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**SUBSTITUTE HOUSE BILL 2222**

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**State of Washington**

**54th Legislature**

**1996 Regular Session**

**By** House Committee on Government Operations (originally sponsored by Representatives Backlund, Huff, Foreman, B. Thomas, Smith, Horn, Hymes, Honeyford, Fuhrman, Lambert, Thompson and McMahan)

Read first time 01/19/96.

1       AN ACT Relating to legislative oversight of state and local  
2 government programs; amending RCW 44.28.010, 44.28.020, 44.28.030,  
3 44.28.040, 44.28.060, 44.28.140, 44.28.080, 44.28.180, 44.28.087,  
4 44.28.100, 44.28.120, 44.28.130, 44.28.150, 43.88.020, 43.88.090,  
5 43.88.160, 28A.630.830, 28B.20.382, 39.19.060, 39.29.016, 39.29.018,  
6 39.29.025, 39.29.055, 41.06.070, 42.48.060, 43.09.310, 43.21J.800,  
7 43.79.270, 43.79.280, 43.88.205, 43.88.230, 43.88.310, 43.88.510,  
8 43.131.050, 43.131.060, 43.131.070, 43.131.080, 43.131.110, 43.250.080,  
9 44.40.025, 67.70.310, and 79.01.006; adding new sections to chapter  
10 44.28 RCW; creating a new section; recodifying RCW 44.28.140,  
11 44.28.180, and 44.28.087; and repealing RCW 44.28.050, 44.28.085, and  
12 44.28.086.

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

14       NEW SECTION.   **Sec. 1.** The public expects the legislature to  
15 address citizens' increasing demand for the basic services of state  
16 government, while limiting the growth in spending. The public demands  
17 that public officials and state employees be accountable to provide  
18 maximum value for every dollar entrusted to state government. The  
19 public believes that it is possible to improve the responsiveness of

1 state government and to save the taxpayers' money, and that efficiency  
2 and effectiveness should result in savings.

3 The legislature, public officials, state employees, and citizens  
4 need to know the extent to which state agencies, programs, and  
5 activities are achieving the purposes for which they were created. It  
6 is essential to compare the conditions, problems, and priorities that  
7 led to the creation of government programs with current conditions,  
8 problems, and priorities, and to examine the need for and performance  
9 of those programs in the current environment.

10 Along with examining the performance of state agencies and  
11 programs, the legislature, public officials, state employees, and  
12 citizens must also consider the effect that state government programs  
13 can reasonably expect to have on citizens' lives, how the level of  
14 programs and services of Washington state government compares with that  
15 of other states, and alternatives for service delivery, including other  
16 levels of government and the private sector including not-for-profit  
17 organizations. It is essential that the legislature, public officials,  
18 state employees, and citizens share a common understanding of the role  
19 of state government. The performance and relative priority of state  
20 agency programs and activities must be the basis for managing and  
21 allocating resources within Washington state government.

22 It is the intent of the legislature to strengthen the role of the  
23 current legislative budget committee so that it may more effectively  
24 examine how efficiently state agencies perform their responsibilities  
25 and whether the agencies are achieving their goals, and whether units  
26 of local government are using state funds for their intended purpose in  
27 an efficient and effective manner. It is also the intent of the  
28 legislature to enact a clear set of definitions for different types of  
29 audits in order to eliminate confusion with regard to government  
30 reviews.

31 NEW SECTION. **Sec. 2.** Unless the context clearly requires  
32 otherwise, the definitions in this section apply throughout this  
33 chapter.

34 (1) "Director" means the director of the office of the joint  
35 legislative audit and review committee.

36 (2) "Economy and efficiency audits" means performance audits that  
37 establish: (a) Whether a state agency or unit of local government  
38 receiving state funds is acquiring, protecting, and using its resources

1 such as personnel, property, and space economically and efficiently;  
2 (b) the causes of inefficiencies or uneconomical practices; and (c)  
3 whether the state agency or local government has complied with  
4 significant laws and rules in acquiring, protecting, and using its  
5 resources.

6 (3) "Final compliance report" means a written document, as approved  
7 by the joint committee, that states the specific actions a state agency  
8 or unit of local government receiving state funds has taken to  
9 implement recommendations contained in the final performance audit  
10 report and the preliminary compliance report. Any recommendations,  
11 including proposed legislation and changes in the agency's rules and  
12 practices or the local government's practices, based on testimony  
13 received, must be included in the final compliance report.

14 (4) "Final performance audit report" means a written document  
15 adopted by the joint legislative audit and review committee that  
16 contains the findings and proposed recommendations made in the  
17 preliminary performance audit report, the final recommendations adopted  
18 by the joint committee, any comments to the preliminary performance  
19 audit report by the joint committee, and any comments to the  
20 preliminary performance audit report by the state agency or local  
21 government that was audited.

22 (5) "Joint committee" means the joint legislative audit and review  
23 committee.

24 (6) "Local government" means a city, town, county, special purpose  
25 district, political subdivision, municipal corporation, or quasi-  
26 municipal corporation, including a public corporation created by such  
27 an entity.

28 (7) "Performance audit" means an objective and systematic  
29 assessment of a state agency or any of its programs, functions, or  
30 activities, or a unit of local government receiving state funds, by an  
31 independent evaluator in order to help public officials improve  
32 efficiency, effectiveness, and accountability. Performance audits  
33 include economy and efficiency audits, program audits, and performance  
34 verifications.

35 (8) "Performance measures" means realistic estimates, generally in  
36 quantifiable terms, of what a state agency or a unit of local  
37 government receiving state funds is expected to achieve in a program,  
38 function, or activity.

1 (9) "Performance verification" means an analysis that verifies: (a)  
2 The accuracy of data used by a state agency or a unit of local  
3 government receiving state funds in quantifying intended results and  
4 measuring performance toward those results; and (b) whether the  
5 reported results were achieved.

6 (10) "Preliminary compliance report" means a written document that  
7 states the specific actions a state agency or unit of local government  
8 receiving state funds has taken to implement any recommendations  
9 contained in the final performance audit report.

10 (11) "Preliminary performance audit report" means a written  
11 document prepared for review and comment by the joint legislative audit  
12 and review committee after the completion of a performance audit. The  
13 preliminary performance audit report must contain the audit findings  
14 and any proposed recommendations to improve the efficiency,  
15 effectiveness, or accountability of the state agency or local  
16 government audited.

17 (12) "Program audits" means performance audits that determine: (a)  
18 The extent to which desired outcomes or results are being achieved; (b)  
19 the causes for not achieving intended outcomes or results; and (c)  
20 compliance with significant laws and rules applicable to the program.

21 (13) "State agency" or "agency" means a state agency, department,  
22 office, officer, board, commission, bureau, division, institution, or  
23 institution of higher education. "State agency" includes all elective  
24 offices in the executive branch of state government.

25 **Sec. 3.** RCW 44.28.010 and 1983 c 52 s 1 are each amended to read  
26 as follows:

27 ~~((There is hereby created a))~~ (1) The joint legislative ((budget))  
28 audit and review committee is created, which shall consist of eight  
29 senators and eight representatives from the legislature, and two  
30 nonvoting members of the general public appointed under subsection (2)  
31 of this section. The senate members of the committee shall be  
32 appointed by the president of the senate, and the house members of the  
33 committee shall be appointed by the speaker of the house. Not more  
34 than four members from each house shall be from the same political  
35 party. Members shall be appointed before the close of each regular  
36 session of the legislature during an odd-numbered year(~~(:—PROVIDED,~~  
37 ~~That if prior to)).~~ If before the close of a regular session during an  
38 odd-numbered year, the governor issues a proclamation convening the

1 legislature into special session, or the legislature by resolution  
2 convenes the legislature into special session, following such regular  
3 session, then such appointments shall be made as a matter of closing  
4 business of such special session. Members shall be subject to  
5 confirmation, as to the senate members by the senate, and as to the  
6 house members by the house. In the event of a failure to appoint or  
7 confirm joint committee members, (~~((either on the part of the president~~  
8 ~~of the senate or on the part of the speaker of the house, or in the~~  
9 ~~event of a refusal by either the senate or the house to confirm~~  
10 ~~appointments on the committee, then))~~ the members of the joint  
11 committee from either house in which there is a failure to appoint or  
12 confirm shall be elected (~~((forthwith))~~) by the members of such house.

