

---

HOUSE BILL 2070

---

State of Washington                      54th Legislature                      1995 Regular Session

By Representatives Beeksma, Talcott and Huff

Read first time 03/06/95. Referred to Committee on Appropriations.

1            AN ACT Relating to changing the name of the legislative budget  
2 committee to the legislative audit committee; and amending RCW  
3 28A.630.830, 28B.20.382, 39.19.060, 39.29.016, 39.29.018, 39.29.025,  
4 39.29.055, 41.06.070, 42.48.060, 43.09.310, 43.21J.800, 43.72.830,  
5 43.79.270, 43.79.280, 43.88.020, 43.88.160, 43.88.205, 43.88.230,  
6 43.88.310, 43.88.510, 43.131.050, 43.131.060, 43.131.070, 43.131.080,  
7 43.131.110, 43.250.080, 44.28.010, 44.28.050, 44.28.060, 44.28.085,  
8 44.28.086, 44.28.087, 44.28.140, 44.28.180, 44.40.025, 67.70.310,  
9 79.01.006, and 88.46.920.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

11            **Sec. 1.** RCW 28A.630.830 and 1994 c 13 s 5 are each amended to read  
12 as follows:

13            (1) The selection advisory committee is created. The committee  
14 shall be composed of up to three members from the house of  
15 representatives, up to three members from the senate, up to two members  
16 from the office of the superintendent of public instruction, and one  
17 member from each of the following: The office of financial management,  
18 Washington state special education coalition, transitional bilingual  
19 instruction educators, and Washington education association.

1 (2) The legislative (~~budget~~) audit committee and the  
2 superintendent of public instruction shall provide staff for the  
3 selection advisory committee.

4 (3) The selection advisory committee shall:

5 (a) Develop appropriate criteria for selecting demonstration  
6 projects;

7 (b) Issue requests for proposals in accordance with RCW 28A.630.820  
8 through 28A.630.845 for demonstration projects;

9 (c) Review proposals and recommend demonstration projects for  
10 approval by the superintendent of public instruction; and

11 (d) Advise the superintendent of public instruction on the  
12 evaluation design.

13 **Sec. 2.** RCW 28B.20.382 and 1987 c 505 s 13 are each amended to  
14 read as follows:

15 Until authorized and empowered to do so by statute of the  
16 legislature, the board of regents of the university, with respect to  
17 that certain tract of land in the city of Seattle originally known as  
18 the "old university grounds" and more recently known as the  
19 "Metropolitan Tract" and any land contiguous thereto, shall not sell  
20 (~~said~~) the land or any part thereof or any improvement thereon, or  
21 lease (~~said~~) the land or any part thereof or any improvement thereon  
22 or renew or extend any lease thereof for a term ending more than sixty  
23 years beyond midnight, December 31, 1980. Any sale of (~~said~~) land or  
24 any part thereof or any improvement thereon, or any lease or renewal or  
25 extension of any lease of (~~said~~) land or any part thereof or any  
26 improvement thereon for a term ending more than sixty years after  
27 midnight, December 31, 1980, made or attempted to be made by the board  
28 of regents shall be null and void unless and until the same has been  
29 approved or ratified and confirmed by legislative act.

30 The board of regents shall have power from time to time to lease  
31 (~~said~~) the land, or any part thereof or any improvement thereon for  
32 a term ending not more than sixty years beyond midnight, December 31,  
33 1980: PROVIDED, That the board of regents shall make a full, detailed  
34 report of all leases and transactions pertaining to (~~said~~) the land  
35 or any part thereof or any improvement thereon to the legislative  
36 (~~budget~~) audit committee, including one copy to the staff of the  
37 committee, during an odd-numbered year: PROVIDED FURTHER, That any and  
38 all records, books, accounts and/or agreements of any lessee or

1 sublessee under this section, pertaining to compliance with the terms  
2 and conditions of such lease or sublease, shall be open to inspection  
3 by the board of regents and/or the ways and means committees of the  
4 senate or the house of representatives or the legislative ((~~budget~~))  
5 audit committee or any successor committees. It is not intended by  
6 this proviso that unrelated records, books, accounts and/or agreements  
7 of lessees, sublessees or related companies be open to such inspection.

8       **Sec. 3.** RCW 39.19.060 and 1993 c 512 s 9 are each amended to read  
9 as follows:

10       Each state agency and educational institution shall comply with the  
11 annual goals established for that agency or institution under this  
12 chapter for public works and procuring goods or services. This chapter  
13 applies to all public works and procurement by state agencies and  
14 educational institutions, including all contracts and other procurement  
15 under chapters 28B.10, 39.04, 39.29, 43.19, and 47.28 RCW. Each state  
16 agency shall adopt a plan, developed in consultation with the director  
17 and the advisory committee, to insure that minority and women-owned  
18 businesses are afforded the maximum practicable opportunity to directly  
19 and meaningfully participate in the execution of public contracts for  
20 public works and goods and services. The plan shall include specific  
21 measures the agency will undertake to increase the participation of  
22 certified minority and women-owned businesses. The office shall  
23 annually notify the governor, the state auditor, and the legislative  
24 ((~~budget~~)) audit committee of all agencies and educational institutions  
25 not in compliance with this chapter.

26       **Sec. 4.** RCW 39.29.016 and 1987 c 414 s 4 are each amended to read  
27 as follows:

28       Emergency contracts shall be filed with the office of financial  
29 management and the legislative ((~~budget~~)) audit committee and made  
30 available for public inspection within three working days following the  
31 commencement of work or execution of the contract, whichever occurs  
32 first. Documented justification for emergency contracts shall be  
33 provided to the office of financial management and the legislative  
34 ((~~budget~~)) audit committee when the contract is filed.

35       **Sec. 5.** RCW 39.29.018 and 1993 c 433 s 5 are each amended to read  
36 as follows:

1 (1) Sole source contracts shall be filed with the office of  
2 financial management and the legislative (~~budget~~) audit committee and  
3 made available for public inspection at least ten working days prior to  
4 the proposed starting date of the contract. Documented justification  
5 for sole source contracts shall be provided to the office of financial  
6 management and the legislative (~~budget~~) audit committee when the  
7 contract is filed. For sole source contracts of ten thousand dollars  
8 or more that are state funded, documented justification shall include  
9 evidence that the agency attempted to identify potential consultants by  
10 advertising through state-wide or regional newspapers.

11 (2) The office of financial management shall approve sole source  
12 contracts of ten thousand dollars or more that are state funded, before  
13 any such contract becomes binding and before any services may be  
14 performed under the contract. These requirements shall also apply to  
15 sole source contracts of less than ten thousand dollars if the total  
16 amount of such contracts between an agency and the same consultant is  
17 ten thousand dollars or more within a fiscal year. Agencies shall  
18 ensure that the costs, fees, or rates negotiated in filed sole source  
19 contracts of ten thousand dollars or more are reasonable.

20 **Sec. 6.** RCW 39.29.025 and 1993 c 433 s 3 are each amended to read  
21 as follows:

22 (1) Substantial changes in either the scope of work specified in  
23 the contract or in the scope of work specified in the formal  
24 solicitation document must generally be awarded as new contracts.  
25 Substantial changes executed by contract amendments must be submitted  
26 to the office of financial management and the legislative (~~budget~~)  
27 audit committee, and are subject to approval by the office of financial  
28 management.

29 (2) An amendment or amendments to personal service contracts, if  
30 the value of the amendment or amendments, whether singly or  
31 cumulatively, exceeds fifty percent of the value of the original  
32 contract must be provided to the office of financial management and the  
33 legislative (~~budget~~) audit committee.

34 (3) The office of financial management shall approve amendments  
35 provided to it under this section before the amendments become binding  
36 and before services may be performed under the amendments.

