

PEER REVIEW

STATE OF WASHINGTON
JOINT LEGISLATIVE AUDIT AND
REVIEW COMMITTEE



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COMMITTEE



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The National Conference of State Legislatures is the bipartisan organization that serves the legislators and staffs of the nation's 50 states, its commonwealths and territories.

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- To promote policy innovation and communication among state legislatures.
- To ensure state legislatures a strong, cohesive voice in the federal system.

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INTRODUCTION

Peer Review Purpose

The Washington Joint Legislative Audit and Review Committee (JLARC) follows “Government Auditing Standards” (the Yellow Book, or GAGAS) for performance audits. These standards require the office to undergo a peer review every three years. The office recognizes the importance of a peer review for ensuring the quality of its legislative audit work.

The purpose of a peer review is to identify whether the Washington JLARC’s system of quality control provides reasonable assurance of compliance with Government Auditing Standards and professional best practices as determined by peer reviewers with respect to performance audit engagements.

NCSL/NLPES Peer Review Methodology

The Washington JLARC contracted with the National Conference of State Legislatures (NCSL) to assess the office’s system of quality control and the overall quality of reports in a sample taken from performance audits and tax preference performance reviews completed from 2020 to 2023 (see Appendix A). The NCSL staff liaison to the National Legislative Program Evaluation Society organized a peer review team consisting of three experienced and respected program evaluators from Hawaii, Maryland and Utah (see Appendix B).

This peer review compared the office’s policies and performance to Yellow Book requirements and the knowledge base of peers from similar offices. The review provided a collective assessment of the office’s quality assurance and review processes, how those quality processes were used to develop the office’s performance audits, and the qualifications and independence of staff.

Specifically, the peer review team sought to determine whether the sample of reports reviewed, as well as the processes that underlie the reports, met the following criteria:

- 1) Work is professional, independent and objectively designed and executed.
- 2) Evidence is competent and reliable.
- 3) Conclusions are supported.
- 4) Products are fair and balanced.
- 5) Stakeholders and users of JLARC’s products are satisfied with the quality of work performed.
- 6) Staff are competent to perform work required.

The peer review team, legislative auditor, deputy legislative auditor, audit coordinator and other JLARC staff assisting with the peer review met on a conference call Sept. 5, 2023, to discuss JLARC office operations and the NCSL/NLPES peer review process.

The team received and reviewed JLARC's mission, vision and values statement; its annual report; an outline of its study process; the project management section of the employee handbook; the quality control systems document; rules of procedure; enabling statutes; staff organization chart; and short descriptions of staff backgrounds, including education and relevant work experience.

An on-site visit was conducted during Sept. 11-15, 2023. The peer review team reviewed documentation relating to the function of JLARC, its audit-related policies and procedures, and four performance audits. The audits were selected by members of the peer review team from a list of audits released between 2020 and 2023 (Appendix A). Each peer review team member took lead responsibility for one primary report and selected a secondary report to compare to the primary report and to review if time allowed. This included studying the performance audit in depth, reviewing the supporting working papers and interviewing current staff who worked on the performance audit.

The peer review team conducted interviews with four members of JLARC's Executive Committee, the committee, key staff directors for the Washington Senate and House, the legislative auditor, deputy legislative auditor and selected JLARC staff. The peer review team also met with the majority of the JLARC staff during the review.

To evaluate staff competence, continuing professional education records were reviewed to determine whether staff received 80 hours of training over the most recent CPE biennium.

The team discussed its preliminary conclusions with the legislative auditor, deputy legislative auditor, audit coordinator and other JLARC staff assisting with the peer review.

Appendix A lists the performance audits and reports reviewed by the team. Appendix B describes the qualifications of the peer review team members. Appendix C provides a general profile of program evaluation offices.

COMPLIANCE WITH YELLOW BOOK STANDARDS AND BEST PRACTICES

Section 3.101 of “Government Auditing Standards, 2011 Revision”—or Section 5.72 of “Government Auditing Standards, 2018 Revision”—by the Comptroller General of the United States (i.e., the Yellow Book or GAGAS) allows the peer-reviewed agency to receive one of three possible ratings—pass, pass with deficiencies or fail.

