
SUBSTITUTE HOUSE BILL 1372

State of Washington

53rd Legislature

1993 Regular Session

By House Committee on State Government (originally sponsored by Representatives Pruitt, R. Fisher, Mielke, Sheldon, Dorn, Long, Veloria, Roland, Romero, Shin, R. Meyers, Finkbeiner, Jones, Dunshee, Jacobsen, Riley, Holm, Mastin, Kessler, Linville, Springer, Wolfe, Franklin, Kremen, Johanson, Karahalios, Flemming, Tate, L. Johnson, J. Kohl, Dellwo, G. Cole and Anderson; by request of State Auditor)

Read first time 03/03/93.

1 AN ACT Relating to accountability in state government; amending RCW
2 43.88.090, 43.09.050, 43.88.160, and 44.28.085; adding a new chapter to
3 Title 43 RCW; and creating new sections.

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

5 **PART I - STATE GOVERNMENT PERFORMANCE PLAN**

6 NEW SECTION. **Sec. 1.** The governor shall develop a vision for
7 state government performance in the following key functional areas of
8 state government: General government; health and human services;
9 community and economic development; the environment and natural
10 resources; transportation; K-12 education; and higher education. This
11 performance-based vision shall include benchmarks in the key functional
12 areas of state government and shall be developed with the involvement
13 of affected stakeholders. The governor shall submit his or her vision
14 and benchmarks to the legislature for approval by January 1, 1994.

15 NEW SECTION. **Sec. 2.** By July 1, 1994, each state agency shall
16 define its mission or missions and establish measurable goals for
17 achieving desirable results or outcomes for its customers. Agency

1 customers shall include, but not be limited to, service recipients,
2 regulated entities, and the public at large. This section shall not be
3 construed to require an agency to develop a new mission or goals in
4 place of existing identifiable missions or goals which meet the intent
5 of this provision. Each state agency should involve affected
6 stakeholders in planning its missions and goals.

7 **Sec. 3.** RCW 43.88.090 and 1989 c 273 s 26 are each amended to read
8 as follows:

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

20 ~~(2) ((Estimates from each agency shall include goals and objectives~~
21 ~~for each program administered by the agency. The goals and objectives~~
22 ~~shall, whenever possible, be stated in terms of objective measurable~~
23 ~~results.))~~ For the purpose of assessing program performance, each
24 state agency shall establish program objectives for each major program
25 in its budget. The objectives shall be consistent with the vision and
26 goals developed under sections 1 and 2 of this act. These objectives
27 shall be established for the biennium and for a six-year planning
28 cycle. Each agency shall express the objectives in an outcome based,
29 objective, quantifiable, and measurable form unless permitted by the
30 office of financial management to adopt a different standard.

31 The estimates shall include statements or tables which indicate, by
32 agency, the state funds which are required for the receipt of federal
33 matching revenues. The estimates shall be revised as necessary to
34 reflect legislative enactments and adopted appropriations and shall be
35 included with the initial biennial allotment submitted under RCW
36 43.88.110.

37 (3) In the year of the gubernatorial election, the governor shall
38 invite the governor-elect or the governor-elect's designee to attend

1 all hearings provided in RCW 43.88.100; and the governor shall furnish
2 the governor-elect or the governor-elect's designee with such
3 information as will enable the governor-elect or the governor-elect's
4 designee to gain an understanding of the state's budget requirements.
5 The governor-elect or the governor-elect's designee may ask such
6 questions during the hearings and require such information as the
7 governor-elect or the governor-elect's designee deems necessary and may
8 make recommendations in connection with any item of the budget which,
9 with the governor-elect's reasons therefor, shall be presented to the
10 legislature in writing with the budget document. Copies of all such
11 estimates and other required information shall also be submitted to the
12 standing committees on ways and means of the house and senate.

13 **PART II - GOVERNMENT ACCOUNTABILITY TASK FORCE**

14 NEW SECTION. **Sec. 4.** There is created a government accountability
15 task force to advise the legislature on establishing a comprehensive,
16 integrated program accountability system for state government. The
17 composition of the task force shall be as follows:

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

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

24 (3) The state auditor;

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

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

27 (6) The superintendent of public instruction; and

28 (7) The chair of the higher education coordinating board.

29 The chair of the task force shall be selected by its members. Staffing
30 for the task force shall be provided by the legislative budget
31 committee.