37 (4) The amendments must be filed with the office of financial  
38 management and made available for public inspection at least ten

1 working days prior to the proposed starting date of services under the  
2 amendments.

3 (5) The office of financial management shall approve amendments  
4 provided to it under this section only if they meet the criteria for  
5 approval of the amendments established by the director of the office of  
6 financial management.

7 **Sec. 7.** RCW 39.29.055 and 1993 c 433 s 7 are each amended to read  
8 as follows:

9 (1) State-funded personal service contracts subject to competitive  
10 solicitation shall be filed with the office of financial management and  
11 the legislative ((~~budget~~)) audit committee and made available for  
12 public inspection at least ten working days before the proposed  
13 starting date of the contract.

14 (2) The office of financial management shall review and approve  
15 state-funded personal service contracts subject to competitive  
16 solicitation that provide services relating to management consulting,  
17 organizational development, marketing, communications, employee  
18 training, or employee recruiting.

19 **Sec. 8.** RCW 41.06.070 and 1994 c 264 s 13 are each amended to read  
20 as follows:

21 (1) The provisions of this chapter do not apply to:

22 (a) The members of the legislature or to any employee of, or  
23 position in, the legislative branch of the state government including  
24 members, officers, and employees of the legislative council,  
25 legislative ((~~budget~~)) audit committee, statute law committee, and any  
26 interim committee of the legislature;

27 (b) The justices of the supreme court, judges of the court of  
28 appeals, judges of the superior courts or of the inferior courts, or to  
29 any employee of, or position in the judicial branch of state  
30 government;

31 (c) Officers, academic personnel, and employees of technical  
32 colleges;

33 (d) The officers of the Washington state patrol;

34 (e) Elective officers of the state;

35 (f) The chief executive officer of each agency;

36 (g) In the departments of employment security and social and health  
37 services, the director and the director's confidential secretary; in

1 all other departments, the executive head of which is an individual  
2 appointed by the governor, the director, his or her confidential  
3 secretary, and his or her statutory assistant directors;

4 (h) In the case of a multimember board, commission, or committee,  
5 whether the members thereof are elected, appointed by the governor or  
6 other authority, serve ex officio, or are otherwise chosen:

7 (i) All members of such boards, commissions, or committees;

8 (ii) If the members of the board, commission, or committee serve on  
9 a part-time basis and there is a statutory executive officer: The  
10 secretary of the board, commission, or committee; the chief executive  
11 officer of the board, commission, or committee; and the confidential  
12 secretary of the chief executive officer of the board, commission, or  
13 committee;

14 (iii) If the members of the board, commission, or committee serve  
15 on a full-time basis: The chief executive officer or administrative  
16 officer as designated by the board, commission, or committee; and a  
17 confidential secretary to the chair of the board, commission, or  
18 committee;

19 (iv) If all members of the board, commission, or committee serve ex  
20 officio: The chief executive officer; and the confidential secretary  
21 of such chief executive officer;

22 (i) The confidential secretaries and administrative assistants in  
23 the immediate offices of the elective officers of the state;

24 (j) Assistant attorneys general;

25 (k) Commissioned and enlisted personnel in the military service of  
26 the state;

27 (l) Inmate, student, part-time, or temporary employees, and part-  
28 time professional consultants, as defined by the Washington personnel  
29 resources board;

30 (m) The public printer or to any employees of or positions in the  
31 state printing plant;

32 (n) Officers and employees of the Washington state fruit  
33 commission;

34 (o) Officers and employees of the Washington state apple  
35 advertising commission;

36 (p) Officers and employees of the Washington state dairy products  
37 commission;

38 (q) Officers and employees of the Washington tree fruit research  
39 commission;

1 (r) Officers and employees of the Washington state beef commission;

2 (s) Officers and employees of any commission formed under chapter  
3 15.66 RCW;

4 (t) Officers and employees of the state wheat commission formed  
5 under chapter 15.63 RCW;

6 (u) Officers and employees of agricultural commissions formed under  
7 chapter 15.65 RCW;

8 (v) Officers and employees of the nonprofit corporation formed  
9 under chapter 67.40 RCW;

10 (w) Liquor vendors appointed by the Washington state liquor control  
11 board pursuant to RCW 66.08.050: PROVIDED, HOWEVER, That rules adopted  
12 by the Washington personnel resources board pursuant to RCW 41.06.150  
13 regarding the basis for, and procedures to be followed for, the  
14 dismissal, suspension, or demotion of an employee, and appeals  
15 therefrom shall be fully applicable to liquor vendors except those part  
16 time agency vendors employed by the liquor control board when, in  
17 addition to the sale of liquor for the state, they sell goods, wares,  
18 merchandise, or services as a self-sustaining private retail business;

19 (x) Executive assistants for personnel administration and labor  
20 relations in all state agencies employing such executive assistants  
21 including but not limited to all departments, offices, commissions,  
22 committees, boards, or other bodies subject to the provisions of this  
23 chapter and this subsection shall prevail over any provision of law  
24 inconsistent herewith unless specific exception is made in such law;

25 (y) In each agency with fifty or more employees: Deputy agency  
26 heads, assistant directors or division directors, and not more than  
27 three principal policy assistants who report directly to the agency  
28 head or deputy agency heads;

29 (z) All employees of the marine employees' commission;

30 (aa) Up to a total of five senior staff positions of the western  
31 library network under chapter 27.26 RCW responsible for formulating  
32 policy or for directing program management of a major administrative  
33 unit. This subsection shall expire on June 30, 1997.

34 (2) The following classifications, positions, and employees of  
35 institutions of higher education and related boards are hereby exempted  
36 from coverage of this chapter:

37 (a) Members of the governing board of each institution of higher  
38 education and related boards, all presidents, vice-presidents and their  
39 confidential secretaries, administrative and personal assistants;

1 deans, directors, and chairs; academic personnel; and executive heads  
2 of major administrative or academic divisions employed by institutions  
3 of higher education; principal assistants to executive heads of major  
4 administrative or academic divisions; other managerial or professional  
5 employees in an institution or related board having substantial  
6 responsibility for directing or controlling program operations and  
7 accountable for allocation of resources and program results, or for the  
8 formulation of institutional policy, or for carrying out personnel  
9 administration or labor relations functions, legislative relations,  
10 public information, development, senior computer systems and network  
11 programming, or internal audits and investigations; and any employee of  
12 a community college district whose place of work is one which is  
13 physically located outside the state of Washington and who is employed  
14 pursuant to RCW 28B.50.092 and assigned to an educational program  
15 operating outside of the state of Washington;

16 (b) Student, part-time, or temporary employees, and part-time  
17 professional consultants, as defined by the Washington personnel  
18 resources board, employed by institutions of higher education and  
19 related boards;

20 (c) The governing board of each institution, and related boards,  
21 may also exempt from this chapter classifications involving research  
22 activities, counseling of students, extension or continuing education  
23 activities, graphic arts or publications activities requiring  
24 prescribed academic preparation or special training as determined by  
25 the board: PROVIDED, That no nonacademic employee engaged in office,  
26 clerical, maintenance, or food and trade services may be exempted by  
27 the board under this provision;

28 (d) Printing craft employees in the department of printing at the  
29 University of Washington.

