

This is the enrolled version of the Accountable Government Act, House File 867. The enrolled version is used in this Appendix as it clearly identifies what is 'new.'

## ACCOUNTABLE GOVERNMENT ACT

### An Act

relating to Government Accountability, by providing for strategy planning, performance planning, performance measurement and reporting, performance audits, performance contracting, return on investment, and oversight, and providing for its implementation

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

Section 1. Section 8.22, unnumbered paragraph 1, Code 2001, is amended to read as follows: The budget shall consist of ~~three~~ four parts, the nature and contents of which shall be as follows:

Sec. 2. Section 8.22, Code 2001, is amended by adding the following new part:  
NEW PART. PART IV **STRATEGIC PLAN.** Part IV shall include an explanation that correlates the budget with the enterprise strategic plan adopted pursuant to section 8E.204. The budget shall provide an explanation of appropriations recommended for the administration and maintenance of an agency as defined in section 8E.103 with the general evaluation of the agency in meeting enterprise strategic goals, including identifying goals that require legislation.

Sec. 3. Section 8.23, unnumbered paragraph 1, Code 2001, is amended to read as follows: On or before October 1, prior to each legislative session, all departments and establishments of the government shall transmit to the director, on blanks to be furnished by the director, estimates of their expenditure requirements, including every proposed expenditure, for the ensuing fiscal year, classified so as to distinguish between expenditures estimated for administration, operation, and maintenance, and making of a public improvement or capital outlay of a permanent character, together with supporting data and explanations as called for by the director.

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1. The budget estimates shall include for those agencies which pay for energy directly a line item for energy expenses itemized by type of energy and location.
2. The estimates of expenditure requirements shall be based upon seventy-five percent of the funding provided for the current fiscal year accounted for by program reduced by the historical employee vacancy factor in form specified by the director and the remainder of the estimate of expenditure requirements prioritized by program. The estimates shall be accompanied with performance measures for evaluating the effectiveness of the program.
3. The budget estimates for an agency as defined in section 8E.103 shall be based on achieving goals contained in the enterprise strategic plan and the agency's strategic plan as provided for in chapter 8E. The estimates shall be accompanied by a description of the measurable and other results to be achieved by the agency. Performance measures shall be based on the goals developed pursuant to sections 3 8E.205, 8E.206, and 8E.208. The estimates shall be accompanied by an explanation of the manner in which appropriations requested for the administration and maintenance of the agency meet goals contained in the enterprise strategic plan and the agency's strategic plan, including identifying goals that require legislation.
4. If a department or establishment fails to submit estimates within the time specified, the legislative fiscal bureau shall use the amounts of the appropriations to the department or establishment for the fiscal year in process at the time the estimates are required to be submitted as the amounts for the department's or establishment's request in the documents submitted to the general assembly for the ensuing fiscal year and the governor shall cause estimates to be prepared for that department or establishment as in the governor's opinion are reasonable and proper.
5. The director shall furnish standard budget request forms to each department or agency of state government.

Sec. 4. Section 8.35A, Code 2001, is amended by adding the following new subsection:

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NEW SUBSECTION. 5. The department shall transmit the enterprise strategic plan and related information and an agency shall transmit its agency strategic plan, performance report, and related information as required by chapter 8E to the legislative fiscal bureau.

### Sec. 5. NEW SECTION. 8.47 **SERVICE CONTRACTS.**

1. The department of general services, in cooperation with the office of attorney general, the department of management, the department of personnel, and the department of revenue and finance, shall adopt uniform terms and conditions for service contracts executed by a department or establishment benefiting from service contracts. The terms and conditions shall include but are not limited to all of the following:
  - a. The amount or basis for paying consideration to the party based on the party's performance under the service contract.
  - b. Methods to effectively oversee the party's compliance with the service contract by the department or establishment receiving the services during performance, including the delivery of invoices itemizing work performed under the service contract prior to payment.
  - c. Methods to effectively review performance of a service contract, including but not limited to performance measurements developed pursuant to chapter 8E.
2. Departments or establishments, with the approval of the department of management acting in cooperation with the office of attorney general, the department of general services, the department of personnel, and the department of revenue and finance, may adopt special terms and conditions for use by the departments or establishments in their service contracts.
3. The state board of regents shall establish terms and conditions for service contracts executed by institutions governed by the state board of regents.

Sec. 6. Section 8.52, subsections 1 and 5, Code 2001, are amended to read as follows:

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1. Provide coordination of state ~~policy~~ planning, performance measurement, and management of interagency programs of the state, and recommend policies to the governor and the general assembly.
5. Inquire into methods of planning, performance measurement, and program development, and the conduct of affairs of state government; prescribe adequate systems of records for planning, performance measurement, and programming; establish standards for effective planning, performance measurement, and programming in consultation with affected state agencies; and exercise all other powers necessary in discharging the powers and duties of this chapter.

