
SENATE BILL 5969

State of Washington

54th Legislature

1995 Regular Session

By Senators Bauer, West, Oke, Rinehart, Prince, Wojahn and Gaspard; by request of Legislative Budget Committee

Read first time 02/20/95. Referred to Committee on Ways & Means.

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

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

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

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

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

4 (3) The selection advisory committee shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (1) Substantial changes in either the scope of work specified in
27 the contract or in the scope of work specified in the formal
28 solicitation document must generally be awarded as new contracts.
29 Substantial changes executed by contract amendments must be submitted
30 to the office of financial management and the (~~legislative budget~~
31 ~~committee~~) joint committee on performance audits, and are subject to
32 approval by the office of financial management.

33 (2) An amendment or amendments to personal service contracts, if
34 the value of the amendment or amendments, whether singly or
35 cumulatively, exceeds fifty percent of the value of the original
36 contract must be provided to the office of financial management and the
37 (~~legislative budget committee~~) joint committee on performance audits.

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

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

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

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

14 (1) State-funded personal service contracts subject to competitive
15 solicitation shall be filed with the office of financial management and
16 the ((~~legislative budget committee~~)) joint committee on performance
17 audits and made available for public inspection at least ten working
18 days before the proposed starting date of the contract.

19 (2) The office of financial management shall review and approve
20 state-funded personal service contracts subject to competitive
21 solicitation that provide services relating to management consulting,
22 organizational development, marketing, communications, employee
23 training, or employee recruiting.

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

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

27 (a) The members of the legislature or to any employee of, or
28 position in, the legislative branch of the state government including
29 members, officers, and employees of the legislative council,
30 ((~~legislative budget committee~~)) joint committee on performance audits,
31 statute law committee, and any interim committee of the legislature;

32 (b) The justices of the supreme court, judges of the court of
33 appeals, judges of the superior courts or of the inferior courts, or to
34 any employee of, or position in the judicial branch of state
35 government;

36 (c) Officers, academic personnel, and employees of technical
37 colleges;

1 (d) The officers of the Washington state patrol;
2 (e) Elective officers of the state;
3 (f) The chief executive officer of each agency;
4 (g) In the departments of employment security and social and health
5 services, the director and the director's confidential secretary; in
6 all other departments, the executive head of which is an individual
7 appointed by the governor, the director, his or her confidential
8 secretary, and his or her statutory assistant directors;
9 (h) In the case of a multimember board, commission, or committee,
10 whether the members thereof are elected, appointed by the governor or
11 other authority, serve ex officio, or are otherwise chosen:
12 (i) All members of such boards, commissions, or committees;
13 (ii) If the members of the board, commission, or committee serve on
14 a part-time basis and there is a statutory executive officer: The
15 secretary of the board, commission, or committee; the chief executive
16 officer of the board, commission, or committee; and the confidential
17 secretary of the chief executive officer of the board, commission, or
18 committee;
19 (iii) If the members of the board, commission, or committee serve
20 on a full-time basis: The chief executive officer or administrative
21 officer as designated by the board, commission, or committee; and a
22 confidential secretary to the chair of the board, commission, or
23 committee;
24 (iv) If all members of the board, commission, or committee serve ex
25 officio: The chief executive officer; and the confidential secretary
26 of such chief executive officer;
27 (i) The confidential secretaries and administrative assistants in
28 the immediate offices of the elective officers of the state;
29 (j) Assistant attorneys general;
30 (k) Commissioned and enlisted personnel in the military service of
31 the state;
32 (l) Inmate, student, part-time, or temporary employees, and part-
33 time professional consultants, as defined by the Washington personnel
34 resources board;
35 (m) The public printer or to any employees of or positions in the
36 state printing plant;
37 (n) Officers and employees of the Washington state fruit
38 commission;

1 (o) Officers and employees of the Washington state apple
2 advertising commission;

3 (p) Officers and employees of the Washington state dairy products
4 commission;

5 (q) Officers and employees of the Washington tree fruit research
6 commission;

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

8 (s) Officers and employees of any commission formed under chapter
9 15.66 RCW;

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

12 (u) Officers and employees of agricultural commissions formed under
13 chapter 15.65 RCW;

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

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

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

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

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

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

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

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

22 (b) Student, part-time, or temporary employees, and part-time
23 professional consultants, as defined by the Washington personnel
24 resources board, employed by institutions of higher education and
25 related boards;

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

34 (d) Printing craft employees in the department of printing at the
35 University of Washington.

