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LEGISLATIVE OVERSIGHT CAPABILITIES STUDY COMMITTEE

**REPORT TO THE LEGISLATIVE COUNCIL
AND MEMBERS OF THE
FIRST SESSION OF THE SIXTY-SEVENTH GENERAL ASSEMBLY**

**STATE OF IOWA
1977**

1976 REPORT

LEGISLATIVE OVERSIGHT CAPABILITIES STUDY COMMITTEE

House Concurrent Resolution 162, introduced during the Second Session of the Sixty-sixth General Assembly, requested that the Iowa Legislative Council create a study committee to conduct a study on the "sunset" concept relating to the growth of governmental bureaucracy. The Iowa Legislative Council on July 14, 1976 created the Legislative Oversight Capabilities Study Committee to study legislative oversight capabilities including performance auditing and the concept of the "Sunset Law". The membership of this Study Committee is as follows:

Senator William D. Palmer, Chairperson
Representative John B. Brunow, Vice Chairperson
Senator Warren E. Curtis
Senator Eugene M. Hill
Senator E. Kevin Kelly
Senator Berl E. Priebe
Representative Ingver L. Hansen
Representative Mattie Harper
Representative LaVern Harvey
Representative Linda Svoboda

The Study Committee organized on September 30, 1976 and held further meetings on November 4, 5, 12, 22, and 23, 1976. The primary subject matter of these meetings was the establishment of a performance auditing capability in state government. The Study Committee received testimony from the following persons: Mr. Gerry Rankin, Director, Legislative Fiscal Bureau; Mr. Marvin R. Selden, State Comptroller; Mr. E. Newell Foust, CPA; Dr. Richard Brown, Kansas, Legislative Post Auditor; and Messrs. Dave Hanna and Ken Lukey, General Accounting Office. Additionally two members of the Study Committee and a member of the staff attended a two-day conference sponsored by the Colorado Department of Regulatory Agencies on Colorado's "Sunset Law".

Based upon its discussion and the testimony it has received, the Study Committee recommends passage of the attached bill draft establishing a Legislative Oversight Bureau. The primary function of the Bureau would be to review the performance of state agencies and programs. The Bureau would also provide staff support for the Administrative Rules Review Committee. The director of the Bureau would be nominated by the majority and minority leaders of each house of the General Assembly and confirmed by a two-thirds vote in each house. The director is also removable for just cause by a two-thirds vote of each house. The director is appointed to a fifteen-year term. The Committee believes that the director should be accountable to the legislature as a whole rather than any particular committee and that the provisions for appointment, removal and length of term should insulate the director from passing political and personality pressures.

The Legislative Oversight Bureau would conduct performance audits and program evaluations upon the request of standing committees and appropriation subcommittees. The Bureau may also conduct a review upon the director's initiative or upon an individual legislator's request. The director will determine the priority of requests and allocate the workload of the Bureau. The performance audit and program evaluation would address the questions of whether the agency is complying with the applicable laws, whether the agency is using its resources in an effective and efficient manner, whether the objectives are being achieved and whether alternatives might achieve the objectives at a lower cost, and whether statutory or administrative changes are needed to achieve the intent of the General Assembly. The Bureau has access to all records, information and facilities of state agencies, but shall maintain the confidentiality of any confidential record.

The agency subject to the review will have an opportunity to respond to the recommendations and findings of the review and that response will be included in the report. The report will be confidential until released. Copies of the report will be provided to the requesting party and the Governor and, upon release, forwarded to the appropriate standing committee and appropriation subcommittee.

The Committee will also be meeting on December 15 and 16, 1976 when it will continue its discussion of appropriating federal funds through the general fund and of "Sunset Laws".

PREPARED BY THE LEGISLATIVE
SERVICE BUREAU AT THE REQUEST
OF THE LEGISLATIVE OVERSIGHT
CAPABILITIES STUDY COMMITTEE
FOR CONSIDERATION BY THE
SIXTY-SEVENTH GENERAL ASSEMBLY

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act establishing a legislative oversight bureau.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Chapter two (2), Code 1977, is amended by
2 adding sections two (2) through six (6) of this Act.

