

SB 1341

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

THE STATE SENATE
Wednesday, March 1, 2006

Senate Bill No. 1341
As Amended

SENATE BILL NO. 1341 - By: CORN of the Senate and TERRILL of the House.

[state government - intent - creating certain board - membership - codification - effective date]

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 210 of Title 74, unless there is created a duplication in numbering, reads as follows:

The Legislature finds that:

- 1. Citizens demand and deserve accountability of public programs. Public programs must continuously improve in quality, efficiency, and effectiveness in order to increase public trust;
- 2. Oklahoma state government and other entities that receive tax dollars must continuously improve the way they operate and deliver services so citizens receive maximum value for their tax dollars;
- 3. An independent citizen advisory board is necessary to ensure that government services, customer satisfaction, program efficiency, and management systems are world-class in performance; and

1 4. Fair, independent, professional performance audits of state
2 agencies are essential to improving the efficiency and effectiveness
3 of government.

4 SECTION 2. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 210.1 of Title 74, unless there
6 is created a duplication in numbering, reads as follows:

7 For purposes of this act:

8 1. "Board" means the citizen advisory board created in Section
9 3 of this act;

10 2. "Draft work plan" means the work plan for conducting
11 performance audits of state agencies proposed by the board and the
12 State Auditor and Inspector after the statewide performance review;

13 3. "Final performance audit report" means a written document
14 jointly released by the citizen advisory board and the State Auditor
15 and Inspector that includes the findings and comments from the
16 preliminary performance audit report;

17 4. "Final work plan" means the work plan for conducting
18 performance audits of state agencies adopted by the board and the
19 State Auditor and Inspector;

20 5. "Performance audit" means an objective and systematic
21 assessment of a state agency or any of its programs, functions, or
22 activities by an independent evaluator in order to help public
23 officials improve efficiency, effectiveness, and accountability.

1 Performance audits include economy and efficiency audits and program
2 audits;

3 6. "Preliminary performance audit report" means a written
4 document prepared after the completion of a performance audit to be
5 submitted for comment before the final performance audit report.
6 The preliminary performance audit report must contain the audit
7 findings and any proposed recommendations to improve the efficiency,
8 effectiveness, or accountability of the state agency being audited;
9 and

10 7. "State agency" or "agency" means a state agency, department,
11 office, officer, board, commission, bureau, division, institution,
12 or institution of higher education. State agency includes all
13 offices of executive branch state government elected officials.

14 SECTION 3. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 210.2 of Title 74, unless there
16 is created a duplication in numbering, reads as follows:

17 A. A citizen advisory board is created to improve efficiency,
18 effectiveness, and accountability in state government.

19 B. The board shall consist of nine (9) members as follows:

20 1. One member shall be the State Auditor and Inspector, who
21 shall be a nonvoting member;

22 2. One member shall be the State Treasurer, or designee, who
23 shall be a nonvoting member;

1 3. One member shall be the Director of the Office of State
2 Finance, or designee, who shall be a nonvoting member;

3 4. The Speaker of the House of Representatives shall select two
4 citizen members who are not members of the Legislature or state
5 employees;

6 5. The President Pro Tempore of the State Senate shall select
7 two citizen members who are not members of the Legislature or state
8 employees; and

9 6. The Governor shall select two citizen members who are not
10 members of the Legislature or state employees.

11 C. The board shall elect a chair. The State Treasurer, the
12 State Auditor and Inspector, and the Director of the Office of State
13 Finance, or their designees, may not serve as chair.

14 D. Appointees shall be individuals who have a basic
15 understanding of state government operations with knowledge and
16 expertise in performance management, quality management, strategic
17 planning, performance assessments, or closely related fields.

18 E. Members selected under paragraphs 3, 4 and 5 of subsection B
19 of this section shall serve for terms of four (4) years, with the
20 terms expiring on June 30th on the fourth year of the term.
21 Appointees may be reappointed to serve more than one term.

1 F. The Office of the State Auditor and Inspector shall provide
2 clerical, technical, and management personnel to the board to serve
3 as the board's staff.

4 G. The board shall meet at least once a quarter and may hold
5 additional meetings at the call of the chair or by a majority vote
6 of the members of the board.

