
ENGROSSED SUBSTITUTE HOUSE BILL 2462 - CORRECTED COPY

State of Washington

52nd Legislature

1992 Regular Session

By House Committee on State Government (originally sponsored by Representatives Pruitt, Bowman, Anderson, Franklin, Sprenkle, R. Meyers, Moyer, R. Fisher, Chandler, G. Fisher, Riley, Sheldon, Bray, Kremen, Ludwig, Spanel, J. Kohl, Cooper, H. Myers, Prentice, Valle, Basich, Morris, Rayburn, Dorn, Inslee, Horn, Orr, Rasmussen, Dellwo, Jacobsen, Ferguson, Paris, Winsley, Edmondson, Jones, Leonard, Ogden and Roland)

Read first time 02/07/92.

1 AN ACT Relating to accountability in state government; amending RCW
2 43.09.050, 43.88.160, 44.28.085, 43.88.010, 43.88.090, 43.33A.030,
3 43.33A.040, 43.33A.150, and 43.33A.010; amending 1987 c 480 s 3
4 (uncodified); adding a new section to chapter 43.06 RCW; adding a new
5 section to chapter 43.88 RCW; adding a new section to chapter 43.33A
6 RCW; adding a new chapter to Title 43 RCW; creating new sections; and
7 providing an effective date.

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

9 NEW SECTION. **Sec. 1.** The legislature finds that demand is
10 growing for a new level of accountability in government. The public is
11 asking its government whether desired results are actually
12 accomplished, not just what volume of services is provided. Taxpayers
13 want to know what value they are receiving for their money.
14 Policymakers need more accurate information for setting policy and

1 allocating scarce resources. Agency directors need better information
2 on whether new and existing programs are effective. Mid-level managers
3 must be able to determine how efficiently they administer programs.
4 Front-line employees must be given the necessary data and opportunity
5 to suggest creative ways to improve program operations.

6 The legislature finds that ensuring accountability in government is
7 a long-term process that will require a sustained and collaborative
8 effort directed at developing an integrated, comprehensive
9 accountability system that incorporates an ongoing cycle of policy
10 planning, quality management, and program evaluation. It is the intent
11 of the legislature that the state auditor, the legislative budget
12 committee, and the commission for efficiency and accountability in
13 government continue to perform responsibilities as currently defined in
14 state law, except as amended by this act. However, establishing an
15 integrated accountability system will require a collaborative effort
16 between these existing evaluative entities and the public, the
17 legislature, the governor, the office of financial management, and
18 state agencies.

19 NEW SECTION. **Sec. 2.** For the purposes of this chapter, the
20 following terms shall have the following meanings:

21 (1) "Performance audit" means an audit that determines the
22 following: (a) Whether a government entity is acquiring, protecting,
23 and using its resources economically and efficiently; (b) the causes of
24 inefficiencies or uneconomical practices; (c) whether the entity has
25 complied with laws and rules applicable to the program; (d) the extent
26 to which the desired results or benefits established by the legislature
27 are being achieved; and (e) the effectiveness of organizations,
28 programs, activities, or functions.

1 (2) "Program evaluation" means the use of scientific research
2 methods to determine the extent to which a program is achieving its
3 legislative intent in terms of producing the effects expected. Program
4 evaluation seeks to make an objective judgment of the efficiency and
5 effectiveness of programs in the context of their goals and objectives,
6 with respect to their implementation, outcomes, and net impact. It
7 includes the application of systematic methods to estimate the extent
8 to which observed results, intended or unintended, are caused by
9 program activities.

10 (3) "Success measures" means at least each of the following three
11 different categories of indicators: (a) Indicators of service efforts,
12 which include dollar cost inputs and nonmonetary resource inputs
13 expended on a service during a particular period; (b) indicators of
14 service accomplishments, which include outputs such as the amount of
15 workload accomplished, and outcomes, including numeric indicators of
16 program results and indicators of service quality; and (c) indicators
17 that relate service efforts to service accomplishments, such as inputs
18 divided by outputs or outcomes, and indexes of productivity or
19 efficiency.

