
**State Government & Tribal Relations
Committee**

SB 5414

Brief Description: Requiring social equity impact analysis in performance audits and legislative public hearings thereon.

Sponsors: Senators Hasegawa, Nobles and Valdez; by request of State Auditor.

Brief Summary of Bill

- Requires performance audits to include social equity impact analysis of programs or services.
- Extends the deadline for legislative bodies to hold public hearings on the findings of performance audits.

Hearing Date: 3/19/25

Staff: Desiree Omli (786-7105).

Background:

The Office of the State Auditor (SAO) has the power to examine the financial affairs of all governments in the state, including local governments, schools, state agencies, and institutions of higher education. In addition, the SAO carries out special investigations and performance audits of state agencies and local governments.

Performance audits evaluate the efficiency and effectiveness of government programs by comparing agency practices against legal requirements and industry best-practices. The authority and funding for performance audits was granted by voters through the passage of Initiative 900. Findings from performance audits are reported to the Legislature through the

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Joint Legislative Audit and Review Committee.

Under current law, the scope of each performance audit must, at a minimum, include:

- identification of cost savings;
- identification of services that can be reduced or eliminated;
- identification of programs or services that can be transferred to the private sector;
- analysis of gaps or overlaps in programs or services and recommendations to correct gaps or overlaps;
- feasibility of pooling information technology systems within the department;
- analysis of the roles and functions of the department, and recommendations to change or eliminate departmental roles or functions;
- recommendations for statutory or regulatory changes that may be necessary for the department to properly carry out its functions;
- analysis of departmental performance data, performance measures, and self-assessment systems; and
- identification of best practices.

Audit reports are required to be submitted to the corresponding legislative body or bodies, and made publicly available within 30 days after completion of the audit. Within 30 days after a performance audit is made public, the corresponding legislative body or bodies must hold at least one public hearing to consider audit findings and receive public comment.

Summary of Bill:

The scope of performance audits is expanded to require the inclusion of social equity impact analysis of programs or services.

The timeframe for a legislative body receiving the performance audit report from the SAO to hold a public hearing on the audit findings is extended to 90 days after a performance audit is made public.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.