30 (3) In addition to the exemptions specifically provided by this  
31 chapter, the Washington personnel resources board may provide for  
32 further exemptions pursuant to the following procedures. The governor  
33 or other appropriate elected official may submit requests for exemption  
34 to the Washington personnel resources board stating the reasons for  
35 requesting such exemptions. The Washington personnel resources board  
36 shall hold a public hearing, after proper notice, on requests submitted  
37 pursuant to this subsection. If the board determines that the position  
38 for which exemption is requested is one involving substantial  
39 responsibility for the formulation of basic agency or executive policy



1 or one involving directing and controlling program operations of an  
2 agency or a major administrative division thereof, the Washington  
3 personnel resources board shall grant the request and such  
4 determination shall be final as to any decision made before July 1,  
5 1993. The total number of additional exemptions permitted under this  
6 subsection shall not exceed one percent of the number of employees in  
7 the classified service not including employees of institutions of  
8 higher education and related boards for those agencies not directly  
9 under the authority of any elected public official other than the  
10 governor, and shall not exceed a total of twenty-five for all agencies  
11 under the authority of elected public officials other than the  
12 governor. The Washington personnel resources board shall report to  
13 each regular session of the legislature during an odd-numbered year all  
14 exemptions granted under subsections (1) (x) and (y) and (2) of this  
15 section, together with the reasons for such exemptions.

16 The salary and fringe benefits of all positions presently or  
17 hereafter exempted except for the chief executive officer of each  
18 agency, full-time members of boards and commissions, administrative  
19 assistants and confidential secretaries in the immediate office of an  
20 elected state official, and the personnel listed in subsections (1) (j)  
21 through (v) and (2) of this section, shall be determined by the  
22 Washington personnel resources board.

23 Any person holding a classified position subject to the provisions  
24 of this chapter shall, when and if such position is subsequently  
25 exempted from the application of this chapter, be afforded the  
26 following rights: If such person previously held permanent status in  
27 another classified position, such person shall have a right of  
28 reversion to the highest class of position previously held, or to a  
29 position of similar nature and salary.

30 Any classified employee having civil service status in a classified  
31 position who accepts an appointment in an exempt position shall have  
32 the right of reversion to the highest class of position previously  
33 held, or to a position of similar nature and salary.

34 A person occupying an exempt position who is terminated from the  
35 position for gross misconduct or malfeasance does not have the right of  
36 reversion to a classified position as provided for in this section.

37 **Sec. 9.** RCW 42.48.060 and 1985 c 334 s 6 are each amended to read  
38 as follows:

1 Nothing in this chapter is applicable to, or in any way affects,  
2 the powers and duties of the state auditor or the legislative  
3 (~~budget~~) audit committee.

4 **Sec. 10.** RCW 43.09.310 and 1981 c 217 s 1 are each amended to read  
5 as follows:

6 The state auditor, through the division of departmental audits,  
7 shall annually audit the state-wide combined financial statements  
8 prepared by the office of financial management and make post-audits of  
9 state agencies. Post-audits of state agencies shall be made at such  
10 periodic intervals as is determined by the state auditor. Audits of  
11 combined financial statements shall include determinations as to the  
12 validity and accuracy of accounting methods, procedures and standards  
13 utilized in their preparation, as well as the accuracy of the financial  
14 statements themselves. A report shall be made of each such audit and  
15 post-audit upon completion thereof, and one copy shall be transmitted  
16 to the governor, one to the director of financial management, one to  
17 the attorney general, one to the state department audited, one to the  
18 legislative (~~budget~~) audit committee, one each to the standing  
19 committees on ways and means of the house and senate, one to the chief  
20 clerk of the house, one to the secretary of the senate, and at least  
21 one shall be kept on file in the office of the state auditor. For  
22 purposes of reporting the annual audit of state-wide combined financial  
23 statements, "state department audited" refers solely to the office of  
24 financial management.

25 **Sec. 11.** RCW 43.21J.800 and 1993 c 516 s 11 are each amended to  
26 read as follows:

27 On or before June 30, 1998, the legislative (~~budget~~) audit  
28 committee shall prepare a report to the legislature evaluating the  
29 implementation of the environmental restoration jobs act of 1993,  
30 chapter 516, Laws of 1993.

31 **Sec. 12.** RCW 43.72.830 and 1993 c 492 s 476 are each amended to  
32 read as follows:

33 (1) By July 1, 1997, the legislative (~~budget~~) audit committee  
34 either directly or by contract shall conduct the following study:

35 A study to determine the desirability and feasibility of  
36 consolidating the following programs, services, and funding sources

1 into the delivery and financing of uniform benefits package services  
2 through certified health plans:

3 (a) State and federal veterans' health services;

4 (b) Civilian health and medical program of the uniformed services  
5 (CHAMPUS) of the federal department of defense and other federal  
6 agencies; and

7 (c) Federal employee health benefits.

8 (2) The legislative (~~(budget)~~) audit committee shall evaluate the  
9 implementation of the provisions of chapter 492, Laws of 1993. The  
10 study shall determine to what extent chapter 492, Laws of 1993 has been  
11 implemented consistent with the principles and elements set forth in  
12 chapter 492, Laws of 1993 and shall report its findings to the governor  
13 and appropriate committees of the legislature by July 1, 2003.

14 **Sec. 13.** RCW 43.79.270 and 1973 c 144 s 2 are each amended to read  
15 as follows:

16 Whenever any money, from the federal government, or from other  
17 sources, which was not anticipated in the budget approved by the  
18 legislature has actually been received and is designated to be spent  
19 for a specific purpose, the head of any department, agency, board, or  
20 commission through which such expenditure shall be made is to submit to  
21 the governor a statement which may be in the form of a request for an  
22 allotment amendment setting forth the facts constituting the need for  
23 such expenditure and the estimated amount to be expended: PROVIDED,  
24 That no expenditure shall be made in excess of the actual amount  
25 received, and no money shall be expended for any purpose except the  
26 specific purpose for which it was received. A copy of any proposal  
27 submitted to the governor to expend money from an appropriated fund or  
28 account in excess of appropriations provided by law which is based on  
29 the receipt of unanticipated revenues shall be submitted to the  
30 legislative (~~(budget)~~) audit committee and also to the standing  
31 committees on ways and means of the house and senate if the legislature  
32 is in session at the same time as it is transmitted to the governor.

33 **Sec. 14.** RCW 43.79.280 and 1973 c 144 s 3 are each amended to read  
34 as follows:

35 If the governor approves such estimate in whole or part, he or she  
36 shall endorse on each copy of the statement his or her approval,  
37 together with a statement of the amount approved in the form of an

1 allotment amendment, and transmit one copy to the head of the  
2 department, agency, board, or commission authorizing the expenditure.  
3 An identical copy of the governor's statement of approval and a  
4 statement of the amount approved for expenditure shall be transmitted  
5 simultaneously to the legislative (~~(budget)~~) audit committee and also  
6 to the standing committee on ways and means of the house and senate of  
7 all executive approvals of proposals to expend money in excess of  
8 appropriations provided by law.

9       **Sec. 15.** RCW 43.88.020 and 1994 c 184 s 9 are each amended to read  
10 as follows:

11       (1) "Budget" means a proposed plan of expenditures for a given  
12 period or purpose and the proposed means for financing these  
13 expenditures.

14       (2) "Budget document" means a formal, written statement offered by  
15 the governor to the legislature, as provided in RCW 43.88.030.

16       (3) "Director of financial management" means the official appointed  
17 by the governor to serve at the governor's pleasure and to whom the  
18 governor may delegate necessary authority to carry out the governor's  
19 duties as provided in this chapter. The director of financial  
20 management shall be head of the office of financial management which  
21 shall be in the office of the governor.

22       (4) "Agency" means and includes every state office, officer, each  
23 institution, whether educational, correctional or other, and every  
24 department, division, board and commission, except as otherwise  
25 provided in this chapter.

26       (5) "Public funds", for purposes of this chapter, means all moneys,  
27 including cash, checks, bills, notes, drafts, stocks, and bonds,  
28 whether held in trust, for operating purposes, or for capital purposes,  
29 and collected or disbursed under law, whether or not such funds are  
30 otherwise subject to legislative appropriation, including funds  
31 maintained outside the state treasury.