3 Sec. 2. NEW SECTION. INTENT. It is the intent of the
4 general assembly to establish in the legislative branch of
5 government the capability to independently and intensively
6 review the performance of state agencies in operating the
7 programs established by the general assembly, to evaluate
8 their efficiency and effectiveness and to consider knowledgably
9 alternatives which may improve the benefits of a program or
10 reduce its costs to the citizens. The bureau established
11 by this Act is intended to provide the technical and
12 professional support for the general assembly's oversight
13 responsibility.

14 Sec. 3. NEW SECTION. LEGISLATIVE OVERSIGHT BUREAU. There
15 is established a legislative oversight bureau. The director
16 of the legislative oversight bureau shall be a person of
17 extensive experience and recognized qualification in the field
18 of governmental fiscal procedures and accounting. The director
19 shall be appointed upon the nomination of a committee composed
20 of the majority and minority leaders of each house of the
21 general assembly consulting with the directors of the
22 legislative service bureau and legislative fiscal bureau and
23 the confirmation of that nomination by two-thirds of the
24 members of each house of the general assembly. When a vacancy
25 in the office of the director occurs during the legislative
26 interim, the nomination shall be submitted to the general
27 assembly within thirty days of its convening and must be acted
28 upon by each house within sixty days of its submission. When
29 a vacancy occurs during the legislative session, the nomination
30 shall be submitted within sixty days of the occurrence of the
31 vacancy and must be acted upon by each house within sixty
32 days of its submission unless the general assembly adjourns
33 prior to the expiration of this schedule. If the general
34 assembly adjourns prior to the expiration of this schedule,
35 the nomination may be resubmitted as though the vacancy

1 occurred during the legislative interim. The director may
2 be removed from office for just cause by a vote of two-thirds
3 of the members of each house of the general assembly. Each
4 director shall be appointed to a term of fifteen years and
5 shall not be eligible for reappointment. A person nominated
6 as director may serve as an acting director until the
7 nomination is confirmed or rejected by the general assembly.
8 The compensation of the director shall not be reduced during
9 the director's term in office.

10 Sec. 4. NEW SECTION. POWERS AND DUTIES OF THE DIRECTOR.

11 The director of the legislative oversight bureau shall:

12 1. Employ and supervise all employees of the legislative
13 oversight bureau at such salaries and in such positions and
14 professional disciplines as are within the limits of its
15 appropriation.

16 2. Employ and supervise staff support for the administra-
17 tive rules review committee.

18 3. Establish policies and procedures for the conduct of
19 performance audits and program evaluations.

20 4. Conduct performance audits and program evaluations
21 of state agencies and programs upon the request of a standing
22 committee or appropriation subcommittee of the general
23 assembly.

24 5. Determine the priority of performance audit and program
25 evaluation requests and allocate the workload of the
26 legislative oversight bureau.

27 6. Make an annual report to the general assembly of the
28 performance audits and program evaluations conducted and in
29 progress and of the condition of the legislative oversight
30 bureau.

31 The director of the legislative oversight bureau may:

32 1. Employ such technical consultants as may be necessary
33 to conduct a performance audit or program evaluation.

34 2. Conduct performance audits and program evaluations
35 upon the request of a member of the general assembly.

1 3. Conduct performance audits and program evaluations
2 upon the director's initiative.

3 Sec. 5. NEW SECTION. PERFORMANCE AUDITS AND PROGRAM
4 EVALUATIONS. The legislative oversight bureau at the direction
5 of the director shall independently examine state agencies
6 and programs to determine the following:

7 1. Whether the financial operations of the agency or
8 program are properly conducted, its financial reports are
9 presented fairly, and whether the agency or program has
10 complied with the applicable laws.

11 2. Whether the agency or program is managing or using
12 its resources in an efficient and economical manner and whether
13 the causes of any inefficient or uneconomical practices have
14 been determined.