In the peer review team’s opinion, the Washington JLARC has a quality control system that is suitably designed and followed, providing reasonable assurance that the office is performing and reporting performance audit engagements in conformity with applicable “Government Auditing Standards” for the period reviewed. Based on its professional judgment, the peer review team gives a rating of “pass” to the Washington JLARC.

Independence. The Washington JLARC is established by statute. Revised Code of Washington, Section 44.28.065, requires the office to perform its audits in conformity with Government Auditing Standards. Its statutory authority also provides JLARC with access to documents, records and people within other branches of government, and confidentiality and other independence protections for the office’s work while audits are underway.

JLARC policies and project handbook clearly outline staff independence expectations and practices. The legislative auditor reviews and assesses the independence of staff when assigning them to an audit project. During the course of audit projects, the staff completes and updates independence statements. If used, contractors are also required to sign independence statements.

These factors give considerable assurance that the office can—and does—function independently.

Credibility/Effectiveness. JLARC is an effective performance audit organization, overseen by an engaged joint legislative committee. JLARC Executive Committee members and others interviewed by the peer review team expressed satisfaction with the work of JLARC staff, and they believe the information and conclusions in JLARC reports are objective and well supported. They also indicated they value JLARC’s work and have a positive working relationship with the staff.

Reliability/Quality Control and Assurance. JLARC has a very collaborative office environment in which management and staff work together to ensure that the office's products are of the utmost quality. The office's internal procedures for planning audits, supervising staff, obtaining evidence, and documenting and reporting are thorough and well managed. JLARC's project management handbook and quality control system are referenced to the Government Auditing Standards. The written guidance materials are clear and comprehensive. The project checklist is a good tool for staff. Work paper summaries and bridging documents are well organized.

JLARC is required by statute to perform its audits in conformity with Government Auditing Standards. As a result, the office must undergo external quality control reviews at regular intervals. These reviews must be conducted by an independent organization that has experience in conducting performance audits. JLARC contracted with NCSL to perform peer reviews in 2007, 2011, 2014, 2017, 2020 and 2023.

Objectivity/Professional Judgment. Auditors use professional judgment in planning and performing audits. JLARC has built the application of collective professional judgment into its quality control system. The office's policy manuals and project handbook material incorporate references to professional judgment. The consideration of professional judgment is woven into much of the staff's daily work. JLARC audit teams conduct weekly team meetings, biweekly management meetings and whiteboard sessions. The office keeps a record of project discussions.

Competence. JLARC is an organization with a group of experienced, well-educated analysts with deep and diverse skill sets suited to their work. The staff assigned to perform audits collectively possess adequate professional competence for the tasks required.

Competence may be maintained through a commitment to continued learning and development. An internal training work group surveys JLARC staff about training needs. The work group coordinates trainings that will benefit the staff, seeking to fill gaps in staff knowledge, build new skills or reinforce core competencies. Training is available both in-house and through many outside resources, including the National Conference of State Legislatures and the National Legislative Program Evaluation Society.

Every two years, JLARC staff must complete at least 80 hours of continuing professional education, which the office tracks using an electronic system. JLARC management receives CPE reports on a regular basis, and CPE reminders are sent to staff. If applicable, the reason for any discrepancy in hours was documented in the electronic tracking system.

Suggestions for Improvement. As noted above, the peer review team found positive aspects of JLARC's quality assurance process and the staff's work. During its review, the peer review team also offered additional technical and procedural suggestions for the legislative auditor, deputy legislative auditor and audit coordinator to consider. The suggestions were not criticisms of the office; rather, they were provided as opportunities to further refine its practice of the audit profession and do not affect the peer review team's overall judgment of the office or its compliance with Government Auditing Standards.

APPENDIX A. PERFORMANCE AUDITS REVIEWED

“Washington State Patrol Pursuit Vehicle Replacement,” Report 20-05, September 2020

“UW and Seattle Children’s Consultation and Referral Lines for Mental and Behavioral Health,”
Report 22-03, September 2022

“Racial Equity Effects of Redistricting In-Person Education During the COVID-19 Pandemic,”
Report 23-03, May 2023

“Hybrid Electric Ferries: Design-Build Contracting Procurement,” Report 23-04, May 2023

APPENDIX B: PEER REVIEW TEAM

Jake Dinsdale

Jake Dinsdale is a senior audit supervisor with the Utah Office of the Legislative Auditor General. He has been with the office for 11 years and has audited a wide range of topics, including election security, 911 emergency service, law enforcement, probation and parole, public education, and vocational rehabilitation. The findings and recommendations of these audits have prompted several policy and program improvements. Dinsdale has a master's degree in business administration from Utah State University and is a certified internal auditor.

