

1 **SHB 1372 - H COMM AMD ADOPTED 03-17-93**

2 By Committee on Appropriations

3 Strike everything after the enacting clause and insert the
4 following:

5 "Sec. 1. RCW 43.88.160 and 1992 c 118 s 8 are each amended to
6 read as follows:

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

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

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

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

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

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

31 (a) Make surveys and analyses of agencies with the object of
32 determining better methods and increased effectiveness in the use
33 of manpower and materials; and the director shall authorize

1 expenditures for employee training to the end that the state may
2 benefit from training facilities made available to state employees;

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

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

19 (d) Fix the number and classes of positions or authorized man
20 years of employment for each agency and during the fiscal period
21 amend the determinations previously fixed by the director except
22 that the director shall not be empowered to fix said number or said
23 classes for 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
26 appropriation and RCW 43.88.525 through 43.88.540;

27 (f) Promulgate regulations to effectuate provisions contained
28 in (a) through (e) of this subsection.

29 (5) The treasurer shall:

30 (a) Receive, keep, and disburse all public funds of the state
31 not expressly required by law to be received, kept, and disbursed
32 by some other persons: PROVIDED, That this subsection shall not
33 apply to those public funds of the institutions of higher learning

1 which are not subject to appropriation;

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

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

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

8 It shall be unlawful for the treasurer to issue any warrant or
9 check for public funds in the treasury except upon forms duly
10 prescribed by the director of financial management. Said forms
11 shall provide for authentication and certification by the agency
12 head or the agency head's designee that the services have been
13 rendered or the materials have been furnished; or, in the case of
14 loans or grants, that the loans or grants are authorized by law;
15 or, in the case of payments for periodic maintenance services to be
16 performed on state owned equipment, that a written contract for
17 such periodic maintenance services is currently in effect and
18 copies thereof are on file with the office of financial management;
19 and the treasurer shall not be liable under the treasurer's surety
20 bond for erroneous or improper payments so made: PROVIDED, That
21 when services are lawfully paid for in advance of full performance
22 by any private individual or business entity other than as provided
23 for by RCW 42.24.035, such individual or entity other than central
24 stores rendering such services shall make a cash deposit or furnish
25 surety bond coverage to the state as shall be fixed in an amount by
26 law, or if not fixed by law, then in such amounts as shall be fixed
27 by the director of the department of general administration but in
28 no case shall such required cash deposit or surety bond be less
29 than an amount which will fully indemnify the state against any and
30 all losses on account of breach of promise to fully perform such
31 services: AND PROVIDED FURTHER, That no payments shall be made in
32 advance for any equipment maintenance services to be performed more
33 than three months after such payment. Any such bond so furnished

1 shall be conditioned that the person, firm or corporation receiving
2 the advance payment will apply it toward performance of the
3 contract. The responsibility for recovery of erroneous or improper
4 payments made under this section shall lie with the agency head or
5 the agency head's designee in accordance with regulations issued
6 pursuant to this chapter. Nothing in this section shall be
7 construed to permit a public body to advance funds to a private
8 service provider pursuant to a grant or loan before services have
9 been rendered or material furnished.

10 (6) The state auditor shall:

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

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

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

25 Determinations as to whether agencies, in making expenditures,
26 complied with the laws of this state(~~(:~~—PROVIDED, That nothing in
27 this section may be construed to grant the state auditor the right
28 to perform performance audits. A performance audit for the purpose
29 of this section is the examination of the effectiveness of the
30 administration, its efficiency, and its adequacy in terms of the
31 programs of departments or agencies as previously approved by the
32 legislature. The authority and responsibility to conduct such an
33 examination shall be vested in the legislative budget committee as

1 ~~prescribed in RCW 44.28.085~~)).

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

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

13 (f) Investigate improper governmental activity under chapter
14 42.40 RCW.

15 (7) The legislative budget committee may:

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

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

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

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

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

1 **Sec. 2.** RCW 44.28.085 and 1975 1st ex.s. c 293 s 15 are each
2 amended to read as follows:

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

25 The legislative budget committee shall receive a copy of each
26 report of examination issued by the state auditor under RCW
27 43.09.310, shall review all such reports, and shall make such
28 recommendations to the legislature and to the state auditor as it
29 deems appropriate."

EFFECT: Deletes the prohibition of performance audits by the
state auditor.