20 **Sec. 3.** 1987 c 480 s 3 (uncodified) is amended to read as follows:

21 To carry out the provisions of section 2, chapter 480, Laws of
22 1987, the commission shall:

23 (1) (~~Prepare a list of~~) Identify selected programs funded by the
24 state that will be subject to review by the commission(~~(. The list~~
25 ~~shall include)~~) including programs that have a major fiscal impact on
26 the state and where the commission determines that operational and
27 organizational improvements are feasible. The reviews shall concentrate
28 on identifying improvements that will result in increased program
29 efficiency and effectiveness and reduced costs, greater accountability

1 to the general public, increased information and data relative to
2 governmental expenditures, and increased managerial competence and
3 workforce productivity.

4 ~~(2) ((Develop a four-year plan for the orderly review of each
5 program identified under subsection (1) of this section. The plan
6 shall contain a timetable for the completion of each program review and
7 an estimate of the resources needed to carry out the reviews. The plan
8 shall be updated annually.~~

9 ~~(3) Secure private sector financial and other support for the
10 conduct of the reviews.~~

11 ~~(4))~~ Establish the scope of program reviews, select review teams
12 and direct those teams to conduct the program reviews identified by the
13 commission. The review teams shall report to the commission their
14 findings and recommendations for organizational and operational
15 improvements.

16 ~~((5))~~ (3) Decide upon recommendations for executive action or
17 legislation necessary to implement the operational or organizational
18 improvements developed by program review teams.

19 ~~((6) Submit the following reports to the legislature:~~

20 ~~(a) By December 31, 1987, a four-year plan required by subsection
21 (2) of this section;~~

22 ~~(b))~~ (4) Provide to the legislature, upon completion of each
23 program review, its recommendations for operational and organizational
24 improvements for the program reviewed. The report shall include
25 estimates of savings which may result from recommended legislative or
26 executive action.

27 ~~((c) By December 31, 1988, a report summarizing recommendations of
28 the commission for legislative and executive actions to accomplish
29 operational and organizational improvements identified in completed
30 program reviews and any executive action initiated as a result of~~

1 ~~findings of a program review. Thereafter,~~) The commission shall
2 report to the legislature annually, no later than December 31, on its
3 progress (~~toward completing the four year review plan~~) and on its
4 recommendations for operational and organizational improvements in
5 state government.

6 NEW SECTION. **Sec. 4.** There is created a government
7 accountability task force to advise the legislature on establishing an
8 integrated accountability system. The composition of the task force
9 shall be as follows:

10 (1) Four members to be appointed by the governor, with at least one
11 representative each from private sector business and industry, state
12 employee labor unions, and public interest organizations;

13 (2) One representative from each of the four legislative caucuses,
14 to be appointed by the president of the senate and the speaker of the
15 house of representatives;

16 (3) The state auditor;

17 (4) The chair of the legislative budget committee;

18 (5) The director of the office of financial management;

19 (6) The superintendent of public instruction;

20 (7) The chair of the higher education coordinating board;

21 (8) The commissioner of public lands; and

22 (9) The chair of the transportation commission.

23 The chair of the task force shall be selected by its members. Staffing
24 for the task force shall be provided by the office of financial
25 management. The task force shall expire on June 30, 1998.

26 The major responsibility of the task force is to work toward
27 development of an integrated, comprehensive program accountability
28 system. Toward this end, the task force shall at a minimum:

1 (a) Recommend, by January 1995, strategies to support four broad
2 categories of program accountability: (i) Compliance with the law in
3 the use of resources; (ii) efficiency in the use of resources; (iii)
4 effectiveness in meeting program goals and objectives; and (iv)
5 appropriateness of program activity in fulfilling the identified public
6 need;

7 (b) Develop a state reporting process on program accountability
8 that includes information on agency success measures in relation to the
9 results-oriented goals and objectives set forth in the strategic
10 planning process described in section 6 of this act and the budget
11 process described in RCW 43.88.090. This reporting process should
12 provide information on goals and success measures to the governor and
13 to the legislature by January 1997;

14 (c) Develop a plan for internal and external performance audits of
15 state agencies. This plan shall include identification of the proper
16 roles for state agencies, the state auditor, the legislative budget
17 committee, and the commission for efficiency and accountability in
18 government in conducting these performance audits. The tasks force
19 shall present this plan to the governor and to the legislature by
20 January 1993.

