
HOUSE BILL 1121

State of Washington 58th Legislature 2003 Regular Session

By Representatives Wallace, Clibborn, Murray, Romero, Hatfield, Kessler, Miloscia, Cooper, Simpson, Darneille, Lovick, Hunter, O'Brien, Veloria, Moeller, Eickmeyer, Hunt, Kenney, Schual-Berke, Fromhold, Conway, Wood, Linville, Berkey, Sullivan, McDermott, Haigh, Rockefeller, McCoy, Campbell, Upthegrove and Ruderman

Read first time 01/17/2003. Referred to Committee on Transportation.

1 AN ACT Relating to performance audits of transportation-related
2 agencies; amending RCW 44.28.005, 44.28.088, and 44.28.091; adding new
3 sections to chapter 44.28 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** It is essential that the legislature improve
6 the accountability and efficiency of transportation-related agencies.
7 Taxpayers must know that their tax dollars are being well spent to
8 deliver critically needed transportation projects and services. To
9 accomplish this, a transportation accountability process must be
10 established to provide oversight and accountability of transportation-
11 related agencies. The transportation review and audit committee is
12 created within the joint legislative audit and review committee.

13 **Sec. 2.** RCW 44.28.005 and 1996 c 288 s 2 are each amended to read
14 as follows:

15 Unless the context clearly requires otherwise, the definitions in
16 this section apply throughout this chapter.

17 (1) "Legislative auditor" means the executive officer of the joint
18 legislative audit and review committee.

1 (2) "Economy and efficiency audits" means performance audits that
2 establish: (a) Whether a state agency or unit of local government
3 receiving state funds is acquiring, protecting, and using its resources
4 such as personnel, property, and space economically and efficiently;
5 (b) the causes of inefficiencies or uneconomical practices; and (c)
6 whether the state agency or local government has complied with
7 significant laws and rules in acquiring, protecting, and using its
8 resources.

9 (3) "Final compliance report" means a written document, as approved
10 by the joint committee, that states the specific actions a state agency
11 or unit of local government receiving state funds has taken to
12 implement recommendations contained in the final performance audit
13 report and the preliminary compliance report. Any recommendations,
14 including proposed legislation and changes in the agency's rules and
15 practices or the local government's practices, based on testimony
16 received, must be included in the final compliance report.

17 (4) "Final performance audit report" means a written document
18 adopted by the joint legislative audit and review committee that
19 contains the findings and proposed recommendations made in the
20 preliminary performance audit report, the final recommendations adopted
21 by the joint committee, any comments to the preliminary performance
22 audit report by the joint committee, and any comments to the
23 preliminary performance audit report by the state agency or local
24 government that was audited.

25 (5) "Joint committee" means the joint legislative audit and review
26 committee.

27 (6) "Local government" means a city, town, county, special purpose
28 district, political subdivision, municipal corporation, or quasi-
29 municipal corporation, including a public corporation created by such
30 an entity.

31 (7) "Performance audit" means an objective and systematic
32 assessment of a state agency or any of its programs, functions, or
33 activities, or a unit of local government receiving state funds, by an
34 independent evaluator in order to help public officials improve
35 efficiency, effectiveness, and accountability. Performance audits
36 include economy and efficiency audits and program audits. A
37 performance audit of a local government may only be made to determine

1 whether the local government is using state funds for their intended
2 purpose in an efficient and effective manner.

3 (8) "Performance measures" are a composite of key indicators of a
4 program's or activity's inputs, outputs, outcomes, productivity,
5 timeliness, and/or quality. They are means of evaluating policies and
6 programs by measuring results against agreed upon program goals or
7 standards.

8 (9) "Preliminary compliance report" means a written document that
9 states the specific actions a state agency or unit of local government
10 receiving state funds has taken to implement any recommendations
11 contained in the final performance audit report.

12 (10) "Preliminary performance audit report" means a written
13 document prepared for review and comment by the joint legislative audit
14 and review committee after the completion of a performance audit. The
15 preliminary performance audit report must contain the audit findings
16 and any proposed recommendations to improve the efficiency,
17 effectiveness, or accountability of the state agency or local
18 government audited.

19 (11) "Program audits" means performance audits that determine: (a)
20 The extent to which desired outcomes or results are being achieved; (b)
21 the causes for not achieving intended outcomes or results; and (c)
22 compliance with significant laws and rules applicable to the program.

23 (12) "State agency" or "agency" means a state agency, department,
24 office, officer, board, commission, bureau, division, institution, or
25 institution of higher education. "State agency" includes all elective
26 offices in the executive branch of state government.

27 (13) "Transportation review and audit committee" means the
28 committee created under section 3 of this act.