32 This section shall expire June 30, 1998.

33 NEW SECTION. **Sec. 5.** The government accountability task force
34 shall develop an integrated, comprehensive program accountability
35 system for state government. At a minimum, the task force shall:

1 (1) Immediately direct operational reviews of state agency
2 programs. The task force shall establish a 1993 schedule of
3 operational reviews and decide whether the legislative budget
4 committee, the state auditor, or the commission for efficiency and
5 accountability in government shall conduct each review;

6 (2) Develop a plan for performance audits of state agencies in the
7 executive branch of state government. This plan shall include
8 identification of the proper roles for state agencies, the state
9 auditor, the legislative budget committee, and the commission for
10 efficiency and accountability in government in conducting these
11 performance audits. The plan shall designate the scope and type of
12 audits to be performed. The plan shall also establish a prioritized
13 schedule of audits to be performed. The task force shall present this
14 plan to the governor and to the legislature by January 1994;

15 (3) Recommend, by January 1995, accountability strategies in the
16 following areas:

17 (a) Compliance with the law in the use of resources;

18 (b) Efficiency in the use of resources;

19 (c) Effectiveness in meeting program goals and targets; and

20 (d) Appropriateness of program activity in fulfilling the
21 identified public need;

22 (4) Recommend a plan for a state reporting process on program
23 accountability that addresses to what extent agencies are meeting the
24 goals established under section 2 of this act. Reports to the governor
25 and to the legislature shall begin by January 1997; and

26 (5) Develop a plan for a state-wide performance-based evaluation
27 system that addresses:

28 (a) The development of standard program evaluation definitions and
29 suggested guidelines for conducting program evaluations;

30 (b) The provision of technical assistance and training programs to
31 agencies in conducting evaluations and using the results of evaluations
32 to improve programs;

33 (c) The establishment of automated data systems for streamlining
34 the program evaluation process and for tracking results;

35 (d) The establishment of a clearinghouse for program evaluation
36 results and information from other states and the federal government;
37 and

38 (e) How to implement performance indicators.

1 The task force shall present this system to the legislature by
2 January 1, 1996.

3 **PART III - STATE AUDITOR**

4 **Sec. 6.** RCW 43.09.050 and 1992 c 118 s 6 are each amended to read
5 as follows:

6 The auditor shall:

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

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

13 (3) Investigate improper governmental activity under chapter 42.40
14 RCW;

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

21 (5) 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 (6) 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 (7) Authenticate with his or her official seal papers issued from
28 his or her office;

29 (8) Make his or her official report annually on or before the 31st
30 of December;

31 (9) Conduct performance audits and operational reviews of state
32 agency programs as directed by the government accountability task force
33 under section 5 (1) and (2) of this act.

34 **Sec. 7.** RCW 43.88.160 and 1992 c 118 s 8 are each amended to read
35 as follows:

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

9 (1) Governor; director of financial management. The governor,
10 through the director of financial management, shall devise and
11 supervise a modern and complete accounting system for each agency to
12 the end that all revenues, expenditures, receipts, disbursements,
13 resources, and obligations of the state shall be properly and
14 systematically accounted for. The accounting system shall include the
15 development of accurate, timely records and reports of all financial
16 affairs of the state. The system shall also provide for central
17 accounts in the office of financial management at the level of detail
18 deemed necessary by the director to perform central financial
19 management. The director of financial management shall adopt and
20 periodically update an accounting procedures manual. Any agency
21 maintaining its own accounting and reporting system shall comply with
22 the updated accounting procedures manual and the rules of the director
23 adopted under this chapter. An agency may receive a waiver from
24 complying with this requirement if the waiver is approved by the
25 director. Waivers expire at the end of the fiscal biennium for which
26 they are granted. The director shall forward notice of waivers granted
27 to the appropriate legislative fiscal committees. The director of
28 financial management may require such financial, statistical, and other
29 reports as the director deems necessary from all agencies covering any
30 period.

31 (2) The director of financial management is responsible for
32 quarterly reporting of primary operating budget drivers such as
33 applicable workloads, caseload estimates, and appropriate unit cost
34 data. These reports shall be transmitted to the legislative fiscal
35 committees or by electronic means to the legislative evaluation and
36 accountability program committee. Quarterly reports shall include
37 actual monthly data and the variance between actual and estimated data
38 to date. The reports shall also include estimates of these items for
39 the remainder of the budget period.

1 (3) The director of financial management shall report at least
2 annually to the appropriate legislative committees regarding the status
3 of all appropriated capital projects, including transportation
4 projects, showing significant cost overruns or underruns. If funds are
5 shifted from one project to another, the office of financial management
6 shall also reflect this in the annual variance report. Once a project
7 is complete, the report shall provide a final summary showing estimated
8 start and completion dates of each project phase compared to actual
9 dates, estimated costs of each project phase compared to actual costs,
10 and whether or not there are any outstanding liabilities or unsettled
11 claims at the time of completion.