21 NEW SECTION. **Sec. 5.** The office of financial management shall
22 develop a state-wide program evaluation system. Toward this end, the
23 office of financial management shall at a minimum:

24 (1) Provide technical assistance to agencies in initiating,
25 conducting, and using the results of evaluations to improve programs;

26 (2) Share evaluation information and results;

27 (3) Develop standard definitions of commonly used program
28 evaluation terms;

1 (4) Develop suggested guidelines for conducting program
2 evaluations, including standards of practices and standards for
3 evaluative tools;

4 (5) Assist in developing training programs in evaluation
5 methodologies for state employees;

6 (6) Work toward establishing automated data systems that are
7 readily accessible for evaluation purposes;

8 (7) Establish a clearinghouse for program evaluation results and
9 information from other states and the federal government; and

10 (8) Develop methods of tracking success measures.

11 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.06 RCW
12 to read as follows:

13 The office of financial management shall prepare a plan for the
14 establishment of a strategic planning process for many of the key
15 functional areas of state government. The key functional areas that
16 must be accounted for in the strategic planning process are general
17 government, health and human services, community and economic
18 development, the environment and natural resources, transportation, K-
19 12 education, and higher education. The strategic planning processes
20 must include (1) the identification of key stakeholders and a means to
21 involve them actively in the planning process; (2) the establishment of
22 results-oriented goals and objectives for the biennium and for a six-
23 year planning cycle; and (3) the development of indicators of success
24 measures based on the identified goals and objectives, for each key
25 functional area of state government. The plan shall provide for
26 implementing the strategic planning process in July 1993, with specific
27 results-oriented goals and objectives for each functional area to be
28 presented to the legislature for its approval in January 1995. The
29 office of financial management shall report to the legislature and to

1 the governor on the status of the strategic planning process in January
2 1994. In developing this plan, the office of financial management
3 shall consult with the commissioner of public lands, the transportation
4 commission, the superintendent of public instruction, and the higher
5 education coordinating board.

6 **Sec. 7.** RCW 43.09.050 and 1979 c 151 s 91 are each amended to read
7 as follows:

8 The auditor shall:

9 (1) Except as otherwise specifically provided by law, audit the
10 accounts of all collectors of the revenue and other holders of public
11 money required by law to pay the same into the treasury;

12 (2) In his or her discretion, inspect the books of any person
13 charged with the receipt, safekeeping, and disbursement of public
14 moneys;

15 (3) Inform the attorney general in writing of the necessity for
16 (~~him~~) the attorney general to direct prosecutions in the name of the
17 state for all official delinquencies in relation to the assessment,
18 collection, and payment of the revenue, against all persons who, by any
19 means, become possessed of public money or property, and fail to pay
20 over or deliver the same, and against all debtors of the state;

21 (4) Give information in writing to the legislature, whenever
22 required, upon any subject relating to the financial affairs of the
23 state, or touching any duties of his or her office;

24 (5) Report to the director of financial management in writing the
25 names of all persons who have received any moneys belonging to the
26 state, and have not accounted therefor;

27 (6) Authenticate with his or her official seal papers issued from
28 his or her office;

1 (7) Make his or her official report annually on or before the 31st
2 of December((-))*i*

3 (8) Conduct performance audits of state agency programs.

4 **Sec. 8.** RCW 43.88.160 and 1991 c 358 s 4 are each amended to read
5 as follows:

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

14 (1) Governor; director of financial management. The governor,
15 through the director of financial management, shall devise and
16 supervise a modern and complete accounting system for each agency to
17 the end that all revenues, expenditures, receipts, disbursements,
18 resources, and obligations of the state shall be properly and
19 systematically accounted for. The accounting system shall include the
20 development of accurate, timely records and reports of all financial
21 affairs of the state. The system shall also provide for central
22 accounts in the office of financial management at the level of detail
23 deemed necessary by the director to perform central financial
24 management. The director of financial management shall adopt and
25 periodically update an accounting procedures manual. Any agency
26 maintaining its own accounting and reporting system shall comply with
27 the updated accounting procedures manual and the rules of the director
28 adopted under this chapter. An agency may receive a waiver from
29 complying with this requirement if the waiver is approved by the

1 director. Waivers expire at the end of the fiscal biennium for which
2 they are granted. The director shall forward notice of waivers granted
3 to the appropriate legislative fiscal committees. The director of
4 financial management may require such financial, statistical, and other
5 reports as the director deems necessary from all agencies covering any
6 period.