36 (3) In addition to the exemptions specifically provided by this
37 chapter, the Washington personnel resources board may provide for
38 further exemptions pursuant to the following procedures. The governor
39 or other appropriate elected official may submit requests for exemption

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

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

29 Any person holding a classified position subject to the provisions
30 of this chapter shall, when and if such position is subsequently
31 exempted from the application of this chapter, be afforded the
32 following rights: If such person previously held permanent status in
33 another classified position, such person shall have a right of
34 reversion to the highest class of position previously held, or to a
35 position of similar nature and salary.

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

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

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

6 Nothing in this chapter is applicable to, or in any way affects,
7 the powers and duties of the state auditor or the ((~~legislative budget~~
8 ~~committee~~)) joint committee on performance audits.

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

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

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

32 On or before June 30, 1998, the ((~~legislative budget committee~~))
33 joint committee on performance audits shall prepare a report to the
34 legislature evaluating the implementation of the environmental
35 restoration jobs act of 1993, chapter 516, Laws of 1993.

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

3 (1) By July 1, 1997, the (~~legislative budget committee~~) joint
4 committee on performance audits either directly or by contract shall
5 conduct the following study:

6 A study to determine the desirability and feasibility of
7 consolidating the following programs, services, and funding sources
8 into the delivery and financing of uniform benefits package services
9 through certified health plans:

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

11 (b) Civilian health and medical program of the uniformed services
12 (CHAMPUS) of the federal department of defense and other federal
13 agencies; and

14 (c) Federal employee health benefits.

15 (2) The (~~legislative budget committee~~) joint committee on
16 performance audits shall evaluate the implementation of the provisions
17 of chapter 492, Laws of 1993. The study shall determine to what extent
18 chapter 492, Laws of 1993 has been implemented consistent with the
19 principles and elements set forth in chapter 492, Laws of 1993 and
20 shall report its findings to the governor and appropriate committees of
21 the legislature by July 1, 2003.

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

24 Whenever any money, from the federal government, or from other
25 sources, which was not anticipated in the budget approved by the
26 legislature has actually been received and is designated to be spent
27 for a specific purpose, the head of any department, agency, board, or
28 commission through which such expenditure shall be made is to submit to
29 the governor a statement which may be in the form of a request for an
30 allotment amendment setting forth the facts constituting the need for
31 such expenditure and the estimated amount to be expended: PROVIDED,
32 That no expenditure shall be made in excess of the actual amount
33 received, and no money shall be expended for any purpose except the
34 specific purpose for which it was received. A copy of any proposal
35 submitted to the governor to expend money from an appropriated fund or
36 account in excess of appropriations provided by law which is based on
37 the receipt of unanticipated revenues shall be submitted to the
38 (~~legislative budget committee~~) joint committee on performance audits

1 and also to the standing committees on ways and means of the house and
2 senate if the legislature is in session at the same time as it is
3 transmitted to the governor.

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

6 If the governor approves such estimate in whole or part, he or she
7 shall endorse on each copy of the statement his or her approval,
8 together with a statement of the amount approved in the form of an
9 allotment amendment, and transmit one copy to the head of the
10 department, agency, board, or commission authorizing the expenditure.
11 An identical copy of the governor's statement of approval and a
12 statement of the amount approved for expenditure shall be transmitted
13 simultaneously to the (~~legislative budget committee~~) joint committee
14 on performance audits and also to the standing committee on ways and
15 means of the house and senate of all executive approvals of proposals
16 to expend money in excess of appropriations provided by law.

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

19 (1) "Budget" means a proposed plan of expenditures for a given
20 period or purpose and the proposed means for financing these
21 expenditures.

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

24 (3) "Director of financial management" means the official appointed
25 by the governor to serve at the governor's pleasure and to whom the
26 governor may delegate necessary authority to carry out the governor's
27 duties as provided in this chapter. The director of financial
28 management shall be head of the office of financial management which
29 shall be in the office of the governor.