29 NEW SECTION. Sec. 3. A new section is added to chapter 44.28 RCW
30 to read as follows:

31 The transportation review and audit committee is created,
32 consisting of four senators and four representatives from the
33 legislature. The president of the senate shall appoint the senate
34 members of the committee, and must include the chairperson and ranking
35 minority member of the senate standing committee on transportation.
36 The speaker of the house of representatives shall appoint the house
37 members of the committee, and must include the chairperson and ranking

1 minority member of the house standing committee on transportation. Not
2 more than two members from each house may be from the same political
3 party. Members must be appointed before the close of each regular
4 session of the legislature during an odd-numbered year. If before the
5 close of a regular session during an odd-numbered year, the governor
6 issues a proclamation convening the legislature into special session,
7 or the legislature by resolution convenes the legislature into special
8 session after the regular session, then appointments must be made as a
9 matter of closing business of the special session.

10 NEW SECTION. **Sec. 4.** A new section is added to chapter 44.28 RCW
11 to read as follows:

12 The procedures for terms of members, filling vacancies, and travel
13 and committee expenses for the transportation review and audit
14 committee must be consistent with RCW 44.28.020 through 44.28.050.

15 NEW SECTION. **Sec. 5.** A new section is added to chapter 44.28 RCW
16 to read as follows:

17 The staffing and administration for the transportation review and
18 audit committee must be provided under the direction of the joint
19 legislative audit and review committee. The legislative auditor may
20 hire a professional administrator and other staff necessary to support
21 the transportation review and audit committee.

22 NEW SECTION. **Sec. 6.** A new section is added to chapter 44.28 RCW
23 to read as follows:

24 (1) The transportation review and audit committee shall conduct
25 performance audits of transportation-related agencies. For the
26 2003-2005 biennium, the projects, programs, services, and
27 administration of the department of transportation will be the focus of
28 performance audits. The committee must develop a work plan in future
29 biennia that extends performance audits to other transportation-related
30 agencies and providers.

31 (2) The transportation review and audit committee shall develop a
32 work plan to conduct performance audits required under subsection (1)
33 of this section. The committee shall determine the scope of the audits
34 and establish timelines for completing audits. The legislative auditor
35 may contract with and consult with public and private independent

1 professional and technical experts as necessary in conducting the
2 performance audits. The legislative auditor should also involve
3 front-line employees and internal auditors in the performance audit
4 process to the highest possible degree.

5 **Sec. 7.** RCW 44.28.088 and 1996 c 288 s 13 are each amended to read
6 as follows:

7 (1) When the legislative auditor has completed a performance audit
8 authorized in the performance audit work plan, the legislative auditor
9 shall transmit the preliminary performance audit report to the affected
10 state agency or local government and the office of financial management
11 for comment. The agency or local government and the office of
12 financial management shall provide any response to the legislative
13 auditor within thirty days after receipt of the preliminary performance
14 audit report unless a different time period is approved by the joint
15 committee. The legislative auditor shall incorporate the response of
16 the agency or local government and the office of financial management
17 into the final performance audit report.

18 (2) Before releasing the results of a performance audit to the
19 legislature or the public, the legislative auditor shall submit the
20 preliminary performance audit report to the joint committee for its
21 review, comments, and final recommendations. Any comments by the joint
22 committee must be included as a separate addendum to the final
23 performance audit report. Upon consideration and incorporation of the
24 review, comments, and recommendations of the joint committee, the
25 legislative auditor shall transmit the final performance audit report
26 to the affected agency or local government, the director of financial
27 management, the leadership of the senate and the house of
28 representatives, and the appropriate standing committees of the house
29 of representatives and the senate and shall publish the results and
30 make the report available to the public. For purposes of this section,
31 "leadership of the senate and the house of representatives" means the
32 speaker of the house, the majority leaders of the senate and the house
33 of representatives, the minority leaders of the senate and the house of
34 representatives, the caucus chairs of both major political parties of
35 the senate and the house of representatives, and the floor leaders of
36 both major political parties of the senate and the house of
37 representatives.

1 (3) Subsections (1) and (2) of this section apply to audits
2 performed under the direction of the transportation review and audit
3 committee.

4 **Sec. 8.** RCW 44.28.091 and 1996 c 288 s 14 are each amended to read
5 as follows:

6 (1) No later than nine months after the final performance audit has
7 been transmitted by the joint committee to the appropriate standing
8 committees of the house of representatives and the senate, the joint
9 committee in consultation with the standing committees may produce a
10 preliminary compliance report on the agency's or local government's
11 compliance with the final performance audit recommendations. The
12 agency or local government may attach its comments to the joint
13 committee's preliminary compliance report as a separate addendum.

14 (2) Within three months after the issuance of the preliminary
15 compliance report, the joint committee may hold at least one public
16 hearing and receive public testimony regarding the findings and
17 recommendations contained in the preliminary compliance report. The
18 joint committee may waive the public hearing requirement if the
19 preliminary compliance report demonstrates that the agency or local
20 government is in compliance with the audit recommendations. The joint
21 committee shall issue any final compliance report within four weeks
22 after the public hearing or hearings. The legislative auditor shall
23 transmit the final compliance report in the same manner as a final
24 performance audit is transmitted under RCW 44.28.088.

25 (3) Subsections (1) and (2) of this section apply to audits
26 performed under the direction of the transportation review and audit
27 committee.

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