32       (6) "Regulations" means the policies, standards, and requirements,  
33 stated in writing, designed to carry out the purposes of this chapter,  
34 as issued by the governor or the governor's designated agent, and which  
35 shall have the force and effect of law.

36       (7) "Ensuing biennium" means the fiscal biennium beginning on July  
37 1st of the same year in which a regular session of the legislature is

1 held during an odd-numbered year pursuant to Article II, section 12 of  
2 the Constitution and which biennium next succeeds the current biennium.

3 (8) "Dedicated fund" means a fund in the state treasury, or a  
4 separate account or fund in the general fund in the state treasury,  
5 that by law is dedicated, appropriated or set aside for a limited  
6 object or purpose; but "dedicated fund" does not include a revolving  
7 fund or a trust fund.

8 (9) "Revolving fund" means a fund in the state treasury,  
9 established by law, from which is paid the cost of goods or services  
10 furnished to or by a state agency, and which is replenished through  
11 charges made for such goods or services or through transfers from other  
12 accounts or funds.

13 (10) "Trust fund" means a fund in the state treasury in which  
14 designated persons or classes of persons have a vested beneficial  
15 interest or equitable ownership, or which was created or established by  
16 a gift, grant, contribution, devise, or bequest that limits the use of  
17 the fund to designated objects or purposes.

18 (11) "Administrative expenses" means expenditures for: (a)  
19 Salaries, wages, and related costs of personnel and (b) operations and  
20 maintenance including but not limited to costs of supplies, materials,  
21 services, and equipment.

22 (12) "Fiscal year" means the year beginning July 1st and ending the  
23 following June 30th.

24 (13) "Lapse" means the termination of authority to expend an  
25 appropriation.

26 (14) "Legislative fiscal committees" means the legislative  
27 (~~budget~~) audit committee, the legislative evaluation and  
28 accountability program committee, the ways and means committees of the  
29 senate and house of representatives, and, where appropriate, the  
30 legislative transportation committee.

31 (15) "Fiscal period" means the period for which an appropriation is  
32 made as specified within the act making the appropriation.

33 (16) "Primary budget driver" means the primary determinant of a  
34 budget level, other than a price variable, which causes or is  
35 associated with the major expenditure of an agency or budget unit  
36 within an agency, such as a caseload, enrollment, workload, or  
37 population statistic.

1 (17) "Stabilization account" means the budget stabilization account  
2 (~~created under RCW 43.88.525 as an account~~) in the general fund of  
3 the state treasury.

4 (18) "State tax revenue limit" means the limitation created by  
5 chapter 43.135 RCW.

6 (19) "General state revenues" means the revenues defined by Article  
7 VIII, section 1(c) of the state Constitution.

8 (20) "Annual growth rate in real personal income" means the  
9 estimated percentage growth in personal income for the state during the  
10 current fiscal year, expressed in constant value dollars, as published  
11 by the office of financial management or its successor agency.

12 (21) "Estimated revenues" means estimates of revenue in the most  
13 recent official economic and revenue forecast prepared under RCW  
14 82.33.020, and prepared by the office of financial management for those  
15 funds, accounts, and sources for which the office of the economic and  
16 revenue forecast council does not prepare an official forecast  
17 including estimates of revenues to support financial plans under RCW  
18 44.40.070, that are prepared by the office of financial management in  
19 consultation with the interagency task force.

20 (22) "Estimated receipts" means the estimated receipt of cash in  
21 the most recent official economic and revenue forecast prepared under  
22 RCW 82.33.020, and prepared by the office of financial management for  
23 those funds, accounts, and sources for which the office of the economic  
24 and revenue forecast council does not prepare an official forecast.

25 (23) "State budgeting, accounting, and reporting system" means a  
26 system that gathers, maintains, and communicates fiscal information.  
27 The system links fiscal information beginning with development of  
28 agency budget requests through adoption of legislative appropriations  
29 to tracking actual receipts and expenditures against approved plans.

30 (24) "Allotment of appropriation" means the agency's statement of  
31 proposed expenditures, the director of financial management's review of  
32 that statement, and the placement of the approved statement into the  
33 state budgeting, accounting, and reporting system.

34 (25) "Statement of proposed expenditures" means a plan prepared by  
35 each agency that breaks each appropriation out into monthly detail  
36 representing the best estimate of how the appropriation will be  
37 expended.

38 (26) "Undesignated fund balance (or deficit)" means unreserved and  
39 undesignated current assets or other resources available for

1 expenditure over and above any current liabilities which are expected  
2 to be incurred by the close of the fiscal period.

3 (27) "Internal audit" means an independent appraisal activity  
4 within an agency for the review of operations as a service to  
5 management, including a systematic examination of accounting and fiscal  
6 controls to assure that human and material resources are guarded  
7 against waste, loss, or misuse; and that reliable data are gathered,  
8 maintained, and fairly disclosed in a written report of the audit  
9 findings.

10 (28) "Performance verification" means an analysis that (a) verifies  
11 the accuracy of data used by state agencies in quantifying intended  
12 results and measuring performance toward those results, and (b)  
13 verifies whether or not the reported results were achieved.

14 (29) "Program evaluation" means the use of a variety of policy and  
15 fiscal research methods to (a) determine the extent to which a program  
16 is achieving its legislative intent in terms of producing the effects  
17 expected, and (b) make an objective judgment of the implementation,  
18 outcomes, and net cost or benefit impact of programs in the context of  
19 their goals and objectives. It includes the application of systematic  
20 methods to measure the results, intended or unintended, of program  
21 activities.

22 **Sec. 16.** RCW 43.88.160 and 1994 c 184 s 11 are each amended to  
23 read as follows:

24 This section sets forth the major fiscal duties and  
25 responsibilities of officers and agencies of the executive branch. The  
26 regulations issued by the governor pursuant to this chapter shall  
27 provide for a comprehensive, orderly basis for fiscal management and  
28 control, including efficient accounting and reporting therefor, for the  
29 executive branch of the state government and may include, in addition,  
30 such requirements as will generally promote more efficient public  
31 management in the state.

32 (1) Governor; director of financial management. The governor,  
33 through the director of financial management, shall devise and  
34 supervise a modern and complete accounting system for each agency to  
35 the end that all revenues, expenditures, receipts, disbursements,  
36 resources, and obligations of the state shall be properly and  
37 systematically accounted for. The accounting system shall include the  
38 development of accurate, timely records and reports of all financial

1 affairs of the state. The system shall also provide for central  
2 accounts in the office of financial management at the level of detail  
3 deemed necessary by the director to perform central financial  
4 management. The director of financial management shall adopt and  
5 periodically update an accounting procedures manual. Any agency  
6 maintaining its own accounting and reporting system shall comply with  
7 the updated accounting procedures manual and the rules of the director  
8 adopted under this chapter. An agency may receive a waiver from  
9 complying with this requirement if the waiver is approved by the  
10 director. Waivers expire at the end of the fiscal biennium for which  
11 they are granted. The director shall forward notice of waivers granted  
12 to the appropriate legislative fiscal committees. The director of  
13 financial management may require such financial, statistical, and other  
14 reports as the director deems necessary from all agencies covering any  
15 period.

16 (2) The director of financial management is responsible for  
17 quarterly reporting of primary operating budget drivers such as  
18 applicable workloads, caseload estimates, and appropriate unit cost  
19 data. These reports shall be transmitted to the legislative fiscal  
20 committees or by electronic means to the legislative evaluation and  
21 accountability program committee. Quarterly reports shall include  
22 actual monthly data and the variance between actual and estimated data  
23 to date. The reports shall also include estimates of these items for  
24 the remainder of the budget period.