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

34 (5) "Public funds", for purposes of this chapter, means all moneys,
35 including cash, checks, bills, notes, drafts, stocks, and bonds,
36 whether held in trust, for operating purposes, or for capital purposes,
37 and collected or disbursed under law, whether or not such funds are

1 otherwise subject to legislative appropriation, including funds
2 maintained outside the state treasury.

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

7 (7) "Ensuing biennium" means the fiscal biennium beginning on July
8 1st of the same year in which a regular session of the legislature is
9 held during an odd-numbered year pursuant to Article II, section 12 of
10 the Constitution and which biennium next succeeds the current biennium.

11 (8) "Dedicated fund" means a fund in the state treasury, or a
12 separate account or fund in the general fund in the state treasury,
13 that by law is dedicated, appropriated or set aside for a limited
14 object or purpose; but "dedicated fund" does not include a revolving
15 fund or a trust fund.

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

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

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

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

32 (13) "Lapse" means the termination of authority to expend an
33 appropriation.

34 (14) "Legislative fiscal committees" means the (~~legislative budget~~
35 ~~committee~~) joint committee on performance audits, the legislative
36 evaluation and accountability program committee, the ways and means
37 committees of the senate and house of representatives, and, where
38 appropriate, the legislative transportation committee.

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

3 (16) "Primary budget driver" means the primary determinant of a
4 budget level, other than a price variable, which causes or is
5 associated with the major expenditure of an agency or budget unit
6 within an agency, such as a caseload, enrollment, workload, or
7 population statistic.

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

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

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

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

19 (21) "Estimated revenues" means estimates of revenue in the most
20 recent official economic and revenue forecast prepared under RCW
21 82.33.020, and prepared by the office of financial management for those
22 funds, accounts, and sources for which the office of the economic and
23 revenue forecast council does not prepare an official forecast
24 including estimates of revenues to support financial plans under RCW
25 44.40.070, that are prepared by the office of financial management in
26 consultation with the interagency task force.

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

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

37 (24) "Allotment of appropriation" means the agency's statement of
38 proposed expenditures, the director of financial management's review of

1 that statement, and the placement of the approved statement into the
2 state budgeting, accounting, and reporting system.

3 (25) "Statement of proposed expenditures" means a plan prepared by
4 each agency that breaks each appropriation out into monthly detail
5 representing the best estimate of how the appropriation will be
6 expended.

7 (26) "Undesignated fund balance (or deficit)" means unreserved and
8 undesignated current assets or other resources available for
9 expenditure over and above any current liabilities which are expected
10 to be incurred by the close of the fiscal period.

11 (27) "Internal audit" means an independent appraisal activity
12 within an agency for the review of operations as a service to
13 management, including a systematic examination of accounting and fiscal
14 controls to assure that human and material resources are guarded
15 against waste, loss, or misuse; and that reliable data are gathered,
16 maintained, and fairly disclosed in a written report of the audit
17 findings.

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

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

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

32 This section sets forth the major fiscal duties and
33 responsibilities of officers and agencies of the executive branch. The
34 regulations issued by the governor pursuant to this chapter shall
35 provide for a comprehensive, orderly basis for fiscal management and
36 control, including efficient accounting and reporting therefor, for the
37 executive branch of the state government and may include, in addition,

1 such requirements as will generally promote more efficient public
2 management in the state.

3 (1) Governor; director of financial management. The governor,
4 through the director of financial management, shall devise and
5 supervise a modern and complete accounting system for each agency to
6 the end that all revenues, expenditures, receipts, disbursements,
7 resources, and obligations of the state shall be properly and
8 systematically accounted for. The accounting system shall include the
9 development of accurate, timely records and reports of all financial
10 affairs of the state. The system shall also provide for central
11 accounts in the office of financial management at the level of detail
12 deemed necessary by the director to perform central financial
13 management. The director of financial management shall adopt and
14 periodically update an accounting procedures manual. Any agency
15 maintaining its own accounting and reporting system shall comply with
16 the updated accounting procedures manual and the rules of the director
17 adopted under this chapter. An agency may receive a waiver from
18 complying with this requirement if the waiver is approved by the
19 director. Waivers expire at the end of the fiscal biennium for which
20 they are granted. The director shall forward notice of waivers granted
21 to the appropriate legislative fiscal committees. The director of
22 financial management may require such financial, statistical, and other
23 reports as the director deems necessary from all agencies covering any
24 period.