15 3. Whether the desired results or benefits are being
16 achieved, whether the objectives established by the general
17 assembly are being met, and whether alternatives which might
18 produce the desired results at a lower cost have been
19 considered.

20 4. Whether administrative or statutory changes are needed
21 to achieve the intent of the general assembly.

22 5. Other criteria determined by the director.

23 The director after consulting with the responsible official
24 and the requesting party, if any, shall determine the goals
25 of the agency or program for the purpose of the performance
26 audit or program evaluation. The legislative oversight bureau
27 shall have ready access to all state agencies and their
28 records, information and facilities used in the performance
29 of their duties and may examine and make copies of any
30 document. If a document is by law required to be kept
31 confidential, the legislative oversight bureau shall have
32 access to the document, but shall be subject to the same
33 policies and penalties regarding the confidentiality of the
34 document. The officers and employees of all state agencies
35 shall cooperate with the legislative oversight bureau and

1 make available to it all such records, information and
2 facilities as deemed necessary by the director or a designee.

3 Sec. 6. NEW SECTION. REPORTS. At the conclusion of an
4 audit or evaluation, the director of the legislative oversight
5 bureau shall provide copies to the governor and to the official
6 whose office is the subject of the audit or evaluation. The
7 official shall be given a reasonable opportunity by the
8 director to respond to the findings and recommendations of
9 the audit or evaluation, and the response shall be included
10 in the report. A brief summary of the findings and
11 recommendations shall accompany each report. A report of
12 an audit or evaluation initiated by the director shall be
13 relased for publication upon its completion. A report of
14 a requested audit or evaluation shall be submitted to the
15 requesting party and released thirty days after submission
16 if the requesting party is a standing committee or
17 appropriations subcommittee or ten days if the requesting
18 party is a member of the general assembly unless the requesting
19 party directs an earlier release. The report shall be regarded
20 as confidential by all persons having custody of it until
21 the report is released as provided by this section. Upon
22 the release of a report, the director shall provide copies
23 to the presiding officer of each house of the general assembly
24 for referral to the appropriate standing committee and
25 appropriations subcommittee.

26 Sec. 7. Section two point forty-six (2.46), Code 1977,
27 is amended by striking subsection four (4).

28 Sec. 8. Section seventeen A point eight (17A.8), Code
29 1977, is amended by striking subsection nine (9) and insert-
30 ing in lieu thereof the following:

31 9. The committee shall receive legal and technical
32 assistance from the legislative oversight bureau. The costs
33 of this assistance shall be paid from the funds appropriated
34 by subsection three (3) of this section.

35 Sec. 9. This Act, being deemed of immediate importance,

1 shall take effect and be in force from and after its publica-
2 tion in _____, a newspaper published in
3 _____, Iowa, and in _____, a
4 newspaper published in _____, Iowa.

5 EXPLANATION

6 The bill establishes a legislative oversight bureau to
7 conduct performance audit and program evaluations of state
8 agencies. The director of the legislative oversight bureau
9 is nominated by the majority and minority leaders of both
10 houses of the general assembly and confirmed by a two-thirds
11 vote of each house. The director has a fifteen-year term
12 and is removable by a two-thirds vote of each house.

13 The legislative oversight bureau conducts performance
14 audits and program evaluations upon the request of standing
15 committees and appropriation subcommittees and may conduct
16 them upon its own initiative or the request of an individual
17 legislator. The review of the state agency addresses the
18 issues of the agency's compliance with the laws, the efficient
19 and effective use of the resources available, the achievement
20 of objectives, and cost of achieving the objectives. The
21 bureau shall provide the agency an opportunity to respond
22 to its findings and recommendations and include the response
23 in its report. The bureau has access to all records,
24 information, and facilities of the state agency being reviewed.
25 If the information is confidential, the bureau shall have
26 access to the information, but shall maintain the information's
27 confidentiality.

28 The legislative oversight bureau shall also provide staff
29 support for the administrative rules review committee.

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