
SUBSTITUTE HOUSE BILL 3109

State of Washington 59th Legislature 2006 Regular Session

By House Committee on State Government Operations & Accountability
(originally sponsored by Representatives Miloscia, Morrell and
O'Brien; by request of Governor Gregoire)

READ FIRST TIME 02/03/06.

1 AN ACT Relating to government performance and accountability;
2 amending RCW 43.09.430, 43.09.435, 43.09.450, 43.09.455, and 43.09.460;
3 adding new sections to chapter 43.41 RCW; adding a new section to
4 chapter 44.28 RCW; creating a new section; recodifying RCW 43.09.430,
5 43.09.435, 43.09.455, 43.09.460, and 43.09.450; and repealing RCW
6 43.09.440, 43.09.445, and 43.88.162.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** The legislature finds that:

9 (1) An independent citizen advisory board is necessary to ensure
10 that government services, customer satisfaction, program efficiency,
11 and management systems are world class in performance. A citizen
12 advisory board will ensure that efforts to improve performance are
13 coordinated across state government and prioritized to prevent
14 duplication of effort and achieve the highest value for taxpayer
15 dollars; and

16 (2) Essential tools for improving the efficiency and effectiveness
17 of government include fair, independent, and professional performance
18 audits of state agencies, performance reviews, a performance-based
19 budgeting process, and quality assessments.

1 **Sec. 2.** RCW 43.09.430 and 2005 c 385 s 2 are each amended to read
2 as follows:

3 For purposes of RCW 43.09.435 through 43.09.460 (as recodified by
4 this act):

5 (1) "Board" means the citizen advisory board created in RCW
6 43.09.435 (as recodified by this act).

7 (2) (~~("Draft work plan" means the work plan for conducting~~
8 ~~performance audits of state agencies proposed by the board and state~~
9 ~~auditor after the statewide performance review.~~

10 (3) ~~"Final performance audit report" means a written document~~
11 ~~jointly released by the citizen advisory board and the state auditor~~
12 ~~that includes the findings and comments from the preliminary~~
13 ~~performance audit report.~~

14 (4) ~~"Final work plan" means the work plan for conducting~~
15 ~~performance audits of state agencies adopted by the board and state~~
16 ~~auditor.~~

17 (5) ~~"Performance audit" means an objective and systematic~~
18 ~~assessment of a state agency or any of its programs, functions, or~~
19 ~~activities by an independent evaluator in order to help public~~
20 ~~officials improve efficiency, effectiveness, and accountability.~~
21 ~~Performance audits include economy and efficiency audits and program~~
22 ~~audits.~~

23 (6) ~~"Preliminary performance audit report" means a written document~~
24 ~~prepared after the completion of a performance audit to be submitted~~
25 ~~for comment before the final performance audit report. The preliminary~~
26 ~~performance audit report must contain the audit findings and any~~
27 ~~proposed recommendations to improve the efficiency, effectiveness, or~~
28 ~~accountability of the state agency being audited.~~

29 (7)) "Performance review" means an objective evaluation of an
30 agency's results and outcomes in light of its mission, availability of
31 resources, and statewide priorities.

32 (3) "State agency" or "agency" means a state agency, department,
33 office, officer, board, commission, bureau, division, institution, or
34 institution of higher education. "State agency" includes all offices
35 of executive branch state government elected officials.

36 (4) "Work plan" means a report produced annually in which the board
37 makes performance-related recommendations to the governor. The plan

1 may address performance reviews and performance-based budgeting and may
2 identify state agencies that the board recommends undergo a performance
3 audit.

4 **Sec. 3.** RCW 43.09.435 and 2005 c 385 s 3 are each amended to read
5 as follows:

6 (1) The citizen advisory board is created to improve efficiency,
7 effectiveness, and accountability in state government.

8 (2) The board shall consist of ~~((ten))~~ nine members as follows:

9 ~~((One member shall be the state auditor, who shall be a~~
10 ~~nonvoting member;~~

11 ~~(b) One member shall be the legislative auditor, who shall be a~~
12 ~~nonvoting member;~~

13 ~~(c) One member shall be the director of the office of financial~~
14 ~~management, who shall be a nonvoting member;~~

15 ~~(d) Four of the members shall be selected by))~~ The governor shall
16 appoint four members as follows: Each major caucus of the house of
17 representatives and the senate shall submit a list of three names. The
18 lists may not include the names of members of the legislature or
19 employees of the state. The governor shall ~~((select))~~ appoint a person
20 from each list provided by each caucus; and

21 ~~((e))~~ (b) The governor shall ~~((select three))~~ appoint five
22 citizen members who are not state employees, including but not limited
23 to representatives from private sector business and industry, labor
24 unions, and public interest organizations.