25 (3) The director of financial management shall report at least  
26 annually to the appropriate legislative committees regarding the status  
27 of all appropriated capital projects, including transportation  
28 projects, showing significant cost overruns or underruns. If funds are  
29 shifted from one project to another, the office of financial management  
30 shall also reflect this in the annual variance report. Once a project  
31 is complete, the report shall provide a final summary showing estimated  
32 start and completion dates of each project phase compared to actual  
33 dates, estimated costs of each project phase compared to actual costs,  
34 and whether or not there are any outstanding liabilities or unsettled  
35 claims at the time of completion.

36 (4) In addition, the director of financial management, as agent of  
37 the governor, shall:

38 (a) Develop and maintain a system of internal controls and internal  
39 audits comprising methods and procedures to be adopted by each agency



1 that will safeguard its assets, check the accuracy and reliability of  
2 its accounting data, promote operational efficiency, and encourage  
3 adherence to prescribed managerial policies for accounting and  
4 financial controls. The system developed by the director shall include  
5 criteria for determining the scope and comprehensiveness of internal  
6 controls required by classes of agencies, depending on the level of  
7 resources at risk.

8 Each agency head or authorized designee shall be assigned the  
9 responsibility and authority for establishing and maintaining internal  
10 audits following the standards of internal auditing of the institute of  
11 internal auditors;

12 (b) Make surveys and analyses of agencies with the object of  
13 determining better methods and increased effectiveness in the use of  
14 manpower and materials; and the director shall authorize expenditures  
15 for employee training to the end that the state may benefit from  
16 training facilities made available to state employees;

17 (c) Establish policies for allowing the contracting of child care  
18 services;

19 (d) Report to the governor with regard to duplication of effort or  
20 lack of coordination among agencies;

21 (e) Review any pay and classification plans, and changes  
22 thereunder, developed by any agency for their fiscal impact: PROVIDED,  
23 That none of the provisions of this subsection shall affect merit  
24 systems of personnel management now existing or hereafter established  
25 by statute relating to the fixing of qualifications requirements for  
26 recruitment, appointment, or promotion of employees of any agency. The  
27 director shall advise and confer with agencies including appropriate  
28 standing committees of the legislature as may be designated by the  
29 speaker of the house and the president of the senate regarding the  
30 fiscal impact of such plans and may amend or alter (~~said~~) the plans,  
31 except that for the following agencies no amendment or alteration of  
32 said plans may be made without the approval of the agency concerned:  
33 Agencies headed by elective officials;

34 (f) Fix the number and classes of positions or authorized (~~man~~)  
35 worker years of employment for each agency and during the fiscal period  
36 amend the determinations previously fixed by the director except that  
37 the director shall not be empowered to fix (~~said~~) the number or  
38 (~~said~~) the classes for the following: Agencies headed by elective  
39 officials;

1 (g) Provide for transfers and repayments between the budget  
2 stabilization account and the general fund as directed by appropriation  
3 (~~and RCW 43.88.525 through 43.88.540~~);

4 (h) Adopt rules to effectuate provisions contained in (a) through  
5 (g) of this subsection.

6 (5) The treasurer shall:

7 (a) Receive, keep, and disburse all public funds of the state not  
8 expressly required by law to be received, kept, and disbursed by some  
9 other persons: PROVIDED, That this subsection shall not apply to those  
10 public funds of the institutions of higher learning which are not  
11 subject to appropriation;

12 (b) Receive, disburse, or transfer public funds under the  
13 treasurer's supervision or custody;

14 (c) Keep a correct and current account of all moneys received and  
15 disbursed by the treasurer, classified by fund or account;

16 (d) Coordinate agencies' acceptance and use of credit cards and  
17 other payment methods, if the agencies have received authorization  
18 under RCW 43.41.180;

19 (e) Perform such other duties as may be required by law or by  
20 regulations issued pursuant to this law.

21 It shall be unlawful for the treasurer to disburse public funds in  
22 the treasury except upon forms or by alternative means duly prescribed  
23 by the director of financial management. These forms or alternative  
24 means shall provide for authentication and certification by the agency  
25 head or the agency head's designee that the services have been rendered  
26 or the materials have been furnished; or, in the case of loans or  
27 grants, that the loans or grants are authorized by law; or, in the case  
28 of payments for periodic maintenance services to be performed on state  
29 owned equipment, that a written contract for such periodic maintenance  
30 services is currently in effect and copies thereof are on file with the  
31 office of financial management; and the treasurer shall not be liable  
32 under the treasurer's surety bond for erroneous or improper payments so  
33 made. When services are lawfully paid for in advance of full  
34 performance by any private individual or business entity other than as  
35 provided for by RCW 42.24.035, such individual or entity other than  
36 central stores rendering such services shall make a cash deposit or  
37 furnish surety bond coverage to the state as shall be fixed in an  
38 amount by law, or if not fixed by law, then in such amounts as shall be  
39 fixed by the director of the department of general administration but

1 in no case shall such required cash deposit or surety bond be less than  
2 an amount which will fully indemnify the state against any and all  
3 losses on account of breach of promise to fully perform such services.  
4 No payments shall be made in advance for any equipment maintenance  
5 services to be performed more than three months after such payment.  
6 Any such bond so furnished shall be conditioned that the person, firm  
7 or corporation receiving the advance payment will apply it toward  
8 performance of the contract. The responsibility for recovery of  
9 erroneous or improper payments made under this section shall lie with  
10 the agency head or the agency head's designee in accordance with  
11 regulations issued pursuant to this chapter. Nothing in this section  
12 shall be construed to permit a public body to advance funds to a  
13 private service provider pursuant to a grant or loan before services  
14 have been rendered or material furnished.

15 (6) The state auditor shall:

16 (a) Report to the legislature the results of current post audits  
17 that have been made of the financial transactions of each agency; to  
18 this end the auditor may, in the auditor's discretion, examine the  
19 books and accounts of any agency, official or employee charged with the  
20 receipt, custody or safekeeping of public funds. Where feasible in  
21 conducting examinations, the auditor shall utilize data and findings  
22 from the internal control system prescribed by the office of financial  
23 management. The current post audit of each agency may include a  
24 section on recommendations to the legislature as provided in (c) of  
25 this subsection.

26 (b) Give information to the legislature, whenever required, upon  
27 any subject relating to the financial affairs of the state.

28 (c) Make the auditor's official report on or before the thirty-  
29 first of December which precedes the meeting of the legislature. The  
30 report shall be for the last complete fiscal period and shall include  
31 determinations as to whether agencies, in making expenditures, complied  
32 with the laws of this state. The state auditor is authorized to  
33 perform or participate in performance verifications only as expressly  
34 authorized by the legislature in the omnibus biennial appropriations  
35 acts. The state auditor, upon completing an audit for legal and  
36 financial compliance under chapter 43.09 RCW or a performance  
37 verification, may report to the legislative ((budget)) audit committee  
38 or other appropriate committees of the legislature, in a manner  
39 prescribed by the legislative ((budget)) audit committee, on facts

1 relating to the management or performance of governmental programs  
2 where such facts are discovered incidental to the legal and financial  
3 audit or performance verification. The auditor may make such a report  
4 to a legislative committee only if the auditor has determined that the  
5 agency has been given an opportunity and has failed to resolve the  
6 management or performance issues raised by the auditor. If the auditor  
7 makes a report to a legislative committee, the agency may submit to the  
8 committee a response to the report. This subsection (6) shall not be  
9 construed to authorize the auditor to allocate other than de minimis  
10 resources to performance audits except as expressly authorized in the  
11 appropriations acts.