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

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

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

29 (a) Make surveys and analyses of agencies with the object of
30 determining better methods and increased effectiveness in the use of

1 manpower and materials; and the director shall authorize expenditures
2 for employee training to the end that the state may benefit from
3 training facilities made available to state employees;

4 (b) Report to the governor with regard to duplication of effort or
5 lack of coordination among agencies;

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

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

24 (e) Provide for transfers and repayments between the budget
25 stabilization account and the general fund as directed by appropriation
26 and RCW 43.88.525 through 43.88.540;

27 (f) Promulgate regulations to effectuate provisions contained in
28 subsections (a) through (e) hereof.

29 (5) The treasurer shall:

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

6 (b) Disburse public funds under the treasurer's supervision or
7 custody by warrant or check;

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

10 (d) Perform such other duties as may be required by law or by
11 regulations issued pursuant to this law.

12 It shall be unlawful for the treasurer to issue any warrant or
13 check for public funds in the treasury except upon forms duly
14 prescribed by the director of financial management. Said forms shall
15 provide for authentication and certification by the agency head or the
16 agency head's designee that the services have been rendered or the
17 materials have been furnished; or, in the case of loans or grants, that
18 the loans or grants are authorized by law; or, in the case of payments
19 for periodic maintenance services to be performed on state owned
20 equipment, that a written contract for such periodic maintenance
21 services is currently in effect and copies thereof are on file with the
22 office of financial management; and the treasurer shall not be liable
23 under the treasurer's surety bond for erroneous or improper payments so
24 made: PROVIDED, That when services are lawfully paid for in advance of
25 full performance by any private individual or business entity other
26 than as provided for by RCW 42.24.035, such individual or entity other
27 than central stores rendering such services shall make a cash deposit
28 or furnish surety bond coverage to the state as shall be fixed in an
29 amount by law, or if not fixed by law, then in such amounts as shall be
30 fixed by the director of the department of general administration but

1 in no case shall such required cash deposit or surety bond be less than
2 an amount which will fully indemnify the state against any and all
3 losses on account of breach of promise to fully perform such services:
4 AND PROVIDED FURTHER, That no payments shall be made in advance for any
5 equipment maintenance services to be performed more than three months
6 after such payment. Any such bond so furnished shall be conditioned
7 that the person, firm or corporation receiving the advance payment will
8 apply it toward performance of the contract. The responsibility for
9 recovery of erroneous or improper payments made under this section
10 shall lie with the agency head or the agency head's designee in
11 accordance with regulations issued pursuant to this chapter. Nothing
12 in this section shall be construed to permit a public body to advance
13 funds to a private service provider pursuant to a grant or loan before
14 services have been rendered or material furnished.

15 (6) The state auditor shall:

16 (a) Report to the legislature the results of current post audits
17 that have been made of the financial transactions of each agency; to
18 this end the auditor may, in the auditor's discretion, examine the
19 books and accounts of any agency, official or employee charged with the
20 receipt, custody or safekeeping of public funds. The current post
21 audit of each agency may include a section on recommendations to the
22 legislature as provided in (c) of this subsection.

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

25 (c) Make the auditor's official report on or before the thirty-
26 first of December which precedes the meeting of the legislature. The
27 report shall be for the last complete fiscal period and shall include
28 at least the following:

29 Determinations as to whether agencies, in making expenditures,
30 complied with the laws of this state(~~(:- PROVIDED, That nothing in this~~

1 ~~section may be construed to grant the state auditor the right to~~
2 ~~perform performance audits. A performance audit for the purpose of~~
3 ~~this section is the examination of the effectiveness of the~~
4 ~~administration, its efficiency, and its adequacy in terms of the~~
5 ~~programs of departments or agencies as previously approved by the~~
6 ~~legislature. The authority and responsibility to conduct such an~~
7 ~~examination shall be vested in the legislative budget committee as~~
8 ~~prescribed in RCW 44.28.085)).~~

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

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

19 (7) The legislative budget committee may:

20 (a) Make post audits of the financial transactions of any agency
21 and management surveys and program reviews as provided for in RCW
22 44.28.085. To this end the committee may in its discretion examine the
23 books, accounts, and other records of any agency, official, or
24 employee.