13 (2) The speaker of the house shall appoint one of the members  
14 representing the general public, and the president of the senate shall  
15 appoint the other member representing the general public. The general  
16 public members must be appointed before the close of each regular  
17 session of the legislature during an odd-numbered year. The term for  
18 the general public members commences upon appointment and expires at  
19 the close of session in the next odd-numbered year and continues until  
20 a successor is appointed. The speaker of the house or the president of  
21 the senate, as appropriate, shall make an appointment to fill a vacancy  
22 in the general public member positions for the unexpired term.

23 **Sec. 4.** RCW 44.28.020 and 1980 c 87 s 31 are each amended to read  
24 as follows:

25 The term of office of the members of the joint committee who  
26 continue to be members of the senate and house shall be from the close  
27 of the session in which they were appointed or elected as provided in  
28 RCW 44.28.010 until the close of the next regular session during an  
29 odd-numbered year or special session following such regular session,  
30 or, in the event that such appointments or elections are not made,  
31 until the close of the next regular session during an odd-numbered year  
32 during which successors are appointed or elected. The term of office  
33 of (~~((such))~~) joint committee members (~~((as shall))~~) who do not continue to  
34 be members of the senate and house (~~((shall))~~) ceases upon the convening  
35 of the next regular session of the legislature during an odd-numbered  
36 year after their confirmation, election or appointment. Vacancies on  
37 the joint committee, except for vacancies in the positions designated  
38 for members of the general public, shall be filled by appointment by

1 the remaining members. All such vacancies shall be filled from the  
2 same political party and from the same house as the member whose seat  
3 was vacated.

4 **Sec. 5.** RCW 44.28.030 and 1955 c 206 s 6 are each amended to read  
5 as follows:

6 On and after the commencement of a succeeding general session of  
7 the legislature, those members of the joint committee who continue to  
8 be members of the senate and house, respectively, shall continue as  
9 members of the joint committee as indicated in RCW 44.28.020 and the  
10 joint committee shall continue with all its powers, duties,  
11 authorities, records, papers, personnel and staff, and all funds made  
12 available for its use.

13 **Sec. 6.** RCW 44.28.040 and 1975-'76 2nd ex.s. c 34 s 134 are each  
14 amended to read as follows:

15 The legislative members of the joint committee shall serve without  
16 additional compensation, but shall be reimbursed for their travel  
17 expenses(~~(,)~~) in accordance with RCW 44.04.120 (~~((as now existing or~~  
18 ~~hereafter amended, incurred while))~~ for attending ((sessions)) meetings  
19 of the joint committee or ((meetings of any)) a subcommittee of the  
20 joint committee, or while engaged on other ((committee)) business  
21 authorized by the joint committee(~~(, and while going to and coming from~~  
22 committee sessions or committee meetings)). The general public members  
23 of the joint committee shall serve without compensation but shall be  
24 reimbursed for their travel expenses in accordance with RCW 43.03.050  
25 and 43.03.060.

26 **Sec. 7.** RCW 44.28.060 and 1975 1st ex.s. c 293 s 13 are each  
27 amended to read as follows:

28 The members of the joint committee shall ((have the power and duty  
29 to appoint its own chairman, vice chairman, and other officers; to make  
30 rules and regulations for orderly procedure; to perform, either through  
31 the legislative budget committee or through subcommittees of the  
32 legislative budget committee, all duties and functions relating to  
33 improving the economy, efficiency, and effectiveness of state agency  
34 management by performance audits and other staff studies of state  
35 government, its officers, boards, committees, commissions,  
36 institutions, and other state agencies)) select a chair and a

1 vice-chair, to serve for a period not to exceed one year. The chair  
2 and the vice-chair may not be members of the same political party. The  
3 chair shall alternate between the members of the senate and the house  
4 of representatives, and between each political party. The general  
5 public members of the joint committee may not serve as chair or vice-  
6 chair.

7 The chair shall appoint an executive committee consisting of two  
8 senators and two representatives from the members of the joint  
9 committee. The two senate members of the executive committee must be  
10 from different political parties, and the two executive committee  
11 members from the house of representatives must be from different  
12 political parties. The function of the executive committee is to  
13 appoint the director. Approval by an affirmative vote of at least  
14 three members of the executive committee is required for a decision  
15 regarding employment of the director. The executive committee shall  
16 set the salary of the director.

17 The joint committee shall adopt rules and procedures for its  
18 orderly operation. The joint committee may create subcommittees to  
19 perform duties under this chapter.

20 **Sec. 8.** RCW 44.28.140 and 1975 1st ex.s. c 293 s 17 are each  
21 amended to read as follows:

22 ~~((The committee is hereby authorized and empowered to appoint an~~  
23 ~~officer to be known as the legislative auditor, and to fix his~~  
24 ~~compensation, who shall be the executive officer of the committee and~~  
25 ~~assist in its duties and shall compile information for the committee.~~  
26 ~~The committee is hereby authorized and empowered to select and employ~~  
27 ~~other clerical, legal, accounting, research and other personnel that it~~  
28 ~~may deem desirable in the performance of its duties, and the~~  
29 ~~compensation and salaries shall be fixed by the legislative budget~~  
30 ~~committee.))~~

31 The ~~((duties of the legislative auditor))~~ director shall ~~((be as~~  
32 ~~follows))~~:

33 (1) ~~((To ascertain the facts and make recommendations to the~~  
34 ~~committee and under their direction to the committees of the state~~  
35 ~~legislature concerning~~

36 ~~(a) revenues and expenditures of the state; and~~

37 ~~(b) the organization and functions of the state, its departments,~~  
38 ~~subdivisions and agencies.~~

1       ~~(2) To~~) Establish and manage the office of the joint legislative  
2 audit and review committee to carry out the functions of this chapter;

3       (2) Direct the audit and review functions described in this chapter  
4 and ensure that all audits are performed in accordance with the  
5 "Government Auditing Standards" published by the comptroller general of  
6 the United States;

7       (3) Make findings and recommendations to the joint committee and  
8 under its direction to the committees of the state legislature  
9 concerning the organization and operation of state agencies and the  
10 expenditure of state funds by units of local government;

11       (4) In consultation with and with the approval of the executive  
12 committee, hire staff necessary to carry out the purposes of this  
13 chapter. Employee salaries, other than the director, shall be set by  
14 the director with the approval of the executive committee, the  
15 secretary of the senate, and the chief clerk of the house of  
16 representatives;

17       (5) Assist the several standing committees of the house and senate  
18 in consideration of legislation affecting state departments and their  
19 efficiency; ~~(to)~~ appear before other legislative committees; and  
20 ~~(to)~~ assist any other legislative committee upon instruction by the  
21 joint legislative ~~(budget)~~ audit and review committee.

22       ~~((3) To)~~ (6) Provide the legislature with information obtained  
23 under the direction of the joint legislative ~~(budget)~~ audit and  
24 review committee~~(-)~~;

25       ~~((4) To)~~ (7) Maintain a record of all work performed by the  
26 ~~(legislative auditor)~~ director under the direction of the joint  
27 legislative ~~(budget)~~ audit and review committee and ~~(to)~~ keep and  
28 make available all documents, data, and reports submitted to ~~(him)~~  
29 the director by any legislative committee.

30       NEW SECTION. Sec. 9. (1) In conducting performance audits, the  
31 director shall work in consultation with the state auditor. The  
32 director shall also work closely with the chairs and staff of standing  
33 committees of the senate and house of representatives.

34       (2) The director shall contract with and consult with public and  
35 private independent professional and technical experts as necessary in  
36 conducting the performance audits. The director shall also involve  
37 front-line employees and internal auditors in the performance audit  
38 process to the highest possible degree.



1 (3) The director shall work with the legislative evaluation and  
2 accountability program committee to develop information system  
3 capabilities necessary for the performance audit requirements of this  
4 chapter.

5 (4) The director shall work with the Washington performance  
6 partnership and the office of financial management to facilitate the  
7 implementation of effective performance measures throughout state  
8 government. In agencies and programs where effective systems for  
9 performance measurement exist, the measurements incorporated into those  
10 systems must be the basis for performance audits conducted under this  
11 chapter.

12 NEW SECTION. **Sec. 10.** (1) Subject to the requirements of the  
13 annual performance audit work plan approved by the joint committee  
14 under RCW 44.28.180, as recodified by this act, performance audits may,  
15 in addition to the determinations that may be made in such an audit as  
16 specified in section 2 of this act, include the following:

17 (a) An examination of the costs and benefits of agency programs,  
18 functions, and activities;

19 (b) Identification of viable alternatives for reducing costs or  
20 improving service delivery, including the elimination of functions or  
21 transferring functions to the private sector including not-for-profit  
22 organizations;

23 (c) Identification of gaps and overlaps in service delivery, along  
24 with corrective action.