12 (d) Be empowered to take exception to specific expenditures that  
13 have been incurred by any agency or to take exception to other  
14 practices related in any way to the agency's financial transactions and  
15 to cause such exceptions to be made a matter of public record,  
16 including disclosure to the agency concerned and to the director of  
17 financial management. It shall be the duty of the director of  
18 financial management to cause corrective action to be taken promptly,  
19 such action to include, as appropriate, the withholding of funds as  
20 provided in RCW 43.88.110.

21 (e) Promptly report any irregularities to the attorney general.

22 (f) Investigate improper governmental activity under chapter 42.40  
23 RCW.

24 (7) The legislative (~~(budget)~~) audit committee may:

25 (a) Make post audits of the financial transactions of any agency  
26 and management surveys and program reviews as provided for in RCW  
27 44.28.085 as well as performance audits and program evaluations. To  
28 this end the committee may in its discretion examine the books,  
29 accounts, and other records of any agency, official, or employee.

30 (b) Give information to the legislature or any legislative  
31 committee whenever required upon any subject relating to the  
32 performance and management of state agencies.

33 (c) Make a report to the legislature which shall include at least  
34 the following:

35 (i) Determinations as to the extent to which agencies in making  
36 expenditures have complied with the will of the legislature and in this  
37 connection, may take exception to specific expenditures or financial  
38 practices of any agencies; and

1 (ii) Such plans as it deems expedient for the support of the  
2 state's credit, for lessening expenditures, for promoting frugality and  
3 economy in agency affairs and generally for an improved level of fiscal  
4 management.

5 **Sec. 17.** RCW 43.88.205 and 1979 c 151 s 141 are each amended to  
6 read as follows:

7 (1) Whenever an agency makes application, enters into a contract or  
8 agreement, or submits state plans for participation in, and for grants  
9 of federal funds under any federal law, the agency making such  
10 application shall at the time of such action, give notice in such form  
11 and manner as the director of financial management may prescribe, or  
12 the ((~~chairman~~)) chair of the legislative ((~~budget~~)) audit committee,  
13 standing committees on ways and means of the house and senate, the  
14 chief clerk of the house, or the secretary of the senate may request.

15 (2) Whenever any such application, contract, agreement, or state  
16 plan is amended, such agency shall notify each such officer of such  
17 action in the same manner as prescribed or requested pursuant to  
18 subsection (1) of this section.

19 (3) Such agency shall promptly furnish such progress reports in  
20 relation to each such application, contract, agreement, or state plan  
21 as may be requested following the date of the filing of the  
22 application, contract, agreement, or state plan; and shall also file  
23 with each such officer a final report as to the final disposition of  
24 each such application, contract, agreement, or state plan if such is  
25 requested.

26 **Sec. 18.** RCW 43.88.230 and 1981 c 270 s 12 are each amended to  
27 read as follows:

28 For the purposes of this chapter, the statute law committee, the  
29 legislative ((~~budget~~)) audit committee, the legislative transportation  
30 committee, the legislative evaluation and accountability program  
31 committee, the office of state actuary, and all legislative standing  
32 committees of both houses shall be deemed a part of the legislative  
33 branch of state government.

34 **Sec. 19.** RCW 43.88.310 and 1993 c 157 s 1 are each amended to read  
35 as follows:

1 (1) The legislative auditor, with the concurrence of the  
2 legislative (~~(budget)~~) audit committee, may file with the attorney  
3 general any audit exceptions or other findings of any performance  
4 audit, management study, or special report prepared for the legislative  
5 (~~(budget)~~) audit committee, any standing or special committees of the  
6 house or senate, or the entire legislature which indicate a violation  
7 of RCW 43.88.290, or any other act of malfeasance, misfeasance, or  
8 nonfeasance on the part of any state officer or employee.

9 (2) The attorney general shall promptly review each filing received  
10 from the legislative auditor and may act thereon as provided in RCW  
11 43.88.300, or any other applicable statute authorizing enforcement  
12 proceedings by the attorney general. The attorney general shall advise  
13 the legislative (~~(budget)~~) audit committee of the status of exceptions  
14 or findings referred under this section.

15 **Sec. 20.** RCW 43.88.510 and 1987 c 505 s 37 are each amended to  
16 read as follows:

17 Not later than ninety days after the beginning of each biennium,  
18 the director of financial management shall submit the compiled list of  
19 boards, commissions, councils, and committees, together with the  
20 information on each such group, that is required by RCW 43.88.505 to:

21 (1) The speaker of the house and the president of the senate for  
22 distribution to the appropriate standing committees, including one copy  
23 to the staff of each of the committees;

24 (2) The chair of the legislative (~~(budget)~~) audit committee,  
25 including a copy to the staff of the committee;

26 (3) The chairs of the committees on ways and means of the senate  
27 and house of representatives; and

28 (4) Members of the state government committee of the house of  
29 representatives and of the governmental operations committee of the  
30 senate, including one copy to the staff of each of the committees.

31 **Sec. 21.** RCW 43.131.050 and 1990 c 297 s 2 are each amended to  
32 read as follows:

33 The legislative (~~(budget)~~) audit committee shall cause to be  
34 conducted a program and fiscal review of any state agency or program  
35 scheduled for termination by the processes provided in this chapter.  
36 Such program and fiscal review shall be completed and a preliminary  
37 report prepared on or before June 30th of the year prior to the date

1 established for termination. Upon completion of its preliminary  
2 report, the legislative ((~~budget~~)) audit committee shall transmit  
3 copies of the report to the office of financial management. The office  
4 of financial management may then conduct its own program and fiscal  
5 review of the agency scheduled for termination and shall prepare a  
6 report on or before September 30th of the year prior to the date  
7 established for termination. Upon completion of its report the office  
8 of financial management shall transmit copies of its report to the  
9 legislative ((~~budget~~)) audit committee. The legislative ((~~budget~~))  
10 audit committee shall prepare a final report that includes the reports  
11 of both the office of financial management and the legislative  
12 ((~~budget~~)) audit committee. The legislative ((~~budget~~)) audit committee  
13 and the office of financial management shall, upon request, make  
14 available to each other all working papers, studies, and other  
15 documents which relate to reports required under this section. The  
16 legislative ((~~budget~~)) audit committee shall transmit the final report  
17 to the legislature, to the state agency concerned, to the governor, and  
18 to the state library.

19 **Sec. 22.** RCW 43.131.060 and 1988 c 17 s 1 are each amended to read  
20 as follows:

21 In conducting the review of a regulatory entity, the legislative  
22 ((~~budget~~)) audit committee shall consider, but not be limited to, the  
23 following factors where applicable:

24 (1) The extent to which the regulatory entity has operated in the  
25 public interest and fulfilled its statutory obligations;

26 (2) The duties of the regulatory entity and the costs incurred in  
27 carrying out those duties;

28 (3) The extent to which the regulatory entity is operating in an  
29 efficient, effective, and economical manner;

30 (4) The extent to which the regulatory entity inhibits competition  
31 or otherwise adversely affects the state's economic climate;

32 (5) The extent to which the regulatory entity duplicates the  
33 activities of other regulatory entities or of the private sector, where  
34 appropriate; and

35 (6) The extent to which the absence or modification of regulation  
36 would adversely affect, maintain, or improve the public health, safety,  
37 or welfare.