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Les Kondo

Les Kondo was appointed in April 2016 by a joint session of the Hawaii State Legislature to serve as state auditor for a term of eight years. Before his appointment, Kondo was the executive director and general counsel of the Hawaii State Ethics Commission, which administers and enforces the State Ethics Code and the State Lobbyist Law. Previously, Kondo served as a member of the Hawaii Public Utilities Commission and was director of the Office of Information Practices, administering Hawaii's sunshine law and public records law. Kondo was an attorney in private practice and served as a clerk to Chief Justice Herman T.F. Lum of the Hawaii Supreme Court. Kondo received a Juris Doctor from the William S. Richardson School of Law at the University of Hawaii and a Bachelor of Science in industrial engineering from Northwestern University.

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Mike Powell

Mike Powell has been the director of Maryland’s Office of Program Evaluation and Government Accountability since it was created in 2019. Previously, he worked in the executive branches of both state and local governments, worked as a management consultant for a Fortune 100 company, and held a variety of roles consulting for government and nonprofit clients.

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Megan McClure

Megan McClure is a policy specialist in the Legislative Staff Services Program at NCSL. She works on topics relating to civics education, leadership and caucus staff, program evaluation and performance audit, and other topics connected to the legislative institution and staff. She also serves as NCSL’s liaison to the National Legislative Program Evaluation Society and Leadership Staff Professional Association. McClure has been with NCSL for over eight years. Previously, she worked in academic publishing and an academic library. She has a masters of humanities from the University of Colorado Denver.

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APPENDIX C. PROFILES OF PROGRAM EVALUATION OFFICES

Among the many roles state legislatures play—debating public policy, enacting laws and appropriating funds—is the fundamental responsibility to oversee government operations and ensure that public services are effectively and efficiently delivered to citizens.

To help meet this oversight responsibility, most state legislatures have created specialized offices that conduct research studies and evaluate state government policies and programs. These studies—variously called policy analyses, program evaluations, performance audits or sunset reviews—address whether agencies are properly managing public programs and identify ways to improve them. Evaluation offices significantly bolster legislatures’ ability to conduct independent oversight of the other branches of government and determine whether legislative program priorities are adequately fulfilled.

Most parties presenting information to a legislature—such as executive branch agencies, citizen groups and lobbyists—have a vested interest in that information. A legislative sunset, audit or program evaluation office provides a legislature with an independent, objective source of information.

Most legislative program evaluation offices have been in operation for several decades. About 25% of these offices have served their legislatures for more than 50 years, according to a 2019 NLPES survey. Approximately two-thirds of audit offices were created during the 1970s, 1980s and 1990s. At least six offices have been created since 2000. The Washington Legislature created the Legislative Budget Committee in 1951, and throughout the 1970s, the Legislature increased the committee’s responsibilities to include management surveys, program reviews, performance audits and sunset reviews. In 1996, the Legislature updated its performance audit statutes, and the agency was renamed the Joint Legislative Audit and Review Committee.

To help ensure that they produce high-quality work, audit offices use professional standards to guide their activities. About 65% of offices follow “Government Auditing Standards,” issued by the Comptroller General of the United States, and one-quarter of offices use either American Evaluation Association or internally developed standards. Only a handful of offices have not adopted formal standards. The Washington Joint Legislative Audit and Review Committee conducts its performance audits in accordance with the generally accepted government auditing standards for performance audits contained in the “Government Auditing Standards” (2011 Revision or 2018 Revision, whichever is appropriate), internal operating guidelines and professional best practices.

Legislative program evaluation offices vary substantially in size, reflecting the diversity among states and legislatures. According to a 2019 NLPES survey, 22% of legislative audit offices had fewer than 10 evaluation staff, 50% percent had 11-30 staff, 9% had 31-50 staff, and 19% percent of the offices had 51 or more staff. The Washington Joint Legislative Audit and Review Committee has 31 staff, so its size aligns with half of its peer audit offices.