25 (2) As part of a performance audit, the director may review the  
26 costs of programs recently implemented by the legislature to compare  
27 actual agency costs with the appropriations provided and the cost  
28 estimates that were included in the fiscal note for the program at the  
29 time the program was enacted.

30 **Sec. 11.** RCW 44.28.080 and 1975 1st ex.s. c 293 s 14 are each  
31 amended to read as follows:

32 The joint committee (~~(shall have)~~) has the following powers:

33 (1) To make examinations and reports concerning whether or not  
34 appropriations are being expended for the purposes and within the  
35 statutory restrictions provided by the legislature; (~~(concerning the~~  
36 ~~economic outlook and estimates of revenue to meet expenditures;)~~) and  
37 concerning the organization and operation of procedures necessary or

1 desirable to promote economy, efficiency, and effectiveness in state  
2 government, its officers, boards, committees, commissions,  
3 institutions, and other state agencies, and to make recommendations and  
4 reports to the legislature.

5 (2) To make such other studies and examinations of economy,  
6 efficiency, and effectiveness of state government and its state  
7 agencies as it may find advisable, and to hear complaints, hold  
8 hearings, gather information, and make findings of fact with respect  
9 thereto.

10 (3) (~~The committee shall have the power~~) To conduct program and  
11 fiscal reviews of any state agency or program scheduled for termination  
12 under the process provided under chapter 43.131 RCW.

13 (4) To receive a copy of each report of examination or audit issued  
14 by the state auditor for examinations or audits that were conducted at  
15 the request of the joint committee, to review the report or audit, and  
16 make recommendations to the legislature and the state auditor as it  
17 deems appropriate as a separate addendum to the report or audit.

18 (5) To develop internal tracking procedures that will allow the  
19 legislature to measure the effectiveness of performance audits  
20 conducted by the joint committee. At a minimum, the procedures must  
21 measure cost-savings and increases in efficiency and effectiveness in  
22 how state agencies deliver their services. The internal tracking  
23 procedures must be consistent with the "Government Auditing Standards"  
24 published by the comptroller general of the United States.

25 (6) To receive messages and reports in person or in writing from  
26 the governor or any other state officials and to study generally any  
27 and all business relating to economy, efficiency, and effectiveness in  
28 state government and state agencies.

29 **Sec. 12.** RCW 44.28.180 and 1993 c 406 s 5 are each amended to read  
30 as follows:

31 (1) (~~In conducting program evaluations as defined in RCW~~  
32 ~~43.88.020, the legislative budget committee may establish a biennial~~  
33 ~~work plan)) Before the completion of each legislative session, the  
34 joint legislative audit and review committee shall develop and approve  
35 a performance audit work plan for the subsequent twelve to fifteen-  
36 month period that identifies state agency programs for which formal  
37 evaluation appears necessary. Among the factors to be considered in  
38 preparing the work plan are:~~

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

6 (b) Whether implementation of an existing program has failed to  
7 meet its goals and objectives by any significant degree; and

8 (c) Whether a follow-up audit would help ensure that previously  
9 identified recommendations for improvements were being implemented.

10 (2) The project description for each (~~(program evaluation shall)~~)  
11 performance audit must include start and completion dates, the proposed  
12 (~~research~~) approach, and cost estimates.

13 (3) The director shall consult with the state auditor, the director  
14 of financial management, and the chairs and staff of appropriate  
15 legislative committees in developing the work plan. The work plan must  
16 identify the role of the joint committee, the state auditor, and public  
17 and private sector experts necessary to complete each performance  
18 audit.

19 (4) The overall work plan may include proposals to employ contract  
20 (~~(evaluators)~~) resources. As conditions warrant, the (~~(program~~  
21 ~~evaluation)~~) performance audit work plan may be amended from time to  
22 time. All (~~(biennial)~~) performance audit work plans shall be  
23 transmitted to the appropriate fiscal and policy committees of the  
24 senate and the house of representatives.

25 NEW SECTION. Sec. 13. (1) When the director has completed a  
26 performance audit authorized in the annual performance audit work plan,  
27 the director shall transmit the preliminary performance audit report to  
28 the affected state agency or local government for its comments. The  
29 agency or local government shall provide any response to the director  
30 within thirty days after receipt of the preliminary performance audit  
31 report. The director shall incorporate the response of the agency or  
32 local government into the final performance audit report.

33 (2) Before releasing the results of a performance audit to the  
34 legislature or the public, the director shall submit the preliminary  
35 performance audit report to the joint committee for its review,  
36 comments, and final recommendations. Any comments by the joint  
37 committee must be included as a separate addendum to the final  
38 performance audit report. Upon consideration and incorporation of the

1 review, comments, and recommendations of the joint committee, the  
2 director shall transmit the final performance audit report to the  
3 affected agency or local government, the director of financial  
4 management, the leadership of the senate and the house of  
5 representatives, and the appropriate standing committees of the house  
6 of representatives and the senate and shall publish the results and  
7 make the report available to the public. For purposes of this section,  
8 "leadership of the senate and the house of representatives" means the  
9 speaker of the house, the majority leaders of the senate and the house  
10 of representatives, the minority leaders of the senate and the house of  
11 representatives, the caucus chairs of both major political parties of  
12 the senate and the house of representatives, and the floor leaders of  
13 both major political parties of the senate and the house of  
14 representatives.

15 NEW SECTION. **Sec. 14.** (1) No later than nine months after the  
16 final performance audit has been transmitted by the joint committee to  
17 the appropriate standing committees of the house of representatives and  
18 the senate, the joint committee in consultation with the standing  
19 committees shall produce a preliminary compliance report on the  
20 agency's or local government's compliance with the final performance  
21 audit recommendations. The agency or local government may attach its  
22 comments to the joint committee's preliminary compliance report as a  
23 separate addendum.

24 (2) Within three months after the issuance of the preliminary  
25 compliance report, the joint committee must hold at least one public  
26 hearing and receive public testimony regarding the findings and  
27 recommendations contained in the preliminary compliance report. The  
28 joint committee may waive the public hearing requirement if the  
29 preliminary compliance report demonstrates that the agency or local  
30 government is in compliance with the audit recommendations. The joint  
31 committee shall issue a final compliance report within four weeks after  
32 the public hearing or hearings. The director shall transmit the final  
33 compliance report in the same manner as a final performance audit is  
34 transmitted under section 13 of this act.

35 NEW SECTION. **Sec. 15.** The joint committee shall undergo a quality  
36 control review at least once every three years. The review must be  
37 conducted by an organization that has experience in conducting

1 performance audits but that is not affiliated with Washington state  
2 government. The quality control review must include, at a minimum, an  
3 evaluation of the quality of the audits conducted by the joint  
4 committee, an assessment of the audit procedures used by the joint  
5 committee, and an assessment of the qualifications of the joint  
6 committee staff to conduct performance audits.

7 NEW SECTION. **Sec. 16.** The performance audit revolving fund is  
8 established in the state treasury. Expenditures from the fund may be  
9 made recovering the costs of performance audits from the audited agency  
10 or program. Subject to appropriation, the director shall assess  
11 agencies all or a portion of the cost of performance audits.

12 The cost of performance audits must include all direct and indirect  
13 costs and any other expenses incurred by the director in fulfilling his  
14 or her statutory responsibilities. The costs of audits may also be  
15 paid from other funds appropriated to the office of the joint  
16 legislative audit and review committee.

17 NEW SECTION. **Sec. 17.** To ensure the accuracy and timeliness of  
18 information used as the basis for performance audits and other  
19 responsibilities of the legislature, the director or the director's  
20 staff must be provided direct access to information held by any state  
21 agency. Agencies shall submit directly to the joint legislative audit  
22 and review committee all data and other information requested,  
23 including tax records and client data. Any confidential data or  
24 information provided to the committee must be kept confidential by the  
25 joint committee.

26 **Sec. 18.** RCW 44.28.087 and 1973 1st ex.s. c 197 s 2 are each  
27 amended to read as follows:

28 All agency reports concerning program performance, including  
29 administrative review, quality control, and other internal audit or  
30 performance reports, as requested by the (~~legislative budget~~) joint  
31 committee, shall be furnished by the agency requested to provide such  
32 report.

33 **Sec. 19.** RCW 44.28.100 and 1987 c 505 s 45 are each amended to  
34 read as follows:

1       The joint committee (~~(shall have the power to)~~) may make reports  
2 from time to time to the members of the legislature and to the public  
3 with respect to any of its findings or recommendations. The joint  
4 committee shall keep complete minutes of its meetings.

