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**SENATE BILL 6630**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Senators Zeiger, Kuderer, and Wellman

AN ACT Relating to increasing accountability for public housing authorities; and amending RCW 35.82.230 and 43.09.260.

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

**Sec.**  RCW 35.82.230 and 1965 c 7 s 35.82.230 are each amended to read as follows:

(1) Each housing authority and each joint housing authority must have its annual financial statements for the preceding accounting year audited by a certified public accountant and must file the audited financial statements with the clerk, or clerks in the case of joint housing authorities, within ninety days of the audit report. If the audited financial statement contains any findings or deficiencies with the authority, the clerk must report the findings or deficiencies to the city or county legislative authority.

(2) At least once a year, an authority shall file with the clerk a report of its activities for the preceding year, and shall make recommendations with reference to such additional legislation or other action as it deems necessary in order to carry out the purposes of this chapter.

**Sec.**  RCW 43.09.260 and 2009 c 564 s 927 are each amended to read as follows:

(1) The examination of the financial affairs of all local governments shall be made at such reasonable, periodic intervals as the state auditor shall determine. However, an examination of the financial affairs of all local governments shall be made at least once in every three years, and an examination of individual local government health and welfare benefit plans ((~~and~~)), local government self-insurance programs, public housing authorities as defined in RCW 35.82.020(1), and joint housing authorities as defined in RCW 35.82.300 shall be made at least once every two years.

(2) During the 2009-2011 fiscal biennium, the state auditor shall conduct audits no more often than once every two years of local governments with annual general fund revenues of ten million dollars or less and no findings of impropriety for the three-year period immediately preceding the audit period. This subsection does not prohibit the state auditor from conducting audits: (a) To address suspected fraud or irregular conduct; (b) at the request of the local government governing body; or (c) as required by federal laws or regulations.

(3) The term local governments for purposes of this chapter includes but is not limited to all counties, cities, and other political subdivisions, municipal corporations, and quasi-municipal corporations, however denominated.

(4) The state auditor shall establish a schedule to govern the auditing of local governments which shall include: A designation of the various classifications of local governments; a designation of the frequency for auditing each type of local government; and a description of events which cause a more frequent audit to be conducted.

(5) On every such examination, inquiry shall be made as to the financial condition and resources of the local government; whether the Constitution and laws of the state, the ordinances and orders of the local government, and the requirements of the state auditor have been properly complied with; and into the methods and accuracy of the accounts and reports.

(6) A report of such examination shall be made and filed in the office of state auditor, and one copy shall be transmitted to the local government. A report of such examination of a public housing authority as defined in RCW 35.82.020(1) or joint housing authority as defined in RCW 35.82.300 shall also be transmitted to the clerk or clerks as defined in RCW 35.82.020(5). A copy of any report containing findings of noncompliance with state law shall be transmitted to the attorney general. If any such report discloses malfeasance, misfeasance, or nonfeasance in office on the part of any public officer or employee, within thirty days from the receipt of his or her copy of the report, the attorney general shall institute, in the proper county, such legal action as is proper in the premises by civil process and prosecute the same to final determination to carry into effect the findings of the examination.

(7) It shall be unlawful for any local government or the responsible head thereof, to make a settlement or compromise of any claim arising out of such malfeasance, misfeasance, or nonfeasance, or any action commenced therefor, or for any court to enter upon any compromise or settlement of such action, without the written approval and consent of the attorney general and the state auditor.

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