7 H. The members of the board shall be reimbursed by their
8 appointing authority for travel expenses in accordance with the
9 State Travel Reimbursement Act.

10 SECTION 4. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 210.3 of Title 74, unless there
12 is created a duplication in numbering, reads as follows:

13 The board and the State Auditor and Inspector shall collaborate
14 with the chairs of the appropriations and budget committees of the
15 House of Representatives and the State Senate on standards for
16 conducting audits of state government.

17 1. The board shall establish criteria for performance audits
18 consistent with the recommendations of the chairs of the
19 appropriations and budget committees of the House of Representatives
20 and the State Senate on standards for conducting audits of state
21 government. Criteria shall include, at a minimum, the auditing
22 standards of the United States government accountability office, as
23 well as legislative mandates and performance objectives established

1 by state agencies and the Legislature. Mandates include, but are
2 not limited to, agency strategies, timelines, program objectives,
3 and mission goals.

4 2. Using the criteria developed in paragraph 1 of this
5 subsection, the State Auditor and Inspector shall contract for a
6 statewide performance review to be completed as expeditiously as
7 possible as a preliminary to a draft work plan for conducting
8 performance audits. The board and the State Auditor and Inspector
9 shall develop a schedule and common methodology for conducting these
10 reviews. The purpose of these performance reviews is to identify
11 those agencies, programs, functions, or activities most likely to
12 benefit from performance audits and to identify likely areas
13 warranting early review, taking into account prior performance
14 audits, if any, and prior fiscal audits.

15 3. The board and the State Auditor and Inspector shall develop
16 the draft work plan for performance audits based on input from
17 citizens, state employees, including front-line employees, state
18 managers, chairs and ranking members of appropriate legislative
19 committees, public officials, and others. The draft work plan may
20 include a list of agencies, programs, or systems to be audited on a
21 timeline decided by the board and the State Auditor and Inspector
22 based on a number of factors including risk, importance, and citizen
23 concerns. When putting together the draft work plan, there should

1 be consideration of all audits and reports already required. On
2 average, audits shall be designed to be completed as expeditiously
3 as possible.

4 4. Before adopting the final work plan, the board shall consult
5 with appropriate oversight and audit entities to coordinate work
6 plans and avoid duplication of effort in their planned performance
7 audits of state government agencies. The board shall defer to the
8 joint legislative audit and review committee work plan if a similar
9 audit is included on both work plans for auditing.

10 5. The State Auditor and Inspector shall contract out for
11 performance audits. Agency front-line employees and internal
12 auditors should be involved in these audits.

13 6. All audits must include consideration of reports prepared by
14 other government oversight entities.

15 7. The audits may include:

- 16 a. identification of programs and services that can be
17 eliminated, reduced, consolidated, or enhanced,
18 b. identification of funding sources to the state agency,
19 to programs, and to services that can be eliminated,
20 reduced, consolidated, or enhanced,
21 c. analysis of gaps and overlaps in programs and services
22 and recommendations for improving, dropping, blending,
23 or separating functions to correct gaps or overlaps,

- 1 d. analysis and recommendations for pooling information
2 technology systems used within the state agency, and
3 evaluation of information processing and
4 telecommunications policy, organization, and
5 management,
- 6 e. analysis of the roles and functions of the state
7 agency, its programs, and its services and their
8 compliance with statutory authority and
9 recommendations for eliminating or changing those
10 roles and functions and ensuring compliance with
11 statutory authority,
- 12 f. recommendations for eliminating or changing statutes,
13 rules, and policy directives as may be necessary to
14 ensure that the agency carry out reasonably and
15 properly those functions vested in the agency by
16 statute,
- 17 g. verification of the reliability and validity of agency
18 performance data, self-assessments, and performance
19 measurement systems,
- 20 h. identification of potential cost savings in the state
21 agency, its programs, and its services,
- 22 i. identification and recognition of best practices,

- 1 j. evaluation of planning, budgeting, and program
- 2 evaluation policies and practices,
- 3 k. evaluation of personnel systems operation and
- 4 management,
- 5 l. evaluation of state purchasing operations and
- 6 management policies and practices, and
- 7 m. evaluation of organizational structure and staffing
- 8 levels, particularly in terms of the ratio of managers
- 9 and supervisors to nonmanagement personnel.