5       **Sec. 20.** RCW 44.28.120 and 1951 c 43 s 9 are each amended to read  
6 as follows:

7       In case of the failure on the part of any person to comply with any  
8 subpoena issued in behalf of the joint committee, or on the refusal of  
9 any witness to testify to any matters regarding which he or she may be  
10 lawfully interrogated, it shall be the duty of the superior court of  
11 any county, or of the judge thereof, on application of the joint  
12 committee, to compel obedience by proceedings for contempt, as in the  
13 case of disobedience of the requirements of a subpoena issued from such  
14 court or a refusal to testify therein.

15       **Sec. 21.** RCW 44.28.130 and 1951 c 43 s 10 are each amended to read  
16 as follows:

17       Each witness who appears before the joint committee by its order,  
18 other than a state official or employee, shall receive for his or her  
19 attendance the fees and mileage provided for witnesses in civil cases  
20 in courts of record, which shall be audited and paid upon the  
21 presentation of proper vouchers signed by such witness and approved by  
22 the (~~(secretary and chairman)~~) chair of the joint committee.

23       **Sec. 22.** RCW 44.28.150 and 1975 1st ex.s. c 293 s 18 are each  
24 amended to read as follows:

25       The joint committee shall cooperate, act, and function with  
26 legislative committees and with the councils or committees of other  
27 states similar to this joint committee and with other interstate  
28 research organizations.

29       **Sec. 23.** RCW 43.88.020 and 1995 c 155 s 1 are each amended to read  
30 as follows:

31       (1) "Budget" means a proposed plan of expenditures for a given  
32 period or purpose and the proposed means for financing these  
33 expenditures.

1 (2) "Budget document" means a formal statement, either written or  
2 provided on any electronic media or both, offered by the governor to  
3 the legislature, as provided in RCW 43.88.030.

4 (3) "Director of financial management" means the official appointed  
5 by the governor to serve at the governor's pleasure and to whom the  
6 governor may delegate necessary authority to carry out the governor's  
7 duties as provided in this chapter. The director of financial  
8 management shall be head of the office of financial management which  
9 shall be in the office of the governor.

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

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

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

24 (7) "Ensuing biennium" means the fiscal biennium beginning on July  
25 1st of the same year in which a regular session of the legislature is  
26 held during an odd-numbered year pursuant to Article II, section 12 of  
27 the Constitution and which biennium next succeeds the current biennium.

28 (8) "Dedicated fund" means a fund in the state treasury, or a  
29 separate account or fund in the general fund in the state treasury,  
30 that by law is dedicated, appropriated, or set aside for a limited  
31 object or purpose; but "dedicated fund" does not include a revolving  
32 fund or a trust fund.

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

38 (10) "Trust fund" means a fund in the state treasury in which  
39 designated persons or classes of persons have a vested beneficial

1 interest or equitable ownership, or which was created or established by  
2 a gift, grant, contribution, devise, or bequest that limits the use of  
3 the fund to designated objects or purposes.

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

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

10 (13) "Lapse" means the termination of authority to expend an  
11 appropriation.

12 (14) "Legislative fiscal committees" means the joint legislative  
13 (~~(budget)~~) audit and review committee, the legislative evaluation and  
14 accountability program committee, the ways and means committees of the  
15 senate and house of representatives, and, where appropriate, the  
16 legislative transportation committee.

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

19 (16) "Primary budget driver" means the primary determinant of a  
20 budget level, other than a price variable, which causes or is  
21 associated with the major expenditure of an agency or budget unit  
22 within an agency, such as a caseload, enrollment, workload, or  
23 population statistic.

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

27 (~~18~~)) "State tax revenue limit" means the limitation created by  
28 chapter 43.135 RCW.

29 (~~(19)~~) (18) "General state revenues" means the revenues defined  
30 by Article VIII, section 1(c) of the state Constitution.

31 (~~(20)~~) (19) "Annual growth rate in real personal income" means  
32 the estimated percentage growth in personal income for the state during  
33 the current fiscal year, expressed in constant value dollars, as  
34 published by the office of financial management or its successor  
35 agency.

36 (~~(21)~~) (20) "Estimated revenues" means estimates of revenue in  
37 the most recent official economic and revenue forecast prepared under  
38 RCW 82.33.020, and prepared by the office of financial management for  
39 those funds, accounts, and sources for which the office of the economic



1 and revenue forecast council does not prepare an official forecast  
2 including estimates of revenues to support financial plans under RCW  
3 44.40.070, that are prepared by the office of financial management in  
4 consultation with the interagency task force.

5 ~~((+22))~~ (21) "Estimated receipts" means the estimated receipt of  
6 cash in the most recent official economic and revenue forecast prepared  
7 under RCW 82.33.020, and prepared by the office of financial management  
8 for those funds, accounts, and sources for which the office of the  
9 economic and revenue forecast council does not prepare an official  
10 forecast.

11 ~~((+23))~~ (22) "State budgeting, accounting, and reporting system"  
12 means a system that gathers, maintains, and communicates fiscal  
13 information. The system links fiscal information beginning with  
14 development of agency budget requests through adoption of legislative  
15 appropriations to tracking actual receipts and expenditures against  
16 approved plans.

17 ~~((+24))~~ (23) "Allotment of appropriation" means the agency's  
18 statement of proposed expenditures, the director of financial  
19 management's review of that statement, and the placement of the  
20 approved statement into the state budgeting, accounting, and reporting  
21 system.

22 ~~((+25))~~ (24) "Statement of proposed expenditures" means a plan  
23 prepared by each agency that breaks each appropriation out into monthly  
24 detail representing the best estimate of how the appropriation will be  
25 expended.

26 ~~((+26))~~ (25) "Undesignated fund balance (or deficit)" means  
27 unreserved and undesignated current assets or other resources available  
28 for expenditure over and above any current liabilities which are  
29 expected to be incurred by the close of the fiscal period.

30 ~~((+27))~~ (26) "Internal audit" means an independent appraisal  
31 activity within an agency for the review of operations as a service to  
32 management, including a systematic examination of accounting and fiscal  
33 controls to assure that human and material resources are guarded  
34 against waste, loss, or misuse; and that reliable data are gathered,  
35 maintained, and fairly disclosed in a written report of the audit  
36 findings.

37 ~~((+28))~~ "~~Performance verification~~" means ~~an analysis that (a)~~  
38 ~~verifies the accuracy of data used by state agencies in quantifying~~

1 ~~intended results and measuring performance toward those results, and~~  
2 ~~(b) verifies whether or not the reported results were achieved.~~

3 ~~(29) "Program evaluation" means the use of a variety of policy and~~  
4 ~~fiscal research methods to (a) determine the extent to which a program~~  
5 ~~is achieving its legislative intent in terms of producing the effects~~  
6 ~~expected, and (b) make an objective judgment of the implementation,~~  
7 ~~outcomes, and net cost or benefit impact of programs in the context of~~  
8 ~~their goals and objectives. It includes the application of systematic~~  
9 ~~methods to measure the results, intended or unintended, of program~~  
10 ~~activities.))~~

11 (27) "Performance audit" has the same meaning as it is defined in  
12 section 2 of this act.

13 **Sec. 24.** RCW 43.88.090 and 1994 c 184 s 10 are each amended to  
14 read as follows:

15 (1) For purposes of developing budget proposals to the legislature,  
16 the governor shall have the power, and it shall be the governor's duty,  
17 to require from proper agency officials such detailed estimates and  
18 other information in such form and at such times as the governor shall  
19 direct. The estimates for the legislature and the judiciary shall be  
20 transmitted to the governor and shall be included in the budget without  
21 revision. The estimates for state pension contributions shall be based  
22 on the rates provided in chapter 41.45 RCW. Copies of all such  
23 estimates shall be transmitted to the standing committees on ways and  
24 means of the house and senate at the same time as they are filed with  
25 the governor and the office of financial management.

26 The estimates shall include statements or tables which indicate, by  
27 agency, the state funds which are required for the receipt of federal  
28 matching revenues. The estimates shall be revised as necessary to  
29 reflect legislative enactments and adopted appropriations and shall be  
30 included with the initial biennial allotment submitted under RCW  
31 43.88.110. The estimates must include consideration of findings made  
32 by the director of the office of the joint legislative audit and review  
33 committee under a performance audit of the agency.