Sec. 7. Section 8.52, Code 2001, is amended by adding the following new subsection:  
NEW SUBSECTION. 6. Administer the accountable government act as provided in chapter 8E.

### SUBCHAPTER 1 GENERAL

Sec. 8. NEW SECTION. 8E.101 **TITLE**. This chapter shall be known and may be cited as the "**Accountable Government Act**".

Sec. 9. NEW SECTION. 8E.102 **PURPOSES**. This chapter is intended to create mechanisms to most effectively and efficiently respond to the needs of Iowans and continuously improve state government performance, including by doing all of the following:

1. Allocating human and material resources available to state government to maximize measurable results for Iowans.
2. Improving decision making at all levels of state government.
3. Enhancing state government's relationship with citizens and taxpayers, by providing for the greatest possible accountability of the government to the public.

Sec. 10. NEW SECTION. 8E.103 **DEFINITIONS**. As used in this chapter, unless the context otherwise requires:

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1. "Agency" means a principal central department enumerated in section 7E.5. For purposes of this chapter, each division within the department of commerce shall be considered an agency, and each bureau within a division of the department of commerce shall be considered a division, as otherwise provided in chapter 7E.
2. "Agency performance plan" means an action plan based on an agency strategic plan which utilizes performance measures, data sources, and performance targets to achieve the agency's goals adopted pursuant to section 8E.208.
3. "Agency strategic plan" means the strategic plan for the agency adopted pursuant to section 8E.206.
4. "Department" means the department of management.
5. "Enterprise strategic plan" means the strategic plan for the executive branch of state government adopted pursuant to section 8E.204.
6. "Performance target" means a desired level of performance, demonstrating specific progress toward the attainment of a goal which is part of a strategic plan as provided in section 8E.208.
7. "Strategic plan" means an enterprise strategic plan or an agency strategic plan.

Sec. 11. NEW SECTION. 8E.104 **ADMINISTRATION.** The department shall oversee the administration of this chapter in cooperation with agencies as provided in this chapter. The department shall adopt rules as necessary in order to administer this chapter. However, the state board of regents shall oversee and implement the provisions of this chapter for institutions governed under chapter 262.

Sec. 12. NEW SECTION. 8E.105 **CHAPTER EVALUATION.** The department shall conduct an evaluation of the effectiveness of this chapter in carrying out the purposes of this chapter as provided in section 8E.102. The department shall submit a report of its findings and recommendations to the governor and general assembly not later than January 10, 2006.

### SUBCHAPTER 2: **STRATEGIC PLANNING AND PERFORMANCE MEASUREMENT**

Sec. 13. NEW SECTION. 8E.201 **AGENCY DUTIES AND POWERS.** Each agency shall administer the application of this chapter to the agency in cooperation with the department. Each agency shall measure and monitor progress toward achieving goals which relate to programs administered by the agency pursuant to the enterprise strategic plan, the agency strategic plan, and the agency performance plan.

Sec. 14. NEW SECTION. 8E.202 **REPORTS AND RECORDS – ACCESS AND PURPOSE.**

1. The department and each agency shall provide for the widest possible dissemination of information between agencies and the public, relating to the enterprise strategic plan and agency strategic plans including but not limited to internet access. This section does not require the department or an agency to release information which is classified as a confidential record under this Code including but not limited to section 22.7.
  - a. In administering this subsection, the department shall provide for the dissemination of all of the following:
    - 1.) The enterprise strategic plan, performance measures, performance targets based on performance data, performance data, and data sources used to evaluate agency performance, and explanations of the plan's provisions.
    - 2.) Methods for the public and state employees to provide input including written and oral comments for the enterprise strategic plan, including a schedule of any public hearings relating to the plan or revisions.
  - b. In administering this subsection, each agency shall provide for the dissemination of all of the following:
    - 1.) The agency strategic plan, performance measures, performance targets based on performance data, performance data, and data sources used by the agency to evaluate its performance, and explanations of the plan's provisions.
    - 2.) Methods for the public and agency employees to provide input including written and oral comments for the agency strategic plan,

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including a schedule of any public hearings relating to the plan or revisions.

2. The department may review any records of an agency that relate to an agency strategic plan, an agency performance plan, or a performance audit conducted pursuant to section 8E.209.
3. A record which is confidential under this Code including but not limited to section 22.7 shall not be released to the public under this section.

Sec. 15. NEW SECTION. 8E.203 **STRATEGIC PLAN – PURPOSES.** The purposes of strategic plans are to promote long-term and broad thinking, focus on results for Iowans, and guide the allocation of human and material resources and day-to-day activities.

