likely to benefit from performance audits and to identify likely areas warranting early review. The Board and the State Auditor must develop the draft work plan on performance audits based on input from citizens, state employees, including frontline employees, state managers, chairs and ranking members of appropriate legislative committees, the JLARC, public officials, and others. Before adopting a final work plan, the Board and the State Auditor must consult with the Legislative Auditor to coordinate work plans and avoid audit duplication.

The State Auditor must contract out for the performance audits. The performance audits may include:

- identification of programs and services that can be eliminated, reduced, consolidated, or enhanced;
- analysis of gaps and overlaps in programs and services and recommendations to correct gaps or overlaps;
- analysis of, and recommendations about, the roles and functions of the state agency, its programs, and its services and their compliance with statutory authority;

- identification of potential cost savings in the state agency, its programs, and its services; and
- identification and recognition of best practices.

For institutions of higher education, performance audits must not duplicate existing audit records, accreditation reviews, and performance measures required by the Office of Financial Management, the Higher Education Coordinating Board, and nationally or regionally recognized accreditation organizations.

The State Auditor must solicit comments on preliminary performance audit reports and the comments must be incorporated into the final performance audit report. Audit objectives, scope, and methodology, audit results, conclusions, and identification of best practices must be contained in the final report. Audited agencies are responsible for follow-up and corrective action on the audit findings and recommendations. The agency plan for addressing audit findings must be included in the final audit report. The State Auditor and the Board must jointly release the audit reports to the Governor, the citizens of Washington, the JLARC, and the appropriate standing legislative committees. Final performance audit reports will be posted on the Internet.

The State Auditor is authorized to contract for and oversee performance audits. If the legislative authority of a local jurisdiction requests a performance audit of programs under its jurisdiction, the State Auditor has the discretion to conduct the review under separate contract and funded by local funds.

The Office of the Administrator for the Courts is encouraged to conduct performance audits of the courts in conformity with criteria and methods developed by the Board.

By June 30, 2007, and every four years following, the JLARC must contract for a performance audit of the performance audit program and the Board's responsibilities under the performance audit program.

The Legislature is directed to appropriate funds necessary for performance reviews, performance audits, and the activities of the Board. The Board and the State Auditor must submit recommended budgets for their responsibilities and the State Auditor must prepare a consolidated budget request in the form of request legislation.

Votes on Final Passage:

House	74	22	
Senate	30	19	(Senate amended)
House	75	22	(House concurred)

Effective: July 24, 2005

Partial Veto Summary: The Governor vetoed the section requiring the Board to establish and conduct an assessment and performance grading program of state agencies.