34 (2) In the year of the gubernatorial election, the governor shall  
35 invite the governor-elect or the governor-elect's designee to attend  
36 all hearings provided in RCW 43.88.100; and the governor shall furnish  
37 the governor-elect or the governor-elect's designee with such  
38 information as will enable the governor-elect or the governor-elect's

1 designee to gain an understanding of the state's budget requirements.  
2 The governor-elect or the governor-elect's designee may ask such  
3 questions during the hearings and require such information as the  
4 governor-elect or the governor-elect's designee deems necessary and may  
5 make recommendations in connection with any item of the budget which,  
6 with the governor-elect's reasons therefor, shall be presented to the  
7 legislature in writing with the budget document. Copies of all such  
8 estimates and other required information shall also be submitted to the  
9 standing committees on ways and means of the house and senate.

10 **Sec. 25.** RCW 43.88.160 and 1994 c 184 s 11 are each amended to  
11 read as follows:

12 This section sets forth the major fiscal duties and  
13 responsibilities of officers and agencies of the executive branch. The  
14 regulations issued by the governor pursuant to this chapter shall  
15 provide for a comprehensive, orderly basis for fiscal management and  
16 control, including efficient accounting and reporting therefor, for the  
17 executive branch of the state government and may include, in addition,  
18 such requirements as will generally promote more efficient public  
19 management in the state.

20 (1) Governor; director of financial management. The governor,  
21 through the director of financial management, shall devise and  
22 supervise a modern and complete accounting system for each agency to  
23 the end that all revenues, expenditures, receipts, disbursements,  
24 resources, and obligations of the state shall be properly and  
25 systematically accounted for. The accounting system shall include the  
26 development of accurate, timely records and reports of all financial  
27 affairs of the state. The system shall also provide for central  
28 accounts in the office of financial management at the level of detail  
29 deemed necessary by the director to perform central financial  
30 management. The director of financial management shall adopt and  
31 periodically update an accounting procedures manual. Any agency  
32 maintaining its own accounting and reporting system shall comply with  
33 the updated accounting procedures manual and the rules of the director  
34 adopted under this chapter. An agency may receive a waiver from  
35 complying with this requirement if the waiver is approved by the  
36 director. Waivers expire at the end of the fiscal biennium for which  
37 they are granted. The director shall forward notice of waivers granted  
38 to the appropriate legislative fiscal committees. The director of

1 financial management may require such financial, statistical, and other  
2 reports as the director deems necessary from all agencies covering any  
3 period.

4 (2) The director of financial management is responsible for  
5 quarterly reporting of primary operating budget drivers such as  
6 applicable workloads, caseload estimates, and appropriate unit cost  
7 data. These reports shall be transmitted to the legislative fiscal  
8 committees or by electronic means to the legislative evaluation and  
9 accountability program committee. Quarterly reports shall include  
10 actual monthly data and the variance between actual and estimated data  
11 to date. The reports shall also include estimates of these items for  
12 the remainder of the budget period.

13 (3) The director of financial management shall report at least  
14 annually to the appropriate legislative committees regarding the status  
15 of all appropriated capital projects, including transportation  
16 projects, showing significant cost overruns or underruns. If funds are  
17 shifted from one project to another, the office of financial management  
18 shall also reflect this in the annual variance report. Once a project  
19 is complete, the report shall provide a final summary showing estimated  
20 start and completion dates of each project phase compared to actual  
21 dates, estimated costs of each project phase compared to actual costs,  
22 and whether or not there are any outstanding liabilities or unsettled  
23 claims at the time of completion.

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

26 (a) Develop and maintain a system of internal controls and internal  
27 audits comprising methods and procedures to be adopted by each agency  
28 that will safeguard its assets, check the accuracy and reliability of  
29 its accounting data, promote operational efficiency, and encourage  
30 adherence to prescribed managerial policies for accounting and  
31 financial controls. The system developed by the director shall include  
32 criteria for determining the scope and comprehensiveness of internal  
33 controls required by classes of agencies, depending on the level of  
34 resources at risk.

35 Each agency head or authorized designee shall be assigned the  
36 responsibility and authority for establishing and maintaining internal  
37 audits following the standards of internal auditing of the institute of  
38 internal auditors;

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

6 (c) Establish policies for allowing the contracting of child care  
7 services;

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

10 (e) Review any pay and classification plans, and changes  
11 thereunder, developed by any agency for their fiscal impact: PROVIDED,  
12 That none of the provisions of this subsection shall affect merit  
13 systems of personnel management now existing or hereafter established  
14 by statute relating to the fixing of qualifications requirements for  
15 recruitment, appointment, or promotion of employees of any agency. The  
16 director shall advise and confer with agencies including appropriate  
17 standing committees of the legislature as may be designated by the  
18 speaker of the house and the president of the senate regarding the  
19 fiscal impact of such plans and may amend or alter said plans, except  
20 that for the following agencies no amendment or alteration of said  
21 plans may be made without the approval of the agency concerned:  
22 Agencies headed by elective officials;

23 (f) Fix the number and classes of positions or authorized man years  
24 of employment for each agency and during the fiscal period amend the  
25 determinations previously fixed by the director except that the  
26 director shall not be empowered to fix said number or said classes for  
27 the following: Agencies headed by elective officials;

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

31 ~~(h))~~ Adopt rules to effectuate provisions contained in (a) through  
32 ~~((g))~~ (f) of this subsection.

33 (5) The treasurer shall:

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

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

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

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

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

10 It shall be unlawful for the treasurer to disburse public funds in  
11 the treasury except upon forms or by alternative means duly prescribed  
12 by the director of financial management. These forms or alternative  
13 means shall provide for authentication and certification by the agency  
14 head or the agency head's designee that the services have been rendered  
15 or the materials have been furnished; or, in the case of loans or  
16 grants, that the loans or grants are authorized by law; or, in the case  
17 of payments for periodic maintenance services to be performed on state  
18 owned equipment, that a written contract for such periodic maintenance  
19 services is currently in effect and copies thereof are on file with the  
20 office of financial management; and the treasurer shall not be liable  
21 under the treasurer's surety bond for erroneous or improper payments so  
22 made. When services are lawfully paid for in advance of full  
23 performance by any private individual or business entity other than as  
24 provided for by RCW 42.24.035, such individual or entity other than  
25 central stores rendering such services shall make a cash deposit or  
26 furnish surety bond coverage to the state as shall be fixed in an  
27 amount by law, or if not fixed by law, then in such amounts as shall be  
28 fixed by the director of the department of general administration but  
29 in no case shall such required cash deposit or surety bond be less than  
30 an amount which will fully indemnify the state against any and all  
31 losses on account of breach of promise to fully perform such services.  
32 No payments shall be made in advance for any equipment maintenance  
33 services to be performed more than three months after such payment.  
34 Any such bond so furnished shall be conditioned that the person, firm  
35 or corporation receiving the advance payment will apply it toward  
36 performance of the contract. The responsibility for recovery of  
37 erroneous or improper payments made under this section shall lie with  
38 the agency head or the agency head's designee in accordance with  
39 regulations issued pursuant to this chapter. Nothing in this section

1 shall be construed to permit a public body to advance funds to a  
2 private service provider pursuant to a grant or loan before services  
3 have been rendered or material furnished.

4 (6) The state auditor shall:

5 (a) Report to the legislature the results of current post audits  
6 that have been made of the financial transactions of each agency; to  
7 this end the auditor may, in the auditor's discretion, examine the  
8 books and accounts of any agency, official, or employee charged with  
9 the receipt, custody, or safekeeping of public funds. Where feasible  
10 in conducting examinations, the auditor shall utilize data and findings  
11 from the internal control system prescribed by the office of financial  
12 management. The current post audit of each agency may include a  
13 section on recommendations to the legislature as provided in (c) of  
14 this subsection.

