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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO THE GENERAL ASSEMBLY - PERFORMANCE AUDITS OF
GOVERNMENTAL ENTITIES

Introduced By: Senators Walaska, Ciccone, Lombardo, Raptakis, and Lombardi

Date Introduced: January 13, 2015

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 22 of the General Laws entitled "GENERAL ASSEMBLY" is hereby
2 amended by adding thereto the following chapter:

3 CHAPTER 13.1

4 THE INDEPENDENT PERFORMANCE AUDITS ACT

5 **22-13.1-1. Short title.** -- This act shall be known and may be cited as the "Independent
6 Performance Audits Act."

7 **22-13.1-2. Purpose and intent.** -- The general assembly finds that it is essential that the
8 state government establish credibility with the taxpayers by implementing independent
9 performance audits to ensure accountability and guarantee that tax dollars are spent as cost-
10 effectively as possible. This measure requires the state auditor general to conduct independent,
11 comprehensive performance audits on state government, agencies, programs, and accounts.

12 **22-13.1-3. Definitions.** -- As used in this section, the following words shall have the
13 following meanings, unless the context clearly indicates otherwise:

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

1 **22-13.1-4. Audit standards.** -- (a) The state auditor general shall conduct independent,
2 comprehensive performance audits of: state government and each of its agencies, accounts, and
3 programs; state education governmental entities and each of their agencies, accounts, and
4 programs; state transportation governmental entities and each of their agencies, accounts, and
5 programs; and other governmental entities, agencies, accounts, and programs. The state auditor
6 general shall review and analyze the economy, efficiency, and effectiveness of the policies,
7 management, fiscal affairs, and operations of state government, agencies, programs, and
8 accounts. These performance audits shall be conducted in accordance with the United States
9 General Accounting Office government auditing standards.

10 (b) The scope for each performance audit shall not be limited and shall include nine (9)
11 specific elements:

12 (1) Identification of cost savings;

13 (2) Identification of services that can be reduced or eliminated;

14 (3) Identification of programs or services that can be transferred to the private sector;

15 (4) Analysis of gaps or overlaps in programs or services and recommendations to correct
16 gaps or overlaps;

17 (5) Feasibility of pooling information technology systems within the department;

18 (6) Analysis of the roles and functions of the department, and recommendations to
19 change or eliminate departmental roles or functions;

20 (7) Recommendations for statutory or regulatory changes that may be necessary for the
21 department to properly carry out its functions;

22 (8) Analysis of departmental performance data, performance measures, and self-
23 assessment systems; and

24 (9) Identification of best practices.

25 (c) The state auditor general may contract out any performance audits.

26 (d) Each audit report shall be submitted to the corresponding legislative body or
27 legislative bodies and made available to the public on or before thirty (30) days after the
28 completion of each audit or each follow-up audit. On or before thirty (30) days after the
29 performance audit is made public, the corresponding legislative body or legislative bodies shall
30 hold at least one public hearing to consider the findings of the audit and shall receive comments
31 from the public. The state auditor general is authorized to issue subpoenas to governmental
32 entities for required documents, memos, and budgets to conduct the performance audits. The state
33 auditor general may, at any time, conduct a performance audit to determine not only the
34 efficiency, but also the effectiveness, of any government agency, account, or program. No

1 legislative body, officeholder, or employee may impede or restrict the authority or the actions of
2 the state auditor general to conduct independent, comprehensive performance audits. To the
3 greatest extent possible, the state auditor general shall instruct and advise the appropriate
4 governmental body on a step-by-step remedy to whatever ineffectiveness and inefficiency is
5 discovered in the audited entity. For performance audits of state government and its agencies,
6 programs, and accounts, the legislature shall consider the state auditor general reports in
7 connection with the legislative appropriations process.

8 (e) An annual report shall be submitted by the house and senate finance committees by
9 July 1 of each year detailing the status of the legislative implementation of the state auditor
10 general's recommendations. Justification must be provided for recommendations not
11 implemented. Details of other corrective action must be provided as well.

12 (f) Follow-up performance audits on any state government, agency, account, and program
13 may be conducted when determined necessary by the state auditor general.

14 **22-13.1-5. Severability. --** If any provision of this chapter or the application of a
15 provision shall for any reason be judged invalid, that judgment shall not affect, impair, or
16 invalidate the remainder of the chapter, but shall be confined in this effect to the provisions or
17 application directly involved in the controversy giving rise to the judgment.

18 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO THE GENERAL ASSEMBLY - PERFORMANCE AUDITS OF
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- 1 This act would require independent performance audits to be conducted periodically by
- 2 the state auditor general.
- 3 This act would take effect upon passage.

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