

HOUSE BILL REPORT

SSB 5206

As Reported by House Committee On:
General Government & Information Technology

Title: An act relating to state audit findings of noncompliance with state law.

Brief Description: Addressing state audit findings of noncompliance with state law.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Becker, Miloscia, Bailey, Braun, Padden, Hewitt, Hill, Dammeier, Honeyford and Parlette).

Brief History:

Committee Activity:

General Government & Information Technology: 2/24/16, 2/29/16 [DPA].

**Brief Summary of Substitute Bill
(As Amended by Committee)**

- Requires certain state agencies receiving a State Auditor's Office (SAO) post-audit with findings of noncompliance with state law to submit a remediation plan to numerous state entities.
- Requires the SAO to notify numerous state entities if substantial progress in remediation is not made at the subsequent audit.

HOUSE COMMITTEE ON GENERAL GOVERNMENT & INFORMATION TECHNOLOGY

Majority Report: Do pass as amended. Signed by 7 members: Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson, Morris and Senn.

Staff: Lily Sobolik (786-7157).

Background:

The State Auditor's Office (SAO) annually audits certain statewide financial statements prepared by the Office of Financial Management (OFM) and conducts post-audits of state agencies. The SAO must send reports of its audits to the Governor, the OFM, the state

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agency audited, the Joint Legislative Audit and Review Committee (JLARC), legislative fiscal committees, the Secretary of the Senate, and the Chief Clerk of the House of Representatives (House). The SAO must send reports of audits with findings of noncompliance with state law to the Attorney General.

Summary of Amended Bill:

Within 90 days of receiving an audit finding that it has not complied with state law, certain state agencies must submit a remediation plan to the Governor, the SAO, the OFM, the JLARC, and the relevant House and Senate fiscal and policy committees. State agencies must prepare and submit a remediation plan if its general fund biennial budget exceeds \$1 billion, and funding is specifically appropriated for the preparation of the remediation plan. If, at the subsequent audit, the SAO determines that the state agency has not made substantial progress in remediating its noncompliance, the SAO must notify the foregoing entities, and the House and Senate fiscal and policy committees may refer the matter to the Facilities and Operations Committee or the Executive Rules Committee.

Amended Bill Compared to Substitute Bill:

The state agencies subject to preparation and submission of a remediation plan were limited to agencies with a general fund biennial budget exceeding \$1 billion and funding specifically appropriated for the preparation of the remediation plan. The length of time a state agency has to submit a remediation plan to the SAO increases from 30 to 90 days. The option for the Facilities and Operations Committee and the Executive Rules Committee to refer a findings to the Attorney General was removed.

Appropriation: None.

Fiscal Note: None.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The SAO annually audits certain financial statements of state agencies. In multiple JLARC hearings, some agencies did not have audit reports. The Legislature depends on these reports to effectively accomplish its work. In this bill, if an agency does not get its report done on time, as determined by the SAO, the SAO reports it to the Governor, to the OFM, etc. Next there's a time of remediation when an agency can go back and finish reports. If the agency doesn't get its report done, the SAO reports it to the Facilities and Operations Committee, which can determine the reasons behind not completing a report. If it is a blatant abuse, the Facilities and Operations Committee can report the

agency to the Attorney General. Agencies must follow the Revised Code of Washington, just like anyone else, and they must uphold the regulations.

(Opposed) None.

Persons Testifying: Senator Becker, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.