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

17 (c) Make the auditor's official report on or before the thirty-  
18 first of December which precedes the meeting of the legislature. The  
19 report shall be for the last complete fiscal period and shall include  
20 determinations as to whether agencies, in making expenditures, complied  
21 with the laws of this state. The state auditor is authorized to  
22 perform or participate in performance ~~((verifications only))~~ audits as  
23 expressly authorized by the legislature in the omnibus biennial  
24 appropriations acts or in the annual performance audit work plan  
25 approved by the joint legislative audit and review committee. The  
26 state auditor, upon completing an audit for legal and financial  
27 compliance under chapter 43.09 RCW ~~((or a performance verification))~~,  
28 may report to the joint legislative ((budget)) audit and review  
29 committee or other appropriate committees of the legislature, in a  
30 manner prescribed by the joint legislative ((budget)) audit and review  
31 committee, on facts relating to the management or performance of  
32 governmental programs where such facts are discovered incidental to the  
33 legal and financial audit ~~((or performance verification))~~. The auditor  
34 may make such a report to a legislative committee only if the auditor  
35 has determined that the agency has been given an opportunity and has  
36 failed to resolve the management or performance issues raised by the  
37 auditor. If the auditor makes a report to a legislative committee, the  
38 agency may submit to the committee a response to the report. ~~((This~~  
39 ~~subsection (6) shall not be construed to authorize the auditor to~~

1 ~~allocate other than de minimis resources to performance audits except~~  
2 ~~as expressly authorized in the appropriations acts.))~~ The results of  
3 a performance audit conducted by the state auditor must be transmitted  
4 to the joint legislative audit and review committee and the affected  
5 state agency or local government for review and comment in the same  
6 manner as a performance audit conducted under section 13 of this act.  
7 The auditor shall incorporate any comments and recommendations into a  
8 final performance audit report, publish the results, and make the  
9 report available to the public.

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

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

20 (f) Investigate improper governmental activity under chapter 42.40  
21 RCW.

22 (7) The joint legislative (~~(budget)~~) audit and review committee  
23 may:

24 (a) Make post audits of the financial transactions of any agency  
25 and management surveys and program reviews as provided for in chapter  
26 44.28 RCW (~~(44.28.085)~~) as well as performance audits and program  
27 evaluations. To this end the joint committee may in its discretion  
28 examine the books, accounts, and other records of any agency, official,  
29 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  
4 fiscal management.

5 **Sec. 26.** RCW 28A.630.830 and 1994 c 13 s 5 are each amended to  
6 read as follows:

7 (1) The selection advisory committee is created. The committee  
8 shall be composed of up to three members from the house of  
9 representatives, up to three members from the senate, up to two members  
10 from the office of the superintendent of public instruction, and one  
11 member from each of the following: The office of financial management,  
12 Washington state special education coalition, transitional bilingual  
13 instruction educators, and Washington education association.

14 (2) The joint legislative (~~((budget))~~) audit and review committee and  
15 the superintendent of public instruction shall provide staff for the  
16 selection advisory committee.

17 (3) The selection advisory committee shall:

18 (a) Develop appropriate criteria for selecting demonstration  
19 projects;

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

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

24 (d) Advise the superintendent of public instruction on the  
25 evaluation design.

26 **Sec. 27.** RCW 28B.20.382 and 1987 c 505 s 13 are each amended to  
27 read as follows:

28 Until authorized and empowered to do so by statute of the  
29 legislature, the board of regents of the university, with respect to  
30 that certain tract of land in the city of Seattle originally known as  
31 the "old university grounds" and more recently known as the  
32 "Metropolitan Tract" and any land contiguous thereto, shall not sell  
33 (~~((said))~~) the land or any part thereof or any improvement thereon, or  
34 lease (~~((said))~~) the land or any part thereof or any improvement thereon  
35 or renew or extend any lease thereof for a term ending more than sixty  
36 years beyond midnight, December 31, 1980. Any sale of (~~((said))~~) the  
37 land or any part thereof or any improvement thereon, or any lease or

1 renewal or extension of any lease of (~~said~~) the land or any part  
2 thereof or any improvement thereon for a term ending more than sixty  
3 years after midnight, December 31, 1980, made or attempted to be made  
4 by the board of regents shall be null and void unless and until the  
5 same has been approved or ratified and confirmed by legislative act.

6 The board of regents shall have power from time to time to lease  
7 (~~said~~) the land, or any part thereof or any improvement thereon for  
8 a term ending not more than sixty years beyond midnight, December 31,  
9 1980: PROVIDED, That the board of regents shall make a full, detailed  
10 report of all leases and transactions pertaining to (~~said~~) the land  
11 or any part thereof or any improvement thereon to the joint legislative  
12 (~~budget~~) audit and review committee, including one copy to the staff  
13 of the committee, during an odd-numbered year: PROVIDED FURTHER, That  
14 any and all records, books, accounts (~~and/or~~), and agreements of any  
15 lessee or sublessee under this section, pertaining to compliance with  
16 the terms and conditions of such lease or sublease, shall be open to  
17 inspection by the board of regents (~~and/or~~), the ways and means  
18 committee(~~s~~) of the senate (~~or~~), the appropriations committee of  
19 the house of representatives (~~or~~), and the joint legislative  
20 (~~budget~~) audit and review committee or any successor committees. It  
21 is not intended by this proviso that unrelated records, books, accounts  
22 (~~and/or~~), and agreements of lessees, sublessees, or related companies  
23 be open to such inspection.

24 **Sec. 28.** RCW 39.19.060 and 1993 c 512 s 9 are each amended to read  
25 as follows:

26 Each state agency and educational institution shall comply with the  
27 annual goals established for that agency or institution under this  
28 chapter for public works and procuring goods or services. This chapter  
29 applies to all public works and procurement by state agencies and  
30 educational institutions, including all contracts and other procurement  
31 under chapters 28B.10, 39.04, 39.29, 43.19, and 47.28 RCW. Each state  
32 agency shall adopt a plan, developed in consultation with the director  
33 and the advisory committee, to insure that minority and women-owned  
34 businesses are afforded the maximum practicable opportunity to directly  
35 and meaningfully participate in the execution of public contracts for  
36 public works and goods and services. The plan shall include specific  
37 measures the agency will undertake to increase the participation of  
38 certified minority and women-owned businesses. The office shall

1 annually notify the governor, the state auditor, and the joint  
2 legislative (~~(budget)~~) audit and review committee of all agencies and  
3 educational institutions not in compliance with this chapter.

4 **Sec. 29.** RCW 39.29.016 and 1987 c 414 s 4 are each amended to read  
5 as follows:

6 Emergency contracts shall be filed with the office of financial  
7 management and the joint legislative (~~(budget)~~) audit and review  
8 committee and made available for public inspection within three working  
9 days following the commencement of work or execution of the contract,  
10 whichever occurs first. Documented justification for emergency  
11 contracts shall be provided to the office of financial management and  
12 the joint legislative (~~(budget)~~) audit and review committee when the  
13 contract is filed.

14 **Sec. 30.** RCW 39.29.018 and 1993 c 433 s 5 are each amended to read  
15 as follows:

16 (1) Sole source contracts shall be filed with the office of  
17 financial management and the joint legislative (~~(budget)~~) audit and  
18 review committee and made available for public inspection at least ten  
19 working days prior to the proposed starting date of the contract.  
20 Documented justification for sole source contracts shall be provided to  
21 the office of financial management and the joint legislative (~~(budget)~~)  
22 audit and review committee when the contract is filed. For sole source  
23 contracts of ten thousand dollars or more that are state funded,  
24 documented justification shall include evidence that the agency  
25 attempted to identify potential consultants by advertising through  
26 state-wide or regional newspapers.

27 (2) The office of financial management shall approve sole source  
28 contracts of ten thousand dollars or more that are state funded, before  
29 any such contract becomes binding and before any services may be  
30 performed under the contract. These requirements shall also apply to  
31 sole source contracts of less than ten thousand dollars if the total  
32 amount of such contracts between an agency and the same consultant is  
33 ten thousand dollars or more within a fiscal year. Agencies shall  
34 ensure that the costs, fees, or rates negotiated in filed sole source  
35 contracts of ten thousand dollars or more are reasonable.

1       **Sec. 31.** RCW 39.29.025 and 1993 c 433 s 3 are each amended to read  
2 as follows:

3       (1) Substantial changes in either the scope of work specified in  
4 the contract or in the scope of work specified in the formal  
5 solicitation document must generally be awarded as new contracts.  
6 Substantial changes executed by contract amendments must be submitted  
7 to the office of financial management and the joint legislative  
8 (~~budget~~) audit and review committee, and are subject to approval by  
9 the office of financial management.

10       (2) An amendment or amendments to personal service contracts, if  
11 the value of the amendment or amendments, whether singly or  
12 cumulatively, exceeds fifty percent of the value of the original  
13 contract must be provided to the office of financial management and the  
14 joint legislative (~~budget~~) audit and review committee.

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

18       (4) The amendments must be filed with the office of financial  
19 management and made available for public inspection at least ten  
20 working days prior to the proposed starting date of services under the  
21 amendments.

