FINAL BILL REPORT
SB 5414

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Synopsis as Enacted

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.

Senate Committee on State Government, Tribal Affairs & Elections
House Committee on State Government & Tribal Relations

Background: By State Constitution, the State Auditor's Office (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. The SAO also carries out special investigations and independent, comprehensive 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. Under current law, performance audits are required, at a minimum, to include:

- identification of cost savings;
- 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 them;
- the 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;
- 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

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hold at least one public hearing to consider audit findings and receive public comment.

Summary: Performance audits must include social equity impact analysis of programs or services. Within 90 days after a performance audit is made public, the corresponding legislative body or bodies must hold at least one public hearing on the audit findings and receive public comment.

Votes on Final Passage:

Senate	30	19
House	59	39

Effective: July 27, 2025