25 (2) The director of financial management is responsible for
26 quarterly reporting of primary operating budget drivers such as
27 applicable workloads, caseload estimates, and appropriate unit cost
28 data. These reports shall be transmitted to the legislative fiscal
29 committees or by electronic means to the legislative evaluation and
30 accountability program committee. Quarterly reports shall include
31 actual monthly data and the variance between actual and estimated data
32 to date. The reports shall also include estimates of these items for
33 the remainder of the budget period.

34 (3) The director of financial management shall report at least
35 annually to the appropriate legislative committees regarding the status
36 of all appropriated capital projects, including transportation
37 projects, showing significant cost overruns or underruns. If funds are
38 shifted from one project to another, the office of financial management
39 shall also reflect this in the annual variance report. Once a project

1 is complete, the report shall provide a final summary showing estimated
2 start and completion dates of each project phase compared to actual
3 dates, estimated costs of each project phase compared to actual costs,
4 and whether or not there are any outstanding liabilities or unsettled
5 claims at the time of completion.

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

8 (a) Develop and maintain a system of internal controls and internal
9 audits comprising methods and procedures to be adopted by each agency
10 that will safeguard its assets, check the accuracy and reliability of
11 its accounting data, promote operational efficiency, and encourage
12 adherence to prescribed managerial policies for accounting and
13 financial controls. The system developed by the director shall include
14 criteria for determining the scope and comprehensiveness of internal
15 controls required by classes of agencies, depending on the level of
16 resources at risk.

17 Each agency head or authorized designee shall be assigned the
18 responsibility and authority for establishing and maintaining internal
19 audits following the standards of internal auditing of the institute of
20 internal auditors;

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

26 (c) Establish policies for allowing the contracting of child care
27 services;

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

30 (e) Review any pay and classification plans, and changes
31 thereunder, developed by any agency for their fiscal impact: PROVIDED,
32 That none of the provisions of this subsection shall affect merit
33 systems of personnel management now existing or hereafter established
34 by statute relating to the fixing of qualifications requirements for
35 recruitment, appointment, or promotion of employees of any agency. The
36 director shall advise and confer with agencies including appropriate
37 standing committees of the legislature as may be designated by the
38 speaker of the house and the president of the senate regarding the
39 fiscal impact of such plans and may amend or alter ((said)) the plans,

1 except that for the following agencies no amendment or alteration of
2 said plans may be made without the approval of the agency concerned:
3 Agencies headed by elective officials;

4 (f) Fix the number and classes of positions or authorized ~~((man))~~
5 worker years of employment for each agency and during the fiscal period
6 amend the determinations previously fixed by the director except that
7 the director shall not be empowered to fix ~~((said))~~ the number or
8 ~~((said))~~ the classes for the following: Agencies headed by elective
9 officials;

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

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

15 (5) The treasurer shall:

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

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

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

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

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

30 It shall be unlawful for the treasurer to disburse public funds in
31 the treasury except upon forms or by alternative means duly prescribed
32 by the director of financial management. These forms or alternative
33 means shall provide for authentication and certification by the agency
34 head or the agency head's designee that the services have been rendered
35 or the materials have been furnished; or, in the case of loans or
36 grants, that the loans or grants are authorized by law; or, in the case
37 of payments for periodic maintenance services to be performed on state
38 owned equipment, that a written contract for such periodic maintenance
39 services is currently in effect and copies thereof are on file with the

1 office of financial management; and the treasurer shall not be liable
2 under the treasurer's surety bond for erroneous or improper payments so
3 made. When services are lawfully paid for in advance of full
4 performance by any private individual or business entity other than as
5 provided for by RCW 42.24.035, such individual or entity other than
6 central stores rendering such services shall make a cash deposit or
7 furnish surety bond coverage to the state as shall be fixed in an
8 amount by law, or if not fixed by law, then in such amounts as shall be
9 fixed by the director of the department of general administration but
10 in no case shall such required cash deposit or surety bond be less than
11 an amount which will fully indemnify the state against any and all
12 losses on account of breach of promise to fully perform such services.
13 No payments shall be made in advance for any equipment maintenance
14 services to be performed more than three months after such payment.
15 Any such bond so furnished shall be conditioned that the person, firm
16 or corporation receiving the advance payment will apply it toward
17 performance of the contract. The responsibility for recovery of
18 erroneous or improper payments made under this section shall lie with
19 the agency head or the agency head's designee in accordance with
20 regulations issued pursuant to this chapter. Nothing in this section
21 shall be construed to permit a public body to advance funds to a
22 private service provider pursuant to a grant or loan before services
23 have been rendered or material furnished.