25 (3) The board shall elect a chair. ~~((The legislative auditor, the~~
26 ~~state auditor, and the director of the office of financial management~~
27 ~~may not serve as chair.))~~

28 (4) Appointees shall be individuals who have a basic understanding
29 of state government operations with knowledge and expertise in
30 performance management, quality management, strategic planning,
31 performance assessments, or closely related fields.

32 (5) Members ~~((selected under subsection (2)(d) and (e) of this~~
33 ~~section))~~ shall serve for terms of four years, with the terms expiring
34 on June 30th on the fourth year of the term. However, in the case of
35 the initial members, two members shall serve four-year terms, two
36 members shall serve three-year terms, and one member shall serve a two-
37 year term, with each of the terms expiring on June 30th of the

1 applicable year. In the case of the two additional members added under
2 chapter . . . , Laws of 2006 (this act), one member shall serve a two-
3 year term and one member shall serve a four-year term. Appointees may
4 be reappointed to serve more than one term.

5 (6) The office of (~~the state auditor~~) financial management shall
6 provide clerical, technical, and management personnel to the board to
7 serve as the board's staff.

8 (7) The board shall meet at least once a quarter and may hold
9 additional meetings at the call of the chair or by a majority vote of
10 the members of the board.

11 (8) The members of the board shall be compensated in accordance
12 with RCW 43.03.220 and reimbursed for travel expenses in accordance
13 with RCW 43.03.050 and 43.03.060.

14 NEW SECTION. Sec. 4. A new section is added to chapter 43.41 RCW
15 to read as follows:

16 (1) The role of the citizen advisory board is to advise the
17 governor on:

18 (a) Improving state government efficiency and effectiveness,
19 including best practices from public and private sectors;

20 (b) Ensuring that efforts to improve performance are coordinated
21 and prioritized across state government to achieve the highest value
22 for taxpayer dollars;

23 (c) Increasing the accountability of state government through
24 effective communication to citizens;

25 (d) Ensuring that performance improvement efforts by state
26 agencies, the state auditor, and the legislature are fair, independent,
27 and professional; and

28 (e) Engaging citizens to assist in identifying priorities.

29 (2) The board shall review and evaluate the performance of state
30 agencies. The board shall develop a schedule and common methodology
31 for conducting these reviews. Performance reviews include, but are not
32 limited to:

33 (a) Identifying those agencies, programs, functions, or activities
34 that warrant further review in either the performance review forum, the
35 performance-based budgeting process, or as potential areas to recommend
36 for performance audits;

1 (b) Reviewing whether agency performance standards, measures,
2 efforts, and initiatives are internally consistent;

3 (c) Recognizing best practices in performance measurement efforts
4 by state agencies; and

5 (d) Identifying areas for increased collaboration and consistency
6 in performance improvement efforts by the governor, legislature, state
7 auditor, and state agencies.

8 (3) The legislative auditor and the state auditor shall report to
9 the board on at least an annual basis as to the status of their audit
10 work plans to avoid duplication of effort in conducting performance
11 reviews.

12 (4) Representatives from the governor's performance review process,
13 the performance-based budgeting process, and the state quality
14 assessment process shall report to the board on at least an annual
15 basis on the status of each performance initiative and on potential
16 recommendations for the board's work plan.

17 (5) Through application of its work plan, the board will develop
18 recommendations to the governor and provide such recommendations on an
19 annual basis. These recommendations can include:

20 (a) Identification of agencies that may benefit from a performance
21 audit;

22 (b) Identification of programs and services of state government
23 that may benefit from increased attention through the performance
24 review process; and

25 (c) Identification of state budgeting and purchasing decisions
26 requiring increased attention in the performance-based budgeting
27 process.

28 (6) The board may establish subcommittees, including a subcommittee
29 to serve as members of the guidance team for the performance-based
30 budgeting process.

31 (7) For the purposes of this section:

32 (a) "State agency" or "agency" means a state agency, department,
33 office, officer, board, commission, bureau, division, institution, or
34 institution of higher education. "State agency" includes all offices
35 of executive branch state government elected officials.