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

26       **Sec. 32.** RCW 39.29.055 and 1993 c 433 s 7 are each amended to read  
27 as follows:

28       (1) State-funded personal service contracts subject to competitive  
29 solicitation shall be filed with the office of financial management and  
30 the joint legislative (~~budget~~) audit and review committee and made  
31 available for public inspection at least ten working days before the  
32 proposed starting date of the contract.

33       (2) The office of financial management shall review and approve  
34 state-funded personal service contracts subject to competitive  
35 solicitation that provide services relating to management consulting,  
36 organizational development, marketing, communications, employee  
37 training, or employee recruiting.

1       **Sec. 33.** RCW 41.06.070 and 1995 c 163 s 1 are each amended to read  
2 as follows:

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

4       (a) The members of the legislature or to any employee of, or  
5 position in, the legislative branch of the state government including  
6 members, officers, and employees of the legislative council, joint  
7 legislative (~~budget~~) audit and review committee, statute law  
8 committee, and any interim committee of the legislature;

9       (b) The justices of the supreme court, judges of the court of  
10 appeals, judges of the superior courts or of the inferior courts, or to  
11 any employee of, or position in the judicial branch of state  
12 government;

13       (c) Officers, academic personnel, and employees of technical  
14 colleges;

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

16       (e) Elective officers of the state;

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

18       (g) In the departments of employment security and social and health  
19 services, the director and the director's confidential secretary; in  
20 all other departments, the executive head of which is an individual  
21 appointed by the governor, the director, his or her confidential  
22 secretary, and his or her statutory assistant directors;

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

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

27       (ii) If the members of the board, commission, or committee serve on  
28 a part-time basis and there is a statutory executive officer: The  
29 secretary of the board, commission, or committee; the chief executive  
30 officer of the board, commission, or committee; and the confidential  
31 secretary of the chief executive officer of the board, commission, or  
32 committee;

33       (iii) If the members of the board, commission, or committee serve  
34 on a full-time basis: The chief executive officer or administrative  
35 officer as designated by the board, commission, or committee; and a  
36 confidential secretary to the chair of the board, commission, or  
37 committee;

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

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

6 (j) Assistant attorneys general;

7 (k) Commissioned and enlisted personnel in the military service of  
8 the state;

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

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

14 (n) Officers and employees of the Washington state fruit  
15 commission;

16 (o) Officers and employees of the Washington state apple  
17 advertising commission;

18 (p) Officers and employees of the Washington state dairy products  
19 commission;

20 (q) Officers and employees of the Washington tree fruit research  
21 commission;

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

23 (s) Officers and employees of any commission formed under chapter  
24 15.66 RCW;

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

27 (u) Officers and employees of agricultural commissions formed under  
28 chapter 15.65 RCW;

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

31 (w) Executive assistants for personnel administration and labor  
32 relations in all state agencies employing such executive assistants  
33 including but not limited to all departments, offices, commissions,  
34 committees, boards, or other bodies subject to the provisions of this  
35 chapter and this subsection shall prevail over any provision of law  
36 inconsistent herewith unless specific exception is made in such law;

37 (x) In each agency with fifty or more employees: Deputy agency  
38 heads, assistant directors or division directors, and not more than

1 three principal policy assistants who report directly to the agency  
2 head or deputy agency heads;

3 (y) All employees of the marine employees' commission;

4 (z) Up to a total of five senior staff positions of the western  
5 library network under chapter 27.26 RCW responsible for formulating  
6 policy or for directing program management of a major administrative  
7 unit. This subsection (1)(z) shall expire on June 30, 1997.

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

11 (a) Members of the governing board of each institution of higher  
12 education and related boards, all presidents, vice-presidents, and  
13 their confidential secretaries, administrative, and personal  
14 assistants; deans, directors, and chairs; academic personnel; and  
15 executive heads of major administrative or academic divisions employed  
16 by institutions of higher education; principal assistants to executive  
17 heads of major administrative or academic divisions; other managerial  
18 or professional employees in an institution or related board having  
19 substantial responsibility for directing or controlling program  
20 operations and accountable for allocation of resources and program  
21 results, or for the formulation of institutional policy, or for  
22 carrying out personnel administration or labor relations functions,  
23 legislative relations, public information, development, senior computer  
24 systems and network programming, or internal audits and investigations;  
25 and any employee of a community college district whose place of work is  
26 one which is physically located outside the state of Washington and who  
27 is employed pursuant to RCW 28B.50.092 and assigned to an educational  
28 program operating outside of the state of Washington;

29 (b) Student, part-time, or temporary employees, and part-time  
30 professional consultants, as defined by the Washington personnel  
31 resources board, employed by institutions of higher education and  
32 related boards;

33 (c) The governing board of each institution, and related boards,  
34 may also exempt from this chapter classifications involving research  
35 activities, counseling of students, extension or continuing education  
36 activities, graphic arts or publications activities requiring  
37 prescribed academic preparation or special training as determined by  
38 the board: PROVIDED, That no nonacademic employee engaged in office,

1 clerical, maintenance, or food and trade services may be exempted by  
2 the board under this provision;

3 (d) Printing craft employees in the department of printing at the  
4 University of Washington.

5 (3) In addition to the exemptions specifically provided by this  
6 chapter, the Washington personnel resources board may provide for  
7 further exemptions pursuant to the following procedures. The governor  
8 or other appropriate elected official may submit requests for exemption  
9 to the Washington personnel resources board stating the reasons for  
10 requesting such exemptions. The Washington personnel resources board  
11 shall hold a public hearing, after proper notice, on requests submitted  
12 pursuant to this subsection. If the board determines that the position  
13 for which exemption is requested is one involving substantial  
14 responsibility for the formulation of basic agency or executive policy  
15 or one involving directing and controlling program operations of an  
16 agency or a major administrative division thereof, the Washington  
17 personnel resources board shall grant the request and such  
18 determination shall be final as to any decision made before July 1,  
19 1993. The total number of additional exemptions permitted under this  
20 subsection shall not exceed one percent of the number of employees in  
21 the classified service not including employees of institutions of  
22 higher education and related boards for those agencies not directly  
23 under the authority of any elected public official other than the  
24 governor, and shall not exceed a total of twenty-five for all agencies  
25 under the authority of elected public officials other than the  
26 governor. The Washington personnel resources board shall report to  
27 each regular session of the legislature during an odd-numbered year all  
28 exemptions granted under subsections (1)(w) and (x) and (2) of this  
29 section, together with the reasons for such exemptions.

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

37 Any person holding a classified position subject to the provisions  
38 of this chapter shall, when and if such position is subsequently  
39 exempted from the application of this chapter, be afforded the



1 following rights: If such person previously held permanent status in  
2 another classified position, such person shall have a right of  
3 reversion to the highest class of position previously held, or to a  
4 position of similar nature and salary.

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

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

12 **Sec. 34.** RCW 42.48.060 and 1985 c 334 s 6 are each amended to read  
13 as follows:

14 Nothing in this chapter is applicable to, or in any way affects,  
15 the powers and duties of the state auditor or the joint legislative  
16 (~~budget~~) audit and review committee.

17 **Sec. 35.** RCW 43.09.310 and 1995 c 301 s 22 are each amended to  
18 read as follows:

19 The state auditor shall annually audit the state-wide combined  
20 financial statements prepared by the office of financial management and  
21 make post-audits of state agencies. Post-audits of state agencies  
22 shall be made at such periodic intervals as is determined by the state  
23 auditor. Audits of combined financial statements shall include  
24 determinations as to the validity and accuracy of accounting methods,  
25 procedures and standards utilized in their preparation, as well as the  
26 accuracy of the financial statements themselves. A report shall be  
27 made of each such audit and post-audit upon completion thereof, and one  
28 copy shall be transmitted to the governor, one to the director of  
29 financial management, one to the state agency audited, one to the joint  
30 legislative (~~budget~~) audit and review committee, one each to the  
31 standing committees on ways and means of the house and senate, one to  
32 the chief clerk of the house, one to the secretary of the senate, and  
33 at least one shall be kept on file in the office of the state auditor.  
34 A copy of any report containing findings of noncompliance with state  
35 law shall be transmitted to the attorney general.

1       **Sec. 36.** RCW 43.21J.800 and 1993 c 516 s 11 are each amended to  
2 read as follows:

3       On or before June 30, 1998, the joint legislative (~~(budget)~~) audit  
4 and review committee shall prepare a report to the legislature  
5 evaluating the implementation of the environmental restoration jobs act  
6 of 1993, chapter 516, Laws of 1993.