24 (6) The state auditor shall:

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

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

37 (c) Make the auditor's official report on or before the thirty-
38 first of December which precedes the meeting of the legislature. The
39 report shall be for the last complete fiscal period and shall include

1 determinations as to whether agencies, in making expenditures, complied
2 with the laws of this state. The state auditor is authorized to
3 perform or participate in performance verifications only as expressly
4 authorized by the legislature in the omnibus biennial appropriations
5 acts. The state auditor, upon completing an audit for legal and
6 financial compliance under chapter 43.09 RCW or a performance
7 verification, may report to the (~~legislative budget committee~~) joint
8 committee on performance audits or other appropriate committees of the
9 legislature, in a manner prescribed by the (~~legislative budget~~
10 ~~committee~~) joint committee on performance audits, on facts relating to
11 the management or performance of governmental programs where such facts
12 are discovered incidental to the legal and financial audit or
13 performance verification. The auditor may make such a report to a
14 legislative committee only if the auditor has determined that the
15 agency has been given an opportunity and has failed to resolve the
16 management or performance issues raised by the auditor. If the auditor
17 makes a report to a legislative committee, the agency may submit to the
18 committee a response to the report. This subsection (6) shall not be
19 construed to authorize the auditor to allocate other than de minimis
20 resources to performance audits except as expressly authorized in the
21 appropriations acts.

22 (d) Be empowered to take exception to specific expenditures that
23 have been incurred by any agency or to take exception to other
24 practices related in any way to the agency's financial transactions and
25 to cause such exceptions to be made a matter of public record,
26 including disclosure to the agency concerned and to the director of
27 financial management. It shall be the duty of the director of
28 financial management to cause corrective action to be taken promptly,
29 such action to include, as appropriate, the withholding of funds as
30 provided in RCW 43.88.110.

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

32 (f) Investigate improper governmental activity under chapter 42.40
33 RCW.

34 (7) The (~~legislative budget committee~~) joint committee on
35 performance audits may:

36 (a) Make post audits of the financial transactions of any agency
37 and management surveys and program reviews as provided for in RCW
38 44.28.085 as well as performance audits and program evaluations. To

1 this end the committee may in its discretion examine the books,
2 accounts, and other records of any agency, official, or employee.

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

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

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

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

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

18 (1) Whenever an agency makes application, enters into a contract or
19 agreement, or submits state plans for participation in, and for grants
20 of federal funds under any federal law, the agency making such
21 application shall at the time of such action, give notice in such form
22 and manner as the director of financial management may prescribe, or
23 the ((chairman)) chair of the ((~~legislative budget committee~~)) joint
24 committee on performance audits, standing committees on ways and means
25 of the house and senate, the chief clerk of the house, or the secretary
26 of the senate may request.

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

31 (3) Such agency shall promptly furnish such progress reports in
32 relation to each such application, contract, agreement, or state plan
33 as may be requested following the date of the filing of the
34 application, contract, agreement, or state plan; and shall also file
35 with each such officer a final report as to the final disposition of
36 each such application, contract, agreement, or state plan if such is
37 requested.

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

3 For the purposes of this chapter, the statute law committee, the
4 (~~legislative budget committee~~) joint committee on performance audits,
5 the legislative transportation committee, the legislative evaluation
6 and accountability program committee, the office of state actuary, and
7 all legislative standing committees of both houses shall be deemed a
8 part of the legislative branch of state government.

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

11 (1) The legislative auditor, with the concurrence of the
12 (~~legislative budget committee~~) joint committee on performance audits,
13 may file with the attorney general any audit exceptions or other
14 findings of any performance audit, management study, or special report
15 prepared for the (~~legislative budget committee~~) joint committee on
16 performance audits, any standing or special committees of the house or
17 senate, or the entire legislature which indicate a violation of RCW
18 43.88.290, or any other act of malfeasance, misfeasance, or nonfeasance
19 on the part of any state officer or employee.