1       **Sec. 23.** RCW 43.131.070 and 1977 ex.s. c 289 s 7 are each amended  
2 to read as follows:

3       In conducting the review of a state agency other than a regulatory  
4 entity, the legislative (~~(budget)~~) audit committee shall consider, but  
5 not be limited to, the following factors where applicable:

6       (1) The extent to which the state agency has complied with  
7 legislative intent;

8       (2) The extent to which the state agency is operating in an  
9 efficient and economical manner which results in optimum performance;

10       (3) The extent to which the state agency is operating in the public  
11 interest by effectively providing a needed service that should be  
12 continued rather than modified, consolidated, or eliminated;

13       (4) The extent to which the state agency duplicates the activities  
14 of other state agencies or of the private sector, where appropriate;  
15 and

16       (5) The extent to which the termination or modification of the  
17 state agency would adversely affect the public health, safety, or  
18 welfare.

19       **Sec. 24.** RCW 43.131.080 and 1989 c 175 s 109 are each amended to  
20 read as follows:

21       (1) Following receipt of the final report from the legislative  
22 (~~(budget)~~) audit committee, the appropriate committees of reference in  
23 the senate and the house of representatives shall each hold a public  
24 hearing, unless a joint hearing is held, to consider the final report  
25 and any related data. The committees shall also receive testimony from  
26 representatives of the state agency or agencies involved, which shall  
27 have the burden of demonstrating a public need for its continued  
28 existence; and from the governor or the governor's designee, and other  
29 interested parties, including the general public.

30       (2) When requested by either of the presiding members of the  
31 appropriate senate and house committees of reference, a regulatory  
32 entity under review shall mail an announcement of any hearing to the  
33 persons it regulates who have requested notice of agency rule-making  
34 proceedings as provided in RCW 34.05.320, or who have requested notice  
35 of hearings held pursuant to the provisions of this section. On  
36 request of either presiding member, such mailing shall include an  
37 explanatory statement not exceeding one page in length prepared and  
38 supplied by the member's committee.



1 (3) The presiding members of the senate committee on ways and means  
2 and the house committee on appropriations may designate one or more  
3 liaison members to each committee of reference in their respective  
4 chambers for purposes of participating in any hearing and in subsequent  
5 committee of reference discussions and to seek a coordinated approach  
6 between the committee of reference and the committee they represent in  
7 a liaison capacity.

8 (4) Following any hearing under subsection (1) of this section by  
9 the committees of reference, such committees may hold additional  
10 meetings or hearings to come to a final determination as to whether a  
11 state agency has demonstrated a public need for its continued existence  
12 or whether modifications in existing procedures are needed. In the  
13 event that a committee of reference concludes that a state agency shall  
14 be reestablished or modified or its functions transferred elsewhere, it  
15 shall make such determination as a bill. No more than one state agency  
16 shall be reestablished or modified in any one bill.

17 **Sec. 25.** RCW 43.131.110 and 1977 ex.s. c 289 s 11 are each amended  
18 to read as follows:

19 Any reference in this chapter to a committee of the legislature  
20 including the legislative ((~~budget~~)) audit committee shall also refer  
21 to the successor of that committee.

22 **Sec. 26.** RCW 43.250.080 and 1986 c 294 s 8 are each amended to  
23 read as follows:

24 At the end of each fiscal year, the state treasurer shall submit to  
25 the governor, the state auditor, and the legislative ((~~budget~~)) audit  
26 committee a summary of the activity of the investment pool. The  
27 summary shall indicate the quantity of funds deposited; the earnings of  
28 the pool; the investments purchased, sold, or exchanged; the  
29 administrative expenses of the investment pool; and such other  
30 information as the state treasurer deems relevant.

31 **Sec. 27.** RCW 44.28.010 and 1983 c 52 s 1 are each amended to read  
32 as follows:

33 There is hereby created a legislative ((~~budget~~)) audit committee  
34 which shall consist of eight senators and eight representatives from  
35 the legislature. The senate members of the committee shall be  
36 appointed by the president of the senate and the house members of the

1 committee shall be appointed by the speaker of the house. Not more  
2 than four members from each house shall be from the same political  
3 party. Members shall be appointed before the close of each regular  
4 session of the legislature during an odd-numbered year: PROVIDED, That  
5 if prior to the close of a regular session during an odd-numbered year,  
6 the governor issues a proclamation convening the legislature into  
7 special session, or the legislature by resolution convenes the  
8 legislature into special session, following such regular session, then  
9 such appointments shall be made as a matter of closing business of such  
10 special session. Members shall be subject to confirmation, as to the  
11 senate members by the senate, and as to the house members by the house.  
12 In the event of a failure to appoint committee members, either on the  
13 part of the president of the senate or on the part of the speaker of  
14 the house, or in the event of a refusal by either the senate or the  
15 house to confirm appointments on the committee, then the members of the  
16 committee from either house in which there is a failure to appoint or  
17 confirm shall be elected forthwith by the members of such house.

18 **Sec. 28.** RCW 44.28.050 and 1989 c 137 s 1 are each amended to read  
19 as follows:

20 All expenses incurred by the committee, including salaries and  
21 expenses of employees, shall be paid upon voucher forms as provided by  
22 the auditor. The legislative auditor may be authorized by the  
23 legislative (~~budget~~) audit committee's executive committee to sign  
24 vouchers. Such authorization shall specify a dollar limitation and be  
25 set out in writing. A monthly report of such vouchers shall be  
26 submitted to the executive committee. If authorization is not given to  
27 the legislative auditor then the chair, or the vice-chair in the  
28 chair's absence, is authorized to sign vouchers. This authority shall  
29 continue until the chair's or vice-chair's successors are selected  
30 after each ensuing session of the legislature. Vouchers may be drawn  
31 on funds appropriated generally by the legislature for legislative  
32 expenses or upon any special appropriation which may be provided by the  
33 legislature for the expenses of the committee or both.

34 **Sec. 29.** RCW 44.28.060 and 1975 1st ex.s. c 293 s 13 are each  
35 amended to read as follows:

36 The committee shall have the power and duty to appoint its own  
37 chairman, vice chairman, and other officers; to make rules and

1 regulations for orderly procedure; to perform, either through the  
2 legislative ((~~budget~~)) audit committee or through subcommittees of the  
3 legislative ((~~budget~~)) audit committee, all duties and functions  
4 relating to improving the economy, efficiency, and effectiveness of  
5 state agency management by performance audits and other staff studies  
6 of state government, its officers, boards, committees, commissions,  
7 institutions, and other state agencies.

8       **Sec. 30.** RCW 44.28.085 and 1993 c 406 s 6 are each amended to read  
9 as follows:

10       The legislative ((~~budget~~)) audit committee shall make management  
11 surveys and program reviews as to every public body, officer or  
12 employee subject to the provisions of RCW 43.09.290 through 43.09.340.  
13 The legislative ((~~budget~~)) audit committee may also make management  
14 surveys and program reviews of local school districts, intermediate  
15 school districts, and other units of local government receiving state  
16 funds as grants-in-aid or as shared revenues. Management surveys for  
17 the purposes of this section shall be an independent examination for  
18 the purpose of providing the legislature with an evaluation and report  
19 of the manner in which any public agency, officer, administrator, or  
20 employee has discharged the responsibility to faithfully, efficiently,  
21 and effectively administer any legislative purpose of the state.  
22 Program reviews for the purpose of this section shall be an examination  
23 of state or local government programs to ascertain whether or not such  
24 programs continue to serve their intended purposes, are conducted in an  
25 efficient and effective manner, or require modification or elimination.  
26 Nothing in this section shall limit the power or duty of the state  
27 auditor to report to the legislature as directed by RCW 43.88.160.

28       The legislative ((~~budget~~)) audit committee shall receive a copy of  
29 each report of examination issued by the state auditor under RCW  
30 43.09.310, shall review all such reports, and shall make such  
31 recommendations to the legislature and to the state auditor as it deems  
32 appropriate.

