

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1190

55th Legislature
1997 Regular Session

Passed by the House April 19, 1997
Yeas 89 Nays 0

**Speaker of the
House of Representatives**

Passed by the Senate April 17, 1997
Yeas 44 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1190** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1190

Passed Legislature - 1997 Regular Session

AS AMENDED BY THE SENATE

State of Washington 55th Legislature 1997 Regular Session

By House Committee on Government Administration (originally sponsored by Representatives Backlund, Huff, Lambert, McMorris, Cairnes, Honeyford, Sherstad, McDonald, D. Schmidt and Wensman)

Read first time 02/24/97.

1 AN ACT Relating to performance audits; and amending RCW 43.88.090
2 and 44.28.091.

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

4 **Sec. 1.** RCW 43.88.090 and 1996 c 317 s 10 are each amended to read
5 as follows:

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

17 The estimates shall include statements or tables which indicate, by
18 agency, the state funds which are required for the receipt of federal
19 matching revenues. The estimates shall be revised as necessary to

1 reflect legislative enactments and adopted appropriations and shall be
2 included with the initial biennial allotment submitted under RCW
3 43.88.110. The estimates must reflect that the agency considered any
4 alternatives to reduce costs or improve service delivery identified in
5 the findings of a performance audit of the agency by the joint
6 legislative audit and review committee. Nothing in this subsection
7 requires performance audit findings to be published as part of the
8 budget.

9 (2) Each state agency shall define its mission and establish
10 measurable goals for achieving desirable results for those who receive
11 its services and the taxpayers who pay for those services. Each agency
12 shall also develop clear strategies and timelines to achieve its goals.
13 This section does not require an agency to develop a new mission or
14 goals in place of identifiable missions or goals that meet the intent
15 of this section. The mission and goals of each agency must conform to
16 statutory direction and limitations.

17 (3) For the purpose of assessing program performance, each state
18 agency shall establish program objectives for each major program in its
19 budget. The objectives must be consistent with the missions and goals
20 developed under this section. The objectives must be expressed to the
21 extent practicable in outcome-based, objective, and measurable form
22 unless an exception to adopt a different standard is granted by the
23 office of financial management and approved by the legislative
24 committee on performance review. The office of financial management
25 shall provide necessary professional and technical assistance to assist
26 state agencies in the development of strategic plans that include the
27 mission of the agency and its programs, measurable goals, strategies,
28 and performance measurement systems.

29 (4) Each state agency shall adopt procedures for continuous self-
30 assessment of each program and activity, using the mission, goals,
31 objectives, and measurements required under subsections (2) and (3) of
32 this section.

33 (5) It is the policy of the legislature that each agency's budget
34 proposals must be directly linked to the agency's stated mission and
35 program goals and objectives. Consistent with this policy, agency
36 budget proposals must include integration of performance measures that
37 allow objective determination of a program's success in achieving its
38 goals. The office of financial management shall develop a plan to
39 merge the budget development process with agency performance assessment

1 procedures. The plan must include a schedule to integrate agency
2 strategic plans and performance measures into agency budget requests
3 and the governor's budget proposal over three fiscal biennia. The plan
4 must identify those agencies that will implement the revised budget
5 process in the 1997-1999 biennium, the 1999-2001 biennium, and the
6 2001-2003 biennium. In consultation with the legislative fiscal
7 committees, the office of financial management shall recommend
8 statutory and procedural modifications to the state's budget,
9 accounting, and reporting systems to facilitate the performance
10 assessment procedures and the merger of those procedures with the state
11 budget process. The plan and recommended statutory and procedural
12 modifications must be submitted to the legislative fiscal committees by
13 September 30, 1996.

14 (6) In the year of the gubernatorial election, the governor shall
15 invite the governor-elect or the governor-elect's designee to attend
16 all hearings provided in RCW 43.88.100; and the governor shall furnish
17 the governor-elect or the governor-elect's designee with such
18 information as will enable the governor-elect or the governor-elect's
19 designee to gain an understanding of the state's budget requirements.
20 The governor-elect or the governor-elect's designee may ask such
21 questions during the hearings and require such information as the
22 governor-elect or the governor-elect's designee deems necessary and may
23 make recommendations in connection with any item of the budget which,
24 with the governor-elect's reasons therefor, shall be presented to the
25 legislature in writing with the budget document. Copies of all such
26 estimates and other required information shall also be submitted to the
27 standing committees on ways and means of the house and senate.

28 **Sec. 2.** RCW 44.28.091 and 1996 c 288 s 14 are each amended to read
29 as follows:

30 (1) No later than nine months after the final performance audit has
31 been transmitted by the joint committee to the appropriate standing
32 committees of the house of representatives and the senate, the ~~((joint
33 committee in consultation with the standing committees may))~~ agency or
34 local government shall produce a preliminary compliance report on ~~((the
35 agency's or local government's))~~ its compliance with the final
36 performance audit recommendations and submit it to the joint committee.
37 ~~((The agency or local government may attach its comments to the joint
38 committee's preliminary compliance report as a separate addendum.))~~ At

1 the request of the joint committee, the agency or local government
2 shall periodically provide updates to the preliminary compliance report
3 until the joint committee determines that the agency or local
4 government has complied with the final performance audit
5 recommendations to the joint committee's satisfaction.

6 (2) (~~Within three months after the issuance of the preliminary~~
7 ~~compliance report,~~) The joint committee may hold (~~at least one~~)
8 public hearings and receive public testimony (~~regarding the findings~~
9 ~~and recommendations contained in the preliminary compliance report.~~
10 The joint committee may waive the public hearing requirement if the
11 preliminary compliance report demonstrates that the agency or local
12 government is in compliance with the audit recommendations)) if the
13 agency or local government is not making satisfactory progress in
14 achieving compliance. The joint committee shall issue any final
15 compliance report (~~within four weeks after the public hearing or~~
16 ~~hearings~~) after an agency or local government has satisfactorily
17 complied with the final audit recommendations. The legislative auditor
18 shall transmit the final compliance report in the same manner as a
19 final performance audit is transmitted under RCW 44.28.088.

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