36 (b) "Work plan" means the biennial work plan through which the
37 board will develop recommendations to the governor on performance-

1 related matters, including performance reviews and performance-based
2 budgeting and identifying state agencies that the board recommends
3 undergo a performance audit.

4 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.41 RCW
5 to read as follows:

6 (1) The legislature finds that membership in the Washington state
7 quality award will improve performance excellence through opportunities
8 for sharing best practices and access to quality improvement expertise
9 through a speaker's bureau and conferences and workshops. It further
10 finds that involvement in these activities will foster organizational
11 improvement and quality excellence throughout government resulting in
12 greater benefit to the citizens of the state.

13 (2) State agencies may support the Washington state quality award
14 through membership, by sending employees to performance excellence
15 workshops and symposiums, and by sponsoring employees to become
16 examiners for quality assessment programs.

17 **Sec. 6.** RCW 43.09.450 and 2005 c 385 s 8 are each amended to read
18 as follows:

19 By June 30, 2007, and each four years thereafter, the joint
20 legislative audit and review committee shall contract (~~((with a private
21 entity))~~) for a performance audit of the (~~((performance audit program
22 established in RCW 43.09.440 and the board's responsibilities under
23 the))~~) office of the state auditor's performance audit program.

24 **Sec. 7.** RCW 43.09.455 and 2005 c 385 s 9 are each amended to read
25 as follows:

26 (1) The (~~((audited agency is))~~) agencies are responsible for follow-
27 up and corrective action on all performance (~~((audit findings and
28 recommendations. The audited agency's plan for addressing each audit
29 finding and recommendation shall be included in the final audit report.
30 The plan shall provide the name of the contact person responsible for
31 each action, the action planned, and the anticipated completion date.
32 If the audited agency does not agree with the audit findings and
33 recommendations or believes action is not required, then the action
34 plan shall include an explanation and specific reasons))~~) reviews.

1 (2) Periodic progress reports from agencies may be required as
2 follows:

3 (a) For agencies under the authority of the governor, the governor
4 may require periodic progress reports from the ((audited)) agency
5 ((until all resolution has occurred)) under review.

6 (b) For agencies under the authority of an elected official other
7 than the governor, the appropriate elected official may require
8 periodic reports of the action taken by the ((audited)) agency ((until
9 all resolution has occurred)) under review.

10 (c) For all other agencies, the agency head or governing board of
11 the agency may require periodic progress reports from the agency under
12 review.

13 (d) The board may request status reports on specific audits ((or)),
14 findings, or review recommendations.

15 **Sec. 8.** RCW 43.09.460 and 2005 c 385 s 11 are each amended to read
16 as follows:

17 (1) Each biennium the legislature shall appropriate such sums as
18 may be necessary(~~(, not to exceed an amount equal to two one hundredths~~
19 ~~of one percent of the total general fund state appropriation in that~~
20 ~~biennium's omnibus operating appropriations act)) for purposes of the~~
21 ~~((performance review, performance audits, and activities of the board))~~
22 activities authorized by this chapter.

23 (2) The board ~~((and the state auditor))~~ shall submit recommended
24 budgets ~~((for their responsibilities under RCW 43.09.430 through~~
25 ~~43.09.455 to the auditor, who shall then prepare a consolidated budget~~
26 ~~request, in the form of request legislation, to assist in determining~~
27 ~~the funding under subsection (1) of this section))~~ to the office of
28 financial management.

29 NEW SECTION. **Sec. 9.** RCW 43.09.430, 43.09.435, 43.09.455, and
30 43.09.460 are each recodified as sections in chapter 43.41 RCW.

31 NEW SECTION. **Sec. 10.** RCW 43.09.450 is recodified as a section in
32 chapter 44.28 RCW.

33 NEW SECTION. **Sec. 11.** The following acts or parts of acts are
34 each repealed:

1 (1) RCW 43.09.440 (Performance audits--Collaboration with joint
2 legislative audit and review committee--Criteria--Statewide performance
3 review--Contracting out--Release of audit reports) and 2005 c 385 s 5;
4 (2) RCW 43.09.445 (Performance audits--Local jurisdictions) and
5 2005 c 385 s 6; and
6 (3) RCW 43.88.162 (State auditor's powers and duties--Performance
7 audits) and 2005 c 385 s 7.

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