An Act Relating to Performance Audits of Governmental Entities

Intent Section

The Legislature finds that it is essential that state governments establish credibility with the taxpayers by implementing independent performance audits to ensure accountability and guarantee that tax dollars are spent as cost-effectively as possible. This measure requires the state auditor to conduct independent, comprehensive performance audits on state governments, agencies, programs, and accounts.

Section 1. Short Title.

This Act may be cited as the “Independent Performance Audits Act.”

Section 2. Definitions.

(1) “Government” means an agency, department, office, officer, board, commission, bureau, division, institution, or institution of higher education. This includes individual agencies and programs, as well as those programs and activities that cross agency lines. “Government” includes all elective and non-elective offices in the executive branch and includes the judicial and legislative branches.

Section 3. Audit Standards.

The state auditor shall conduct independent, comprehensive performance audits of state government and each of its agencies, accounts, and programs; state education governmental entities and each of their agencies, accounts, and programs; state transportation governmental entities and each of their agencies, accounts, and programs; and other governmental entities, agencies, accounts, and programs.

The state auditor shall review and analyze the economy, efficiency, and effectiveness of the policies, management, fiscal affairs, and operations of state governments, agencies, programs, and accounts. These performance audits shall be conducted in accordance with the United States general accounting office government auditing standards.

The scope for each performance audit shall not be limited and shall include nine specific elements: (1) identification of cost savings; (2) identification of services that can be reduced or eliminated; (3) identification of programs or services that can be transferred to the private sector; (4) analysis of gaps or overlaps in programs or services and recommendations to correct gaps or overlaps; (5) feasibility of pooling information technology systems within the department; (6) analysis of the roles and functions of the department, and recommendations to change or eliminate departmental roles or functions; (7) recommendations for statutory or regulatory changes that may be necessary for the department to properly carry out its functions; (8) analysis of departmental performance data, performance measures, and self-assessment systems; and (9) identification of best practices. The state auditor may contract out any performance audits.
Each audit report shall be submitted to the corresponding legislative body or legislative bodies and made available to the public on or before thirty days after the completion of each audit or each follow-up audit. On or before thirty days after the performance audit is made public, the corresponding legislative body or legislative bodies shall hold at least one public hearing to consider the findings of the audit and shall receive comments from the public. The state auditor is authorized to issue subpoenas to governmental entities for required documents, memos, and budgets to conduct the performance audits. The state auditor may, at any time, conduct a performance audit to determine not only the efficiency, but also the effectiveness, of any government agency, account, or program. No legislative body, officeholder, or employee may impede or restrict the authority or the actions of the state auditor to conduct independent, comprehensive performance audits. To the greatest extent possible, the state auditor shall instruct and advise the appropriate governmental body on a step-by-step remedy to whatever ineffectiveness and inefficiency is discovered in the audited entity. For performance audits of state government and its agencies, programs, and accounts, the legislature must consider the state auditor reports in connection with the legislative appropriations process. An annual report will be submitted by a designated legislative committee by July 1st of each year detailing the status of the legislative implementation of the state auditor's recommendations. Justification must be provided for recommendations not implemented. Details of other corrective action must be provided as well. Follow-up performance audits on any state government, agency, account, and program may be conducted when determined necessary by the state auditor.

Section 3. {Severability} [Insert Severability Clause]

Section 4. {Repeal} {Insert Repealer Clause}  Were your laws repealed?

Section 5. {Effective Date} [Insert Effective Date]

Unanimously Passed