



The SMART Government Act

The State Measurement for Accountable, Responsive, and Transparent Government Act (SMART Act) was adopted in 2010 by [House Bill 10-1119](#). This bill established a performance-based budgeting program. In 2013, [House Bill 13-1299](#) updated the requirements for state agencies, the Office of the State Auditor (OSA), and joint legislative committees. [Senate Bill 19-252](#) made additional modifications to the law. This issue brief provides an overview of the requirements and responsibilities in the current SMART Act.

Principal Departments

Under the SMART Act, state agencies must submit a performance plan, regulatory agenda, and department budget requests to committees of reference. The SMART Act also establishes a performance management system for all principal departments, the Judicial Branch, the Office of the State Public Defender, the Office of the Alternate Defense Counsel, the Office of the Child's Representative, the Public Employees' Retirement Association, the Colorado Energy Office, and the Office of Economic Development and International Trade. By August 1 of each year, the Governor's Office of State Planning and Budgeting (OSPB) must issue instructions regarding the performance management system for the principal departments, while the other covered entities

retain an internal process. A performance management system must:

- include strategies for enhancing productivity, improving efficiency, reducing costs, and eliminating waste;
- establish parameters for the development of a performance plan;
- incorporate a continuous process improvement system; and
- include procedures to ensure that a department's employees are appropriately trained to implement the system.¹

Joint Budget Committee

Departments must submit performance plans to the Joint Budget Committee and the appropriate joint committee of reference. Additionally, each performance plan is posted on the official website of the department and the OSPB. Performance plans include:

- mission statement or vision;
- a description of a department's major functions;
- performance measures for its major functions;
- long-term performance goals;
- a narrative description of strategies necessary to meet its performance goals; and
- a summary of the department's most recent performance evaluation.²

¹ Section 2-7-204(2), C.R.S.

² Section 2-7-204(6), C.R.S.

The SMART Government Act

Joint Committees of Reference

Joint committees of reference must hold hearings with each state department within the first two weeks of the legislative session. Joint committees of reference are made up of senators and representatives who sit on the relevant standing committee in their chamber. The Speaker of the House of Representatives and the President of the Senate assign each state department to a House and Senate committee of reference. These assignments are codified in [Joint Rule 25](#). Joint committees must meet at least once and up to three times during the first two weeks of the legislative session to hear SMART Act briefings. During these meetings, each assigned department will review its performance plan, legislative agenda, and budget submittals and respond to questions from committee members. The Joint Budget Committee may prioritize funding requests intended to enhance productivity, improve efficiency, reduce costs, and eliminate waste.

Performance Audits

Prior to each legislative session, the OSA must conduct performance audits of one or more specific programs or services in at least two departments, with the selections approved by the Legislative Audit Committee (LAC).³ In selecting programs for a performance audit, the State Auditor must consider: risk; audit coverage; required resources; and the impact of the audited program on the department's performance goals.

In reviewing a department's programs or services, the performance audit may examine the:

- integrity of the performance measures audited;
- accuracy and validity of the department's reported results; and
- overall cost and effectiveness of the audited programs in achieving legislative intent and the department's performance goals.

After an audit is released by the LAC, the State Auditor must also present the performance audit to the appropriate joint committee of reference. Additionally, the law requires OSA to notify the appropriate committee of reference when a department has not completed recommendations made by the auditor within the time provided.

³ Section 2-7-204(2)(c), C.R.S.