20 (2) The attorney general shall promptly review each filing received
21 from the legislative auditor and may act thereon as provided in RCW
22 43.88.300, or any other applicable statute authorizing enforcement
23 proceedings by the attorney general. The attorney general shall advise
24 the (~~legislative budget committee~~) joint committee on performance
25 audits of the status of exceptions or findings referred under this
26 section.

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

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

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

1 (2) The chair of the (~~legislative budget committee~~) joint
2 committee on performance audits, including a copy to the staff of the
3 committee;

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

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

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

11 The (~~legislative budget committee~~) joint committee on performance
12 audits shall cause to be conducted a program and fiscal review of any
13 state agency or program scheduled for termination by the processes
14 provided in this chapter. Such program and fiscal review shall be
15 completed and a preliminary report prepared on or before June 30th of
16 the year prior to the date established for termination. Upon
17 completion of its preliminary report, the (~~legislative budget~~
18 ~~committee~~) joint committee on performance audits shall transmit copies
19 of the report to the office of financial management. The office of
20 financial management may then conduct its own program and fiscal review
21 of the agency scheduled for termination and shall prepare a report on
22 or before September 30th of the year prior to the date established for
23 termination. Upon completion of its report the office of financial
24 management shall transmit copies of its report to the (~~legislative~~
25 ~~budget committee~~) joint committee on performance audits. The
26 (~~legislative budget committee~~) joint committee on performance audits
27 shall prepare a final report that includes the reports of both the
28 office of financial management and the (~~legislative budget committee~~)
29 joint committee on performance audits. The (~~legislative budget~~
30 ~~committee~~) joint committee on performance audits and the office of
31 financial management shall, upon request, make available to each other
32 all working papers, studies, and other documents which relate to
33 reports required under this section. The (~~legislative budget~~
34 ~~committee~~) joint committee on performance audits shall transmit the
35 final report to the legislature, to the state agency concerned, to the
36 governor, and to the state library.

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

3 In conducting the review of a regulatory entity, the (~~legislative~~
4 ~~budget—committee~~) joint committee on performance audits shall
5 consider, but not be limited to, the following factors where
6 applicable:

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

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

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

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

15 (5) The extent to which the regulatory entity duplicates the
16 activities of other regulatory entities or of the private sector, where
17 appropriate; and

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

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

23 In conducting the review of a state agency other than a regulatory
24 entity, the (~~legislative—budget—committee~~) joint committee on
25 performance audits shall consider, but not be limited to, the following
26 factors where applicable:

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

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

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

34 (4) The extent to which the state agency duplicates the activities
35 of other state agencies or of the private sector, where appropriate;
36 and

1 (5) The extent to which the termination or modification of the
2 state agency would adversely affect the public health, safety, or
3 welfare.

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

6 (1) Following receipt of the final report from the (~~legislative~~
7 ~~budget committee~~) joint committee on performance audits, the
8 appropriate committees of reference in the senate and the house of
9 representatives shall each hold a public hearing, unless a joint
10 hearing is held, to consider the final report and any related data.
11 The committees shall also receive testimony from representatives of the
12 state agency or agencies involved, which shall have the burden of
13 demonstrating a public need for its continued existence; and from the
14 governor or the governor's designee, and other interested parties,
15 including the general public.

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

25 (3) The presiding members of the senate committee on ways and means
26 and the house committee on appropriations may designate one or more
27 liaison members to each committee of reference in their respective
28 chambers for purposes of participating in any hearing and in subsequent
29 committee of reference discussions and to seek a coordinated approach
30 between the committee of reference and the committee they represent in
31 a liaison capacity.

32 (4) Following any hearing under subsection (1) of this section by
33 the committees of reference, such committees may hold additional
34 meetings or hearings to come to a final determination as to whether a
35 state agency has demonstrated a public need for its continued existence
36 or whether modifications in existing procedures are needed. In the
37 event that a committee of reference concludes that a state agency shall
38 be reestablished or modified or its functions transferred elsewhere, it

1 shall make such determination as a bill. No more than one state agency
2 shall be reestablished or modified in any one bill.

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

5 Any reference in this chapter to a committee of the legislature
6 including the (~~legislative budget committee~~) joint committee on
7 performance audits shall also refer to the successor of that committee.