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

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

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

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

9 **Sec. 9.** RCW 44.28.085 and 1975 1st ex.s. c 293 s 15 are each
10 amended to read as follows:

11 The legislative budget committee shall make management surveys and
12 program reviews as to every public body, officer or employee subject to
13 the provisions of RCW 43.09.290 through 43.09.340. The legislative
14 budget committee may also make management surveys and program reviews
15 of local school districts, intermediate school districts, and other
16 units of local government receiving state funds as grants-in-aid or as
17 shared revenues. Management surveys for the purposes of this section
18 shall be an independent examination for the purpose of providing the
19 legislature with an evaluation and report of the manner in which any
20 public agency, officer, administrator, or employee has discharged the
21 responsibility to faithfully, efficiently, and effectively administer
22 any legislative purpose of the state. Program reviews for the purpose
23 of this section shall be an examination of state or local government
24 programs to ascertain whether or not such programs continue to serve
25 their intended purposes, are conducted in an efficient and effective
26 manner, or require modification or elimination: PROVIDED, That nothing
27 in this section shall limit the power or duty of the state auditor to
28 report to the legislature as directed by subsection (3) of RCW

1 43.88.160 (~~as now or hereafter amended. The authority in this section~~
2 ~~conferred excludes a like authority in the state auditor~~)).

3 The legislative budget committee shall receive a copy of each
4 report of examination issued by the state auditor under RCW 43.09.310,
5 shall review all such reports, and shall make such recommendations to
6 the legislature and to the state auditor as it deems appropriate.

7 **Sec. 10.** RCW 43.88.010 and 1986 c 215 s 1 are each amended to read
8 as follows:

9 It is the purpose of this chapter to establish an effective state
10 budgeting, accounting, and reporting system for all activities of the
11 state government, including both capital and operating expenditures and
12 state program performance; to prescribe the powers and duties of the
13 governor as these relate to securing such (~~fiscal~~) controls as will
14 promote effective program and budget administration; and to prescribe
15 the responsibilities of agencies of the executive branch of the state
16 government.

17 It is the intent of the legislature that the powers conferred by
18 this chapter, as amended, shall be exercised by the executive in
19 cooperation with the legislature and its standing, special, and interim
20 committees in its status as a separate and coequal branch of state
21 government.

22 **Sec. 11.** RCW 43.88.090 and 1989 c 273 s 26 are each amended to
23 read as follows:

24 (1) For purposes of developing budget proposals to the legislature,
25 the governor shall have the power, and it shall be the governor's duty,
26 to require from proper agency officials such detailed estimates and
27 other information in such form and at such times as the governor shall
28 direct. The estimates for the legislature and the judiciary shall be

1 transmitted to the governor and shall be included in the budget without
2 revision. The estimates for state pension contributions shall be based
3 on the rates provided in chapter 41.45 RCW. Copies of all such
4 estimates shall be transmitted to the standing committees on ways and
5 means of the house and senate at the same time as they are filed with
6 the governor and the office of financial management.

7 (2) ~~((Estimates from each agency shall include goals and objectives
8 for each program administered by the agency. The goals and objectives
9 shall, whenever possible, be stated in terms of objective measurable
10 results.))~~ For the purpose of assessing program performance, each
11 state agency shall establish results-oriented goals and objectives, and
12 develop success measures based on these goals and objectives, for each
13 major program in its budget. Each agency shall express the success
14 measures in an objective, quantifiable, and measurable form unless
15 permitted by the office of financial management to adopt a different
16 standard.

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
20 reflect legislative enactments and adopted appropriations and shall be
21 included with the initial biennial allotment submitted under RCW
22 43.88.110.

23 (3) In the year of the gubernatorial election, the governor shall
24 invite the governor-elect or the governor-elect's designee to attend
25 all hearings provided in RCW 43.88.100; and the governor shall furnish
26 the governor-elect or the governor-elect's designee with such
27 information as will enable the governor-elect or the governor-elect's
28 designee to gain an understanding of the state's budget requirements.
29 The governor-elect or the governor-elect's designee may ask such
30 questions during the hearings and require such information as the

1 governor-elect or the governor-elect's designee deems necessary and may
2 make recommendations in connection with any item of the budget which,
3 with the governor-elect's reasons therefor, shall be presented to the
4 legislature in writing with the budget document. Copies of all such
5 estimates and other required information shall also be submitted to the
6 standing committees on ways and means of the house and senate.

7 NEW SECTION. **Sec. 12.** A new section is added to chapter 43.88 RCW
8 to read as follows:

9 It shall not be in order for either house of the legislature to
10 consider any bill or amendment that provides for the authorization of
11 appropriation of funds unless the bill or amendment specifies goals or
12 objectives, and desired outcomes, for the appropriation.