Sec. 16. NEW SECTION. 8E.204 **ADOPTION AND REVISION OF AN ENTERPRISE STRATEGIC PLAN AND AGENCY STRATEGIC PLANS.**

1. The department, in consultation with agencies, shall adopt an enterprise strategic plan. Each agency shall adopt an agency strategic plan aligned with the enterprise strategic plan.
2. The department or an agency shall adopt and revise a strategic plan which includes input from customers and stakeholders following an opportunity for broad public participation in strategic planning. The department or an agency developing or revising a strategic plan shall include input from state employees, including written and oral comments. Upon adoption of the enterprise strategic plan by the department, the plan shall be disseminated to each agency and made available to all state employees. Upon adoption of the agency's strategic plan, the agency shall provide the department with a copy of the agency strategic plan and make the strategic plan available to all agency employees. The enterprise strategic plan and all agency strategic plans shall be available to the public.
3. The department and agencies shall annually review the enterprise strategic plan. An agency shall conduct an annual review of its agency strategic plan. Revisions in the strategic plan may be prompted by a reexamination of priorities

or the need to redirect state resources based on new circumstances, including events or trends.

Sec. 17. NEW SECTION. 8E.205 **ENTERPRISE STRATEGIC PLAN.** The enterprise strategic plan shall identify major policy goals of the state. The enterprise strategic plan shall also describe multi-agency strategies to achieve major policy goals, and establish the means to gauge progress toward achieving the major policy goals.

Sec. 18. NEW SECTION. 8E.206 **AGENCY STRATEGIC PLANS.**

1. An agency shall adopt an agency strategic plan which shall follow a format and include elements as determined by the department in consultation with agencies.
2. An agency shall align its agency strategic plan with the enterprise strategic plan and show the alignment.

Sec. 19. NEW SECTION. 8E.207 **AGENCY PERFORMANCE PLANS.** Each agency shall develop an annual performance plan to achieve the goals provided in the agency strategic plan, including the development of performance targets using its performance measures. The agency shall use its performance plan to guide its day-to-day operations and track its progress in achieving the goals specified in its agency strategic plan.

1. An agency shall align its agency performance plan with the agency strategic plan and show the alignment in the agency performance plan.
2. An agency shall align individual performance instruments with its agency performance plan.

Sec. 20. NEW SECTION. 8E.208 **PERFORMANCE MEASURES, PERFORMANCE TARGETS, AND PERFORMANCE DATA.** The department, in consultation with agencies, shall establish guidelines that will be used to create performance measures, performance targets, and data sources for each agency and each agency's functions.

Sec. 21. NEW SECTION. 8E.209 **PERIODIC PERFORMANCE AUDITS AND PERFORMANCE DATA VALIDATION.**



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1. The department, in consultation with the legislative fiscal bureau, the auditor of state, and agencies, shall establish and implement a system of periodic performance audits. The purpose of a performance audit is to assess the performance of an agency in carrying out its programs in light of the agency strategic plan, including the effectiveness of its programs, based on performance measures, performance targets, and performance data. The department may make recommendations to improve agency performance which may include modifying, streamlining, consolidating, expanding, redesigning, or eliminating programs.
2. The department, in cooperation with the legislative fiscal bureau and the auditor of state, shall provide for the analysis of the integrity and validity of performance data.

### Sec. 22. NEW SECTION. 8E.210 **REPORTING REQUIREMENTS.**

1. Each agency shall prepare an annual performance report stating the agency's progress in meeting performance targets and achieving its goals consistent with the enterprise strategic plan, its agency strategic plan, and its performance plan. An annual performance report shall include a description of how the agency has reallocated human and material resources in the previous fiscal year. The department in conjunction with agencies, shall develop guidelines for annual performance reports, including but not limited to a reporting schedule. An agency may incorporate its annual performance report into another report that the agency is required to submit to the department.
2. The annual performance reporting required under this section shall be used to improve performance, improve strategic planning and policy decision making, better allocate human and material resources, recognize superior performance, and inform Iowans about their return from investment in state government.

### SUBCHAPTER 3. **INVESTMENT DECISIONS**

Sec. 23. NEW SECTION. 8E.301 **SCOPE.** The department, in cooperation with agencies, shall establish methodologies for use in making major investment decisions, including methodologies based on return on investment and cost-benefit analysis. The

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department and agencies may also utilize these methodologies to review current investment decisions. The department shall establish procedures for implementing the methodologies, requiring independent verification and validation of investment results, and providing reports to the governor and the legislative fiscal bureau regarding the implementation.

Sec. 24. **IMPLEMENTATION.** The department shall implement chapter 8E as enacted in this Act as soon as practical according to a multiyear schedule adopted by the department.