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

10 At the end of each fiscal year, the state treasurer shall submit to
11 the governor, the state auditor, and the (~~legislative budget~~
12 ~~committee~~) joint committee on performance audits a summary of the
13 activity of the investment pool. The summary shall indicate the
14 quantity of funds deposited; the earnings of the pool; the investments
15 purchased, sold, or exchanged; the administrative expenses of the
16 investment pool; and such other information as the state treasurer
17 deems relevant.

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

20 There is hereby created a (~~legislative budget committee~~) joint
21 committee on performance audits which shall consist of eight senators
22 and eight representatives from the legislature. The senate members of
23 the committee shall be appointed by the president of the senate and the
24 house members of the committee shall be appointed by the speaker of the
25 house. Not more than four members from each house shall be from the
26 same political party. Members shall be appointed before the close of
27 each regular session of the legislature during an odd-numbered year:
28 PROVIDED, That if prior to the close of a regular session during an
29 odd-numbered year, the governor issues a proclamation convening the
30 legislature into special session, or the legislature by resolution
31 convenes the legislature into special session, following such regular
32 session, then such appointments shall be made as a matter of closing
33 business of such special session. Members shall be subject to
34 confirmation, as to the senate members by the senate, and as to the
35 house members by the house. In the event of a failure to appoint
36 committee members, either on the part of the president of the senate or

1 on the part of the speaker of the house, or in the event of a refusal
2 by either the senate or the house to confirm appointments on the
3 committee, then the members of the committee from either house in which
4 there is a failure to appoint or confirm shall be elected forthwith by
5 the members of such house.

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

8 All expenses incurred by the committee, including salaries and
9 expenses of employees, shall be paid upon voucher forms as provided by
10 the auditor. The legislative auditor may be authorized by the
11 (~~legislative budget committee's~~) joint committee on performance
12 audits' executive committee to sign vouchers. Such authorization shall
13 specify a dollar limitation and be set out in writing. A monthly
14 report of such vouchers shall be submitted to the executive committee.
15 If authorization is not given to the legislative auditor then the
16 chair, or the vice-chair in the chair's absence, is authorized to sign
17 vouchers. This authority shall continue until the chair's or vice-
18 chair's successors are selected after each ensuing session of the
19 legislature. Vouchers may be drawn on funds appropriated generally by
20 the legislature for legislative expenses or upon any special
21 appropriation which may be provided by the legislature for the expenses
22 of the committee or both.

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

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

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

1 The (~~legislative budget committee~~) joint committee on performance
2 audits shall make management surveys and program reviews as to every
3 public body, officer or employee subject to the provisions of RCW
4 43.09.290 through 43.09.340. The (~~legislative budget committee~~)
5 joint committee on performance audits may also make management surveys
6 and program reviews of local school districts, intermediate school
7 districts, and other units of local government receiving state funds as
8 grants-in-aid or as shared revenues. Management surveys for the
9 purposes of this section shall be an independent examination for the
10 purpose of providing the legislature with an evaluation and report of
11 the manner in which any public agency, officer, administrator, or
12 employee has discharged the responsibility to faithfully, efficiently,
13 and effectively administer any legislative purpose of the state.
14 Program reviews for the purpose of this section shall be an examination
15 of state or local government programs to ascertain whether or not such
16 programs continue to serve their intended purposes, are conducted in an
17 efficient and effective manner, or require modification or elimination.
18 Nothing in this section shall limit the power or duty of the state
19 auditor to report to the legislature as directed by RCW 43.88.160.

20 The (~~legislative budget committee~~) joint committee on performance
21 audits shall receive a copy of each report of examination issued by the
22 state auditor under RCW 43.09.310, shall review all such reports, and
23 shall make such recommendations to the legislature and to the state
24 auditor as it deems appropriate.

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

27 The (~~legislative budget committee~~) joint committee on performance
28 audits authority for management surveys contained in RCW 44.28.085
29 shall include reviews of program goals and objectives of public bodies,
30 officers or employees to determine conformity with legislative intent
31 and shall include comprehensive performance audits to ensure that
32 agency programs are being conducted in accordance with legislative
33 intent and program goals and objectives.

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

36 All agency reports concerning program performance, including
37 administrative review, quality control, and other internal audit or

1 performance reports, as requested by the (~~legislative budget~~
2 ~~committee~~) joint committee on performance audits, shall be furnished
3 by the agency requested to provide such report.