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

14 (a) Make surveys and analyses of agencies with the object of
15 determining better methods and increased effectiveness in the use of
16 manpower and materials; and the director shall authorize expenditures
17 for employee training to the end that the state may benefit from
18 training facilities made available to state employees;

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

21 (c) Review any pay and classification plans, and changes
22 thereunder, developed by any agency for their fiscal impact: PROVIDED,
23 That none of the provisions of this subsection shall affect merit
24 systems of personnel management now existing or hereafter established
25 by statute relating to the fixing of qualifications requirements for
26 recruitment, appointment, or promotion of employees of any agency. The
27 director shall advise and confer with agencies including appropriate
28 standing committees of the legislature as may be designated by the
29 speaker of the house and the president of the senate regarding the
30 fiscal impact of such plans and may amend or alter said plans, except
31 that for the following agencies no amendment or alteration of said
32 plans may be made without the approval of the agency concerned:
33 Agencies headed by elective officials;

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

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

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

6 (5) The treasurer shall:

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

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

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

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

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

1 AND PROVIDED FURTHER, That no payments shall be made in advance for any
2 equipment maintenance services to be performed more than three months
3 after such payment. Any such bond so furnished shall be conditioned
4 that the person, firm or corporation receiving the advance payment will
5 apply it toward performance of the contract. The responsibility for
6 recovery of erroneous or improper payments made under this section
7 shall lie with the agency head or the agency head's designee in
8 accordance with regulations issued pursuant to this chapter. Nothing
9 in this section shall be construed to permit a public body to advance
10 funds to a private service provider pursuant to a grant or loan before
11 services have been rendered or material furnished.

12 (6) The state auditor shall:

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

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

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

26 Determinations as to whether agencies, in making expenditures,
27 complied with the laws of this state(~~(: PROVIDED, That nothing in this~~
28 ~~section may be construed to grant the state auditor the right to~~
29 ~~perform performance audits. A performance audit for the purpose of~~
30 ~~this section is the examination of the effectiveness of the~~
31 ~~administration, its efficiency, and its adequacy in terms of the~~
32 ~~programs of departments or agencies as previously approved by the~~
33 ~~legislature. The authority and responsibility to conduct such an~~
34 ~~examination shall be vested in the legislative budget committee as~~
35 ~~prescribed in RCW 44.28.085)).~~

36 (d) Be empowered to take exception to specific expenditures that
37 have been incurred by any agency or to take exception to other
38 practices related in any way to the agency's financial transactions and
39 to cause such exceptions to be made a matter of public record,

1 including disclosure to the agency concerned and to the director of
2 financial management. It shall be the duty of the director of
3 financial management to cause corrective action to be taken promptly,
4 such action to include, as appropriate, the withholding of funds as
5 provided in RCW 43.88.110.

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

7 (f) Investigate improper governmental activity under chapter 42.40
8 RCW.

9 (7) The legislative budget committee may:

10 (a) Make post audits of the financial transactions of any agency
11 and management surveys and program reviews as provided for in RCW
12 44.28.085. To this end the committee may in its discretion examine the
13 books, accounts, and other records of any agency, official, or
14 employee.

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

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

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

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

28 **Sec. 8.** RCW 44.28.085 and 1975 1st ex.s. c 293 s 15 are each
29 amended to read as follows:

30 The legislative budget committee shall make management surveys and
31 program reviews as to every public body, officer or employee subject to
32 the provisions of RCW 43.09.290 through 43.09.340. The legislative
33 budget committee may also make management surveys and program reviews
34 of local school districts, intermediate school districts, and other
35 units of local government receiving state funds as grants-in-aid or as
36 shared revenues. Management surveys for the purposes of this section
37 shall be an independent examination for the purpose of providing the
38 legislature with an evaluation and report of the manner in which any

1 public agency, officer, administrator, or employee has discharged the
2 responsibility to faithfully, efficiently, and effectively administer
3 any legislative purpose of the state. Program reviews for the purpose
4 of this section shall be an examination of state or local government
5 programs to ascertain whether or not such programs continue to serve
6 their intended purposes, are conducted in an efficient and effective
7 manner, or require modification or elimination: PROVIDED, That nothing
8 in this section shall limit the power or duty of the state auditor to
9 report to the legislature as directed by subsection (3) of RCW
10 43.88.160 (~~as now or hereafter amended. The authority in this section~~
11 ~~conferred excludes a like authority in the state auditor~~)).

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

16 **PART IV - MISCELLANEOUS**

17 NEW SECTION. **Sec. 9.** This act may be known and cited as the
18 government accountability act of 1993.

19 NEW SECTION. **Sec. 10.** Sections 4 and 5 of this act shall
20 constitute a new chapter in Title 43 RCW.

21 NEW SECTION. **Sec. 11.** CAPTIONS. Captions and part headings as
22 used in this act constitute no part of the law.

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