

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

SENATE BILL 1341

By: Corn

AS INTRODUCED

An Act relating to state government; stating intent and purpose; providing definitions; creating certain board; setting forth membership, terms of members, procedures and duties of certain board; providing procedure for determining criteria for certain audits; setting forth requirements for audits; providing procedure for conducting, reporting results of and responding to audits; providing for codification; and providing an 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
4. Fair, independent, professional performance audits of state agencies are essential to improving the efficiency and effectiveness of government.

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

For purposes of this act:

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

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

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

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

5. "Performance audit" means an objective and systematic assessment of a state agency or any of its programs, functions, or activities by an independent evaluator in order to help public officials improve efficiency, effectiveness, and accountability. Performance audits include economy and efficiency audits and program audits;

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

7. "State agency" or "agency" means a state agency, department, office, officer, board, commission, bureau, division, institution,

or institution of higher education. State agency includes all offices of executive branch state government elected officials.

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

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

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

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

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

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

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

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

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

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

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

E. Members selected under paragraphs 3, 4 and 5 of subsection B of this section shall serve for terms of four (4) years, with the

terms expiring on June 30th on the fourth year of the term.

Appointees may be reappointed to serve more than one term.

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

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

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

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

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

1. The board shall establish criteria for performance audits consistent with the recommendations of the chairs of the appropriations and budget committees of the House of Representatives and the State Senate on standards for conducting audits of state government. Criteria shall include, at a minimum, the auditing standards of the United States government accountability office, as well as legislative mandates and performance objectives established by state agencies and the Legislature. Mandates include, but are not limited to, agency strategies, timelines, program objectives, and mission goals.

2. Using the criteria developed in paragraph 1 of this subsection, the State Auditor and Inspector shall contract for a statewide performance review to be completed as expeditiously as possible as a preliminary to a draft work plan for conducting

performance audits. The board and the State Auditor and Inspector shall develop a schedule and common methodology for conducting these reviews. The purpose of these performance reviews is to identify those agencies, programs, functions, or activities most likely to benefit from performance audits and to identify likely areas warranting early review, taking into account prior performance audits, if any, and prior fiscal audits.

3. The board and the State Auditor and Inspector shall develop the draft work plan for performance audits based on input from citizens, state employees, including front-line employees, state managers, chairs and ranking members of appropriate legislative committees, public officials, and others. The draft work plan may include a list of agencies, programs, or systems to be audited on a timeline decided by the board and the State Auditor and Inspector based on a number of factors including risk, importance, and citizen concerns. When putting together the draft work plan, there should be consideration of all audits and reports already required. On average, audits shall be designed to be completed as expeditiously as possible.

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

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

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

7. The audits may include:

- a. identification of programs and services that can be eliminated, reduced, consolidated, or enhanced,
- b. identification of funding sources to the state agency, to programs, and to services that can be eliminated, reduced, consolidated, or enhanced,
- c. analysis of gaps and overlaps in programs and services and recommendations for improving, dropping, blending, or separating functions to correct gaps or overlaps,
- d. analysis and recommendations for pooling information technology systems used within the state agency, and evaluation of information processing and telecommunications policy, organization, and management,
- e. analysis of the roles and functions of the state agency, its programs, and its services and their compliance with statutory authority and recommendations for eliminating or changing those roles and functions and ensuring compliance with statutory authority,
- f. recommendations for eliminating or changing statutes, rules, and policy directives as may be necessary to ensure that the agency carry out reasonably and properly those functions vested in the agency by statute,
- g. verification of the reliability and validity of agency performance data, self-assessments, and performance measurement systems,
- h. identification of potential cost savings in the state agency, its programs, and its services,
- i. identification and recognition of best practices,
- j. evaluation of planning, budgeting, and program evaluation policies and practices,

- k. evaluation of personnel systems operation and management,
- l. evaluation of state purchasing operations and management policies and practices, and
- m. evaluation of organizational structure and staffing levels, particularly in terms of the ratio of managers and supervisors to nonmanagement personnel.

8. The State Auditor and Inspector must solicit comments on preliminary performance audit reports from the audited state agency, the office of the Governor, the Office of State Finance, the board, and the chairs of appropriate legislative committees for comment. Comments must be received within thirty days after receipt of the preliminary performance audit report unless a different time period is approved by the State Auditor and Inspector. All comments shall be incorporated into the final performance audit report. The final performance audit report shall include the objectives, scope, and methodology; the audit results, including findings and recommendations; conclusions; and identification of best practices.

9. The board and the state auditor shall jointly release final performance audit reports to the governor, the citizens of Oklahoma and the appropriate standing legislative committees. Final performance audit reports shall be posted on the internet.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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