

1 STATE OF OKLAHOMA

2 1st Session of the 51st Legislature (2007)

3 SENATE BILL 18

By: Corn

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5
6 AS INTRODUCED

7 An Act relating to state government; stating intent
8 and purpose; providing definitions; creating certain
9 board; specifying membership, terms of members, and
10 procedures of certain board; providing procedure for
11 determining criteria for certain audits; providing
12 requirements for audits; authorizing the State
13 Auditor and Inspector to conduct certain audits by
14 separate contract; requiring certain board to
15 contract for a certain audit; requiring audited
16 agencies to take certain action; authorizing certain
17 officials to require certain reports; specifying
18 method of performance audits for courts; requiring
19 certain appropriation; providing for codification;
20 and providing an effective date.

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

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

29 The Legislature finds that:

30 1. Citizens demand and deserve accountability of public
31 programs. Public programs must continuously improve in quality,
32 efficiency, and effectiveness in order to increase public trust;
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1 2. Oklahoma state government and other entities that receive
2 tax dollars must continuously improve the way they operate and
3 deliver services so citizens receive maximum value for their tax
4 dollars;

5 3. An independent citizen advisory board is necessary to ensure
6 that government services, customer satisfaction, program efficiency,
7 and management systems are world-class in performance; and

8 4. Fair, independent, professional performance audits of state
9 agencies are essential to improving the efficiency and effectiveness
10 of government.

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

14 For purposes of this act:

15 1. "Board" means the citizen advisory board created in Section
16 3 of this act;

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

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

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

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

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

17 7. "State agency" or "agency" means a state agency, department,
18 office, officer, board, commission, bureau, division, institution,
19 or institution of higher education. State agency includes all
20 offices of executive branch state government elected officials.

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

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

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

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

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

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

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

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

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

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

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

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

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

8 G. 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
10 of the members of the board.

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

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

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

21 1. The board shall establish criteria for performance audits
22 consistent with the recommendations of the chairs of the
23 appropriations and budget committees of the House of Representatives
24 and the State Senate on standards for conducting audits of state

1 government. Criteria shall include, at a minimum, the auditing
2 standards of the United States government accountability office, as
3 well as legislative mandates and performance objectives established
4 by state agencies and the Legislature. Mandates include, but are
5 not limited to, agency strategies, timelines, program objectives,
6 and mission goals.

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

18 3. The board and the State Auditor and Inspector shall develop
19 the draft work plan for performance audits based on input from
20 citizens, state employees, including frontline employees, state
21 managers, chairs and ranking members of appropriate legislative
22 committees, public officials, and others. The draft work plan may
23 include a list of agencies, programs, or systems to be audited on a
24 timeline decided by the board and the State Auditor and Inspector

1 based on a number of factors including risk, importance, and citizen
2 concerns. When putting together the draft work plan, there should
3 be consideration of all audits and reports already required. On
4 average, audits shall be designed to be completed as expeditiously
5 as possible.

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

12 5. The State Auditor and Inspector shall contract out for
13 performance audits. Agency frontline employees and internal
14 auditors should be involved in these audits.

15 6. All audits shall include consideration of reports prepared
16 by other government oversight entities.

17 7. The audits may include:

- 18 a. identification of programs and services that can be
19 eliminated, reduced, consolidated, or enhanced,
- 20 b. identification of funding sources to the state agency,
21 to programs, and to services that can be eliminated,
22 reduced, consolidated, or enhanced,

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

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

11 8. The State Auditor and Inspector shall solicit comments on
12 preliminary performance audit reports from the audited state agency,
13 the office of the Governor, the Office of State Finance, the board,
14 and the chairs of appropriate legislative committees for comment.
15 Comments shall be received within thirty (30) days after receipt of
16 the preliminary performance audit report unless a different time
17 period is approved by the State Auditor and Inspector. All comments
18 shall be incorporated into the final performance audit report. The
19 final performance audit report shall include the objectives, scope,
20 and methodology; the audit results, including findings and
21 recommendations; conclusions; and identification of best practices.

22 9. The board and the State Auditor and Inspector shall jointly
23 release final performance audit reports to the Governor, the
24 citizens of Oklahoma and the appropriate standing legislative

1 committees. Final performance audit reports shall be posted on the
2 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.

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

1 By June 30, 2008, and each four (4) years thereafter, the board
2 shall contract with a private entity for a performance audit of the
3 performance audit program established in Section 4 of this act and
4 the responsibilities of the board pursuant to the performance audit
5 program.

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

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

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

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

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

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

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

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

21 Each year the Legislature shall appropriate such sums as may be
22 necessary, not to exceed an amount equal to two one-hundredths
23 percent (0.02%) of the total amount available for appropriation from
24 the general revenue of the state for purposes of the performance

1 review, performance audits, and activities of the board authorized
2 by this act.

3 SECTION 11. This act shall become effective November 1, 2007.
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