7       **Sec. 37.** RCW 43.79.270 and 1973 c 144 s 2 are each amended to read  
8 as follows:

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

27       **Sec. 38.** RCW 43.79.280 and 1973 c 144 s 3 are each amended to read  
28 as follows:

29       If the governor approves such estimate in whole or part, he shall  
30 endorse on each copy of the statement his approval, together with a  
31 statement of the amount approved in the form of an allotment amendment,  
32 and transmit one copy to the head of the department, agency, board, or  
33 commission authorizing the expenditure. An identical copy of the  
34 governor's statement of approval and a statement of the amount approved  
35 for expenditure shall be transmitted simultaneously to the joint  
36 legislative (~~(budget)~~) audit and review committee and also to the  
37 standing committee on ways and means of the house and senate of all

1 executive approvals of proposals to expend money in excess of  
2 appropriations provided by law.

3 **Sec. 39.** RCW 43.88.205 and 1979 c 151 s 141 are each amended to  
4 read as follows:

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

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

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

25 **Sec. 40.** RCW 43.88.230 and 1981 c 270 s 12 are each amended to  
26 read as follows:

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

33 **Sec. 41.** RCW 43.88.310 and 1993 c 157 s 1 are each amended to read  
34 as follows:

35 (1) The ((~~legislative auditor~~)) director of the office of the joint  
36 legislative audit and review committee, with the concurrence of the

1 joint legislative (~~(budget)~~) audit and review committee, may file with  
2 the attorney general any audit exceptions or other findings of any  
3 performance audit, management study, or special report prepared for the  
4 joint legislative (~~(budget)~~) audit and review committee, any standing  
5 or special committees of the house or senate, or the entire legislature  
6 which indicate a violation of RCW 43.88.290, or any other act of  
7 malfeasance, misfeasance, or nonfeasance on the part of any state  
8 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 joint legislative (~~(budget)~~) audit and review committee of the  
14 status of exceptions or findings referred under this section.

15 **Sec. 42.** 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 joint legislative (~~(budget)~~) audit and review  
25 committee, 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. 43.** RCW 43.131.050 and 1990 c 297 s 2 are each amended to  
32 read as follows:

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

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

21 **Sec. 44.** RCW 43.131.060 and 1988 c 17 s 1 are each amended to read  
22 as follows:

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

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

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

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

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

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

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

4 **Sec. 45.** RCW 43.131.070 and 1977 ex.s. c 289 s 7 are each amended  
5 to read as follows:

6 In conducting the review of a state agency other than a regulatory  
7 entity, the joint legislative (~~(budget)~~) audit and review committee  
8 shall consider, but not be limited to, the following factors where  
9 applicable:

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

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

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

17 (4) The extent to which the state agency duplicates the activities  
18 of other state agencies or of the private sector, where appropriate;  
19 and

20 (5) The extent to which the termination or modification of the  
21 state agency would adversely affect the public health, safety, or  
22 welfare.

23 **Sec. 46.** RCW 43.131.080 and 1989 c 175 s 109 are each amended to  
24 read as follows:

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

35 (2) When requested by either of the presiding members of the  
36 appropriate senate and house committees of reference, a regulatory  
37 entity under review shall mail an announcement of any hearing to the

1 persons it regulates who have requested notice of agency rule-making  
2 proceedings as provided in RCW 34.05.320, or who have requested notice  
3 of hearings held pursuant to the provisions of this section. On  
4 request of either presiding member, such mailing shall include an  
5 explanatory statement not exceeding one page in length prepared and  
6 supplied by the member's committee.

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

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

23 **Sec. 47.** RCW 43.131.110 and 1977 ex.s. c 289 s 11 are each amended  
24 to read as follows:

25 Any reference in this chapter to a committee of the legislature  
26 including the joint legislative ((budget)) audit and review committee  
27 shall also refer to the successor of that committee.

28 **Sec. 48.** RCW 43.250.080 and 1986 c 294 s 8 are each amended to  
29 read as follows:

30 At the end of each fiscal year, the state treasurer shall submit to  
31 the governor, the state auditor, and the joint legislative ((budget))  
32 audit and review committee a summary of the activity of the investment  
33 pool. The summary shall indicate the quantity of funds deposited; the  
34 earnings of the pool; the investments purchased, sold, or exchanged;  
35 the administrative expenses of the investment pool; and such other  
36 information as the state treasurer deems relevant.

1       **Sec. 49.** RCW 44.40.025 and 1981 c 270 s 15 are each amended to  
2 read as follows:

3       In addition to the powers and duties authorized in RCW 44.40.020,  
4 the committee and the standing committees on transportation of the  
5 house and senate shall, in coordination with the joint legislative  
6 (~~budget~~) audit and review committee, the legislative evaluation and  
7 accountability program committee, and the ways and means committees of  
8 the senate and house of representatives, ascertain, study, and/or  
9 analyze all available facts and matters relating or pertaining to  
10 sources of revenue, appropriations, expenditures, and financial  
11 condition of the motor vehicle fund and accounts thereof, the highway  
12 safety fund, and all other funds or accounts related to transportation  
13 programs of the state.

14       The joint legislative (~~budget~~) audit and review committee, the  
15 legislative evaluation and accountability program committee, and the  
16 ways and means committees of the senate and house of representatives  
17 shall coordinate their activities with the legislative transportation  
18 committee in carrying out the committees' powers and duties under  
19 chapter 43.88 RCW in matters relating to the transportation programs of  
20 the state.

21       **Sec. 50.** RCW 67.70.310 and 1982 2nd ex.s. c 7 s 31 are each  
22 amended to read as follows:

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

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

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

31       (3) The manner and type of lottery being conducted, and the  
32 expenses incidental thereto, are the most efficient and cost-effective;  
33 and

34       (4) The commission is not unnecessarily incurring operating and  
35 administrative costs.

36       In conducting a management review, the director of financial  
37 management may inspect the books, documents, and records of the  
38 commission. Upon completion of a management review, all irregularities



1 shall be reported to the attorney general, the joint legislative  
2 (~~budget~~) audit and review committee, and the state auditor. The  
3 director of financial management shall make such recommendations as may  
4 be necessary for the most efficient and cost-effective operation of the  
5 lottery.

6 **Sec. 51.** RCW 79.01.006 and 1991 c 204 s 1 are each amended to read  
7 as follows:

8 (1) Every five years the department of social and health services  
9 and other state agencies that operate institutions shall conduct an  
10 inventory of all real property subject to the charitable, educational,  
11 penal, and reformatory institution account and other real property  
12 acquired for institutional purposes or for the benefit of the blind,  
13 deaf, mentally ill, developmentally disabled, or otherwise disabled.  
14 The inventory shall identify which of those real properties are not  
15 needed for state-provided residential care, custody, or treatment. By  
16 December 1, 1992, and every five years thereafter the department shall  
17 report the results of the inventory to the house of representatives  
18 committee on capital facilities and financing, the senate committee on  
19 ways and means, and the joint legislative (~~budget~~) audit and review  
20 committee.

21 (2) Real property identified as not needed for state-provided  
22 residential care, custody, or treatment shall be transferred to the  
23 corpus of the charitable, educational, penal, and reformatory  
24 institution account. This subsection shall not apply to real property  
25 subject to binding conditions that conflict with the other provisions  
26 of this subsection.

27 (3) The department of natural resources shall manage all property  
28 subject to the charitable, educational, penal, and reformatory  
29 institution account and, in consultation with the department of social  
30 and health services and other affected agencies, shall adopt a plan for  
31 the management of real property subject to the account and other real  
32 property acquired for institutional purposes or for the benefit of the  
33 blind, deaf, mentally ill, developmentally disabled, or otherwise  
34 disabled.

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

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

4 NEW SECTION. **Sec. 52.** Sections 2, 9, 10, and 13 through 17 of  
5 this act are each added to chapter 44.28 RCW.

6 NEW SECTION. **Sec. 53.** RCW 44.28.140, 44.28.180, and 44.28.087, as  
7 amended by this act, are each recodified within chapter 44.28 RCW in  
8 the order in which they appear in this act.

9 NEW SECTION. **Sec. 54.** The following acts or parts of acts are  
10 each repealed:

11 (1) RCW 44.28.050 and 1989 c 137 s 1, 1955 c 206 s 7, & 1951 c 43  
12 s 15;

13 (2) RCW 44.28.085 and 1993 c 406 s 6, 1975 1st ex.s. c 293 s 15, &  
14 1971 ex.s. c 170 s 3; and

15 (3) RCW 44.28.086 and 1973 1st ex.s. c 197 s 1.

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