33       **Sec. 31.** RCW 44.28.086 and 1973 1st ex.s. c 197 s 1 are each  
34 amended to read as follows:

35       The legislative ((~~budget~~)) audit committee authority for management  
36 surveys contained in RCW 44.28.085 shall include reviews of program  
37 goals and objectives of public bodies, officers or employees to

1 determine conformity with legislative intent and shall include  
2 comprehensive performance audits to ensure that agency programs are  
3 being conducted in accordance with legislative intent and program goals  
4 and objectives.

5 **Sec. 32.** RCW 44.28.087 and 1973 1st ex.s. c 197 s 2 are each  
6 amended to read as follows:

7 All agency reports concerning program performance, including  
8 administrative review, quality control, and other internal audit or  
9 performance reports, as requested by the legislative (~~budget~~) audit  
10 committee, shall be furnished by the agency requested to provide such  
11 report.

12 **Sec. 33.** RCW 44.28.140 and 1975 1st ex.s. c 293 s 17 are each  
13 amended to read as follows:

14 The committee is hereby authorized and empowered to appoint an  
15 officer to be known as the legislative auditor, and to fix his or her  
16 compensation, who shall be the executive officer of the committee and  
17 assist in its duties and shall compile information for the committee.  
18 The committee is hereby authorized and empowered to select and employ  
19 other clerical, legal, accounting, research and other personnel that it  
20 may deem desirable in the performance of its duties, and the  
21 compensation and salaries shall be fixed by the legislative (~~budget~~)  
22 audit committee.

23 The duties of the legislative auditor shall be as follows:

24 (1) To ascertain the facts and make recommendations to the  
25 committee and under their direction to the committees of the state  
26 legislature concerning

27 (a) revenues and expenditures of the state; and

28 (b) the organization and functions of the state, its departments,  
29 subdivisions and agencies.

30 (2) To assist the several standing committees of the house and  
31 senate in consideration of legislation affecting state departments and  
32 their efficiency; to appear before other legislative committees and to  
33 assist any other legislative committee upon instruction by the  
34 legislative (~~budget~~) audit committee.

35 (3) To provide the legislature with information obtained under the  
36 direction of the legislative (~~budget~~) audit committee.

1 (4) To maintain a record of all work performed by the legislative  
2 auditor under the direction of the legislative (~~budget~~) audit  
3 committee and to keep and make available all documents, data and  
4 reports submitted to him or her by any legislative committee.

5 **Sec. 34.** RCW 44.28.180 and 1993 c 406 s 5 are each amended to read  
6 as follows:

7 (1) In conducting program evaluations as defined in RCW 43.88.020,  
8 the legislative (~~budget~~) audit committee may establish a biennial  
9 work plan that identifies state agency programs for which formal  
10 evaluation appears necessary. Among the factors to be considered in  
11 preparing the work plan are:

12 (a) Whether a program newly created or significantly altered by the  
13 legislature warrants continued oversight because (i) the fiscal impact  
14 of the program is significant, or (ii) the program represents a  
15 relatively high degree of risk in terms of reaching the stated goals  
16 and objectives for that program;

17 (b) Whether implementation of an existing program has failed to  
18 meet its goals and objectives by any significant degree.

19 (2) The project description for each program evaluation shall  
20 include start and completion dates, the proposed research approach, and  
21 cost estimates.

22 (3) The overall plan may include proposals to employ contract  
23 evaluators. As conditions warrant, the program evaluation work plan  
24 may be amended from time to time. All biennial work plans shall be  
25 transmitted to the appropriate fiscal and policy committees of the  
26 senate and the house of representatives.

27 **Sec. 35.** RCW 44.40.025 and 1981 c 270 s 15 are each amended to  
28 read as follows:

29 In addition to the powers and duties authorized in RCW 44.40.020,  
30 the committee and the standing committees on transportation of the  
31 house and senate shall, in coordination with the legislative (~~budget~~)  
32 audit committee, the legislative evaluation and accountability program  
33 committee, and the ways and means committees of the senate and house of  
34 representatives, ascertain, study, and/or analyze all available facts  
35 and matters relating or pertaining to sources of revenue,  
36 appropriations, expenditures, and financial condition of the motor  
37 vehicle fund and accounts thereof, the highway safety fund, and all

1 other funds or accounts related to transportation programs of the  
2 state.

3 The legislative ((budget)) audit committee, the legislative  
4 evaluation and accountability program committee, and the ways and means  
5 committees of the senate and house of representatives shall coordinate  
6 their activities with the legislative transportation committee in  
7 carrying out the committees' powers and duties under chapter 43.88 RCW  
8 in matters relating to the transportation programs of the state.

9 **Sec. 36.** RCW 67.70.310 and 1982 2nd ex.s. c 7 s 31 are each  
10 amended to read as follows:

11 The director of financial management may conduct a management  
12 review of the commission's lottery operations to assure that:

13 (1) The manner and time of payment of prizes to the holder of  
14 winning tickets or shares is consistent with this chapter and the rules  
15 adopted under this chapter;

16 (2) The apportionment of total revenues accruing from the sale of  
17 lottery tickets or shares and from all other sources is consistent with  
18 this chapter;

19 (3) The manner and type of lottery being conducted, and the  
20 expenses incidental thereto, are the most efficient and cost-effective;  
21 and

22 (4) The commission is not unnecessarily incurring operating and  
23 administrative costs.

24 In conducting a management review, the director of financial  
25 management may inspect the books, documents, and records of the  
26 commission. Upon completion of a management review, all irregularities  
27 shall be reported to the attorney general, the legislative ((budget))  
28 audit committee, and the state auditor. The director of financial  
29 management shall make such recommendations as may be necessary for the  
30 most efficient and cost-effective operation of the lottery.

31 **Sec. 37.** RCW 79.01.006 and 1991 c 204 s 1 are each amended to read  
32 as follows:

33 (1) Every five years the department of social and health services  
34 and other state agencies that operate institutions shall conduct an  
35 inventory of all real property subject to the charitable, educational,  
36 penal, and reformatory institution account and other real property  
37 acquired for institutional purposes or for the benefit of the blind,

1 deaf, mentally ill, developmentally disabled, or otherwise disabled.  
2 The inventory shall identify which of those real properties are not  
3 needed for state-provided residential care, custody, or treatment. By  
4 December 1, 1992, and every five years thereafter the department shall  
5 report the results of the inventory to the house of representatives  
6 committee on capital facilities and financing, the senate committee on  
7 ways and means, and the legislative ((budget)) audit committee.

8 (2) Real property identified as not needed for state-provided  
9 residential care, custody, or treatment shall be transferred to the  
10 corpus of the charitable, educational, penal, and reformatory  
11 institution account. This subsection shall not apply to real property  
12 subject to binding conditions that conflict with the other provisions  
13 of this subsection.

14 (3) The department of natural resources shall manage all property  
15 subject to the charitable, educational, penal, and reformatory  
16 institution account and, in consultation with the department of social  
17 and health services and other affected agencies, shall adopt a plan for  
18 the management of real property subject to the account and other real  
19 property acquired for institutional purposes or for the benefit of the  
20 blind, deaf, mentally ill, developmentally disabled, or otherwise  
21 disabled.

22 (a) The plan shall be consistent with state trust land policies and  
23 shall be compatible with the needs of institutions adjacent to real  
24 property subject to the plan.

25 (b) The plan may be modified as necessary to ensure the quality of  
26 future management and to address the acquisition of additional real  
27 property.

28 **Sec. 38.** RCW 88.46.920 and 1991 c 200 s 429 are each amended to  
29 read as follows:

30 On or before November 15, 1996, the legislative ((budget)) audit  
31 committee shall prepare a report to the legislature on the means for  
32 future implementation of the provisions in chapter 88.46 RCW.

--- END ---