10 8. The State Auditor and Inspector must solicit comments on

11 preliminary performance audit reports from the audited state agency,

12 the office of the Governor, the Office of State Finance, the board,

13 and the chairs of appropriate legislative committees for comment.

14 Comments must be received within thirty days after receipt of the

15 preliminary performance audit report unless a different time period

16 is approved by the State Auditor and Inspector. All comments shall

17 be incorporated into the final performance audit report. The final

18 performance audit report shall include the objectives, scope, and

19 methodology; the audit results, including findings and

20 recommendations; conclusions; and identification of best practices.

21 9. The board and the state auditor shall jointly release final

22 performance audit reports to the governor, the citizens of Oklahoma

1 and the appropriate standing legislative committees. Final
2 performance audit reports shall be posted on the internet.

3 10. For institutions of higher education, performance audits
4 shall not duplicate, and where applicable, shall make maximum use of
5 existing audit records, accreditation reviews, and performance
6 measures required by nationally or regionally recognized
7 accreditation organizations including accreditation of hospitals
8 licensed under Section 1-702 of Title 63 of the Oklahoma Statutes
9 and ambulatory surgical centers.

10 SECTION 5. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 210.4 of Title 74, unless there
12 is created a duplication in numbering, reads as follows:

13 If the governing body of a local jurisdiction requests a
14 performance audit of programs under its jurisdiction, the State
15 Auditor and Inspector has the discretion to conduct such a review
16 under separate contract and funded by local funds.

17 SECTION 6. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 210.5 of Title 74, unless there
19 is created a duplication in numbering, reads as follows:

20 The State Auditor and Inspector is authorized to contract for
21 and oversee performance audits pursuant to Section 4 of this act.

1 SECTION 7. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 210.6 of Title 74, unless there
3 is created a duplication in numbering, reads as follows:

4 By June 30, 2007, and each four (4) years thereafter, the board
5 shall contract with a private entity for a performance audit of the
6 performance audit program established in Section 4 of this act and
7 the board's responsibilities under the performance audit program.

8 SECTION 8. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 210.7 of Title 74, unless there
10 is created a duplication in numbering, reads as follows:

11 The audited agency is responsible for follow-up and corrective
12 action on all performance audit findings and recommendations. The
13 audited agency's plan for addressing each audit finding and
14 recommendation shall be included in the final audit report. The
15 plan shall provide the name of the contact person responsible for
16 each action, the action planned, and the anticipated completion
17 date. If the audited agency does not agree with the audit findings
18 and recommendations or believes action is not required, then the
19 action plan shall include an explanation and specific reasons.

20 For agencies under the authority of an elected official other
21 than the Governor, the appropriate elected official may require
22 periodic reports of the action taken by the audited agency until all
23 resolution has occurred.

1 For all other agencies the Governor may require periodic
2 progress reports from the audited agency until all resolution has
3 occurred.

4 The board may request status reports on specific audits or
5 findings.

6 SECTION 9. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 210.8 of Title 74, unless there
8 is created a duplication in numbering, reads as follows:

9 The Administrative Office of the Courts is encouraged to conduct
10 performance audits of courts under the authority of the supreme
11 court, in conformity with criteria and methods developed by the
12 board for judicial administration that have been approved by the
13 Supreme Court. In developing criteria and methods for conducting
14 performance audits, the Administrative Office of the Courts is
15 encouraged to consider quality improvement programs, audits, and
16 scoring. The judicial branch is encouraged to submit the results of
17 these efforts to the Chief Justice of the Supreme Court or his or
18 her designee, and with any other applicable boards or committees
19 established under the authority of the Supreme Court to oversee
20 government accountability.

21 SECTION 10. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 210.9 of Title 74, unless there
23 is created a duplication in numbering, reads as follows:

1 Each year the Legislature shall appropriate such sums as may be
2 necessary, not to exceed an amount equal to two one-hundredths
3 percent (0.02%) of the total amount available for appropriation from
4 the general revenue of the state for purposes of the performance
5 review, performance audits, and activities of the board authorized
6 by this act.

7 SECTION 11. This act shall become effective November 1, 2006.

8 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 2-22-06 - DO
9 PASS, As Amended and Coauthored.