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

6 The committee is hereby authorized and empowered to appoint an
7 officer to be known as the legislative auditor, and to fix his or her
8 compensation, who shall be the executive officer of the committee and
9 assist in its duties and shall compile information for the committee.
10 The committee is hereby authorized and empowered to select and employ
11 other clerical, legal, accounting, research and other personnel that it
12 may deem desirable in the performance of its duties, and the
13 compensation and salaries shall be fixed by the (~~legislative budget~~
14 ~~committee~~) joint committee on performance audits.

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

16 (1) To ascertain the facts and make recommendations to the
17 committee and under their direction to the committees of the state
18 legislature concerning

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

20 (b) the organization and functions of the state, its departments,
21 subdivisions and agencies.

22 (2) To assist the several standing committees of the house and
23 senate in consideration of legislation affecting state departments and
24 their efficiency; to appear before other legislative committees and to
25 assist any other legislative committee upon instruction by the
26 (~~legislative budget committee~~) joint committee on performance audits.

27 (3) To provide the legislature with information obtained under the
28 direction of the (~~legislative budget committee~~) joint committee on
29 performance audits.

30 (4) To maintain a record of all work performed by the legislative
31 auditor under the direction of the (~~legislative budget committee~~)
32 joint committee on performance audits and to keep and make available
33 all documents, data and reports submitted to him or her by any
34 legislative committee.

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

1 (1) In conducting program evaluations as defined in RCW 43.88.020,
2 the ((~~legislative budget committee~~)) joint committee on performance
3 audits may establish a biennial work plan that identifies state agency
4 programs for which formal evaluation appears necessary. Among the
5 factors to be considered in preparing the work plan are:

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

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

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

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

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

23 In addition to the powers and duties authorized in RCW 44.40.020,
24 the committee and the standing committees on transportation of the
25 house and senate shall, in coordination with the ((~~legislative budget~~
26 ~~committee~~)) joint committee on performance audits, the legislative
27 evaluation and accountability program committee, and the ways and means
28 committees of the senate and house of representatives, ascertain,
29 study, and/or analyze all available facts and matters relating or
30 pertaining to sources of revenue, appropriations, expenditures, and
31 financial condition of the motor vehicle fund and accounts thereof, the
32 highway safety fund, and all other funds or accounts related to
33 transportation programs of the state.

34 The ((~~legislative budget committee~~)) joint committee on performance
35 audits, the legislative evaluation and accountability program
36 committee, and the ways and means committees of the senate and house of
37 representatives shall coordinate their activities with the legislative
38 transportation committee in carrying out the committees' powers and

1 duties under chapter 43.88 RCW in matters relating to the
2 transportation programs of the state.

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

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

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

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

13 (3) The manner and type of lottery being conducted, and the
14 expenses incidental thereto, are the most efficient and cost-effective;
15 and

16 (4) The commission is not unnecessarily incurring operating and
17 administrative costs.

18 In conducting a management review, the director of financial
19 management may inspect the books, documents, and records of the
20 commission. Upon completion of a management review, all irregularities
21 shall be reported to the attorney general, the (~~legislative budget~~
22 ~~committee~~) joint committee on performance audits, and the state
23 auditor. The director of financial management shall make such
24 recommendations as may be necessary for the most efficient and cost-
25 effective operation of the lottery.

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

28 (1) Every five years the department of social and health services
29 and other state agencies that operate institutions shall conduct an
30 inventory of all real property subject to the charitable, educational,
31 penal, and reformatory institution account and other real property
32 acquired for institutional purposes or for the benefit of the blind,
33 deaf, mentally ill, developmentally disabled, or otherwise disabled.
34 The inventory shall identify which of those real properties are not
35 needed for state-provided residential care, custody, or treatment. By
36 December 1, 1992, and every five years thereafter the department shall
37 report the results of the inventory to the house of representatives

1 committee on capital facilities and financing, the senate committee on
2 ways and means, and the (~~legislative budget committee~~) joint
3 committee on performance audits.

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

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

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

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

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

26 On or before November 15, 1996, the (~~legislative budget~~
27 ~~committee~~) joint committee on performance audits shall prepare a
28 report to the legislature on the means for future implementation of the
29 provisions in chapter 88.46 RCW.

--- END ---