13 **Sec. 13.** RCW 43.33A.030 and 1981 c 3 s 3 are each amended to read
14 as follows:

15 Trusteeship of those funds under the authority of the board is
16 vested in the voting members of the board. The nonvoting members of
17 the board shall advise the voting members on matters of investment
18 policy and practices.

19 The board may enter into contracts necessary to carry out its
20 powers and duties. ~~((The board may delegate any of its powers and
21 duties to its executive director as deemed necessary for efficient
22 administration and when consistent with the purposes of this 1980
23 act.))~~ However, the board's contracts are subject to review and filing
24 as specified in chapter 39.29 RCW and any rules, procedures, or
25 guidelines established by the office of financial management under its
26 authority contained in chapter 39.29 RCW.

1 **Sec. 14.** ~~RCW 43.33A.040 and 1981 c 219 s 2 are each amended to~~
2 ~~read as follows:~~

3 ~~(1) A quorum to conduct the business of the state investment board~~
4 ~~consists of at least ((four voting members of the board before January~~
5 ~~10, 1983, and)) five voting members ((thereafter)). No action may be~~
6 ~~taken by the board without the affirmative vote of ((four members~~
7 ~~before January 10, 1983, and)) five members ((thereafter)).~~

8 (2) The state investment board shall meet at least quarterly at
9 such times as it may fix. The board shall elect a chairperson and vice
10 chairperson annually: PROVIDED, That the legislative members are not
11 eligible to serve as chairperson.

12 **Sec. 15.** RCW 43.33A.150 and 1989 c 179 s 2 are each amended to
13 read as follows:

14 (1) The state investment board shall prepare written reports at
15 least quarterly summarizing the investment activities of the state
16 investment board and the performance of the state's investments, which
17 ~~((reports))~~ shall be made available to the public upon request. At
18 least annually, the board shall prepare a written report of board
19 activities and investment performance. The report shall be sent to the
20 governor, the senate ways and means committee, the house appropriations
21 committee, the joint legislative committee on pension policy, the
22 department of retirement systems, and other agencies having a direct
23 financial interest in the investment of funds by the board, and to
24 other persons on written request. The state investment board shall
25 provide information to the department of retirement systems necessary
26 for the preparation of monthly reports.

27 (2) At least annually, the board shall report on the board's
28 investment activities and investment performance for the department of
29 labor and industries' accident, medical aid, and reserve funds to the

1 joint legislative committee on pension policy, the senate financial
2 institutions and insurance committee, the senate economic development
3 and labor committee, and the house commerce and labor committee, or
4 appropriate successor committees.

5 NEW SECTION. **Sec. 16.** A new section is added to chapter 43.33A
6 RCW to read as follows:

7 The state investment board shall prepare an investment plan every
8 two years beginning January 1, 1993. The board shall submit the plan
9 to the governor, the senate ways and means committee, the house
10 appropriations committee, the joint legislative committee on pension
11 policy, the department of retirement systems, and other agencies as
12 requested. The board shall make the plan available to the public upon
13 written request.

14 **Sec. 17.** RCW 43.33A.010 and 1981 c 3 s 1 are each amended to read
15 as follows:

16 The state investment board shall exercise all the powers and
17 perform all duties prescribed by law with respect to the investment of
18 public trust and retirement funds.

19 In addition to other duties and responsibilities provided for in
20 this chapter, the state investment board shall:

- 21 (1) Develop strategic asset allocation policies and guidelines;
- 22 (2) Establish investment policies, guidelines, and objectives for
23 the various funds;
- 24 (3) Select and terminate investment managers; and
- 25 (4) Authorize and review all contracts.

26 The board may delegate authority to the executive director
27 necessary to carry out board policies and approved investment
28 strategies.

1 NEW SECTION. **Sec. 18.** This act may be known and cited as the
2 government accountability act of 1992.

3 NEW SECTION. **Sec. 19.** If specific funding for this act,
4 referencing this act by bill number, is not provided by June 30, 1992,
5 in the supplemental biennial operating appropriations act, this act
6 shall be null and void.

7 NEW SECTION. **Sec. 20.** Sections 10 through 12 of this act shall
8 take effect July 1, 1993, for the purpose of incorporating these
9 sections into budget planning for the 1995-97 biennium.

10 NEW SECTION. **Sec. 21.** Sections 1, 2, 4, and 5 of this act
11 shall constitute a new chapter in Title 43 RCW.