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**SUBSTITUTE HOUSE BILL 1548**

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**State of Washington**

**54th Legislature**

**1995 Regular Session**

**By** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives L. Thomas, Dellwo, Goldsmith, Rust, Wolfe, B. Thomas, Backlund, Kessler, Kremen, Robertson, Thompson, Huff, Elliot, McMorris, D. Schmidt, McMahan, Hickel, Schoesler, Clements, Cooke and Brumsickle; by request of State Treasurer)

Read first time 02/10/95.

1 AN ACT Relating to performance audits of the state investment  
2 board; and adding a new chapter to Title 43 RCW.

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

4 NEW SECTION. **Sec. 1.** Unless the context clearly requires  
5 otherwise, the definitions in this section apply throughout this  
6 chapter.

7 (1) "Board" means the state investment board.

8 (2) "Auditor" means the state auditor.

9 (3) "Performance audit" means: (a) Identifying the appropriate  
10 statutory mandates and limitations that apply to the investment  
11 programs and practices of the board; (b) determining whether the board  
12 is complying with its statutory mandates; (c) recommending corrective  
13 action, if necessary; (d) identifying appropriate standards for  
14 management practices and operations regarding investments; (e)  
15 determining the extent to which the board is complying with such  
16 standards; and (f) recommending ways for the board to improve its level  
17 of compliance.

1        NEW SECTION.    **Sec. 2.**    The auditor, in consultation with the  
2 legislative budget committee, is responsible for the conduct of  
3 performance audits of the board. The auditor shall conduct performance  
4 audits at least once every four years, but not more frequently than  
5 every two years unless requested to do so by the governor to address  
6 serious concerns that arise. The auditor shall establish and publish  
7 a schedule of regular performance audits and solicit public comment  
8 relative to the performance of the board at least three months prior to  
9 the conduct of a regularly scheduled performance audit.

10       NEW SECTION.    **Sec. 3.**    The cost of performance audits conducted  
11 under section 2 of this act shall be payable from the funds managed by  
12 the board, proportional to the value of the assets of each fund.

13       NEW SECTION.    **Sec. 4.**    The auditor, to the greatest extent  
14 possible, shall coordinate with the legislative budget committee, the  
15 office of financial management, and other state agencies as  
16 appropriate, when developing performance audit goals, objectives, and  
17 standards for the board.

18       NEW SECTION.    **Sec. 5.**    The auditor shall, under chapter 39.29 RCW,  
19 obtain and utilize the services of private firms with sufficient  
20 professional staff possessing the education, training, and practical  
21 experience auditing private and governmental entities necessary to  
22 conduct the performance audits required by this chapter.

23       NEW SECTION.    **Sec. 6.**    Sections 1 through 5 of this act shall  
24 constitute a new chapter in Title 43 RCW.

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