
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2222

State of Washington

54th Legislature

1996 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Backlund, Huff, Foreman, B. Thomas, Smith, Horn, Hymes, Honeyford, Fuhrman, Lambert, Thompson and McMahan)

Read first time 02/03/96. Referred to Committee on .

1 AN ACT Relating to legislative oversight of state and local
2 government programs; amending RCW 44.28.010, 44.28.020, 44.28.030,
3 44.28.040, 44.28.060, 44.28.140, 44.28.080, 44.28.180, 44.28.087,
4 44.28.100, 44.28.120, 44.28.130, 44.28.150, 43.88.020, 43.88.090,
5 43.88.160, 28A.630.830, 28B.20.382, 39.19.060, 39.29.016, 39.29.018,
6 39.29.025, 39.29.055, 41.06.070, 42.48.060, 43.09.310, 43.21J.800,
7 43.79.270, 43.79.280, 43.88.205, 43.88.230, 43.88.310, 43.88.510,
8 43.131.050, 43.131.060, 43.131.070, 43.131.080, 43.131.110, 43.250.080,
9 44.40.025, 67.70.310, and 79.01.006; adding new sections to chapter
10 44.28 RCW; creating a new section; recodifying RCW 44.28.140,
11 44.28.180, and 44.28.087; and repealing RCW 44.28.085 and 44.28.086.

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

13 NEW SECTION. **Sec. 1.** The public expects the legislature to
14 address citizens' increasing demand for the basic services of state
15 government, while limiting the growth in spending. The public demands
16 that public officials and state employees be accountable to provide
17 maximum value for every dollar entrusted to state government. The
18 public believes that it is possible to improve the responsiveness of

1 state government and to save the taxpayers' money, and that efficiency
2 and effectiveness should result in savings.

3 The legislature, public officials, state employees, and citizens
4 need to know the extent to which state agencies, programs, and
5 activities are achieving the purposes for which they were created. It
6 is essential to compare the conditions, problems, and priorities that
7 led to the creation of government programs with current conditions,
8 problems, and priorities, and to examine the need for and performance
9 of those programs in the current environment.

10 Along with examining the performance of state agencies and
11 programs, the legislature, public officials, state employees, and
12 citizens must also consider the effect that state government programs
13 can reasonably expect to have on citizens' lives, how the level of
14 programs and services of Washington state government compares with that
15 of other states, and alternatives for service delivery, including other
16 levels of government and the private sector including not-for-profit
17 organizations. It is essential that the legislature, public officials,
18 state employees, and citizens share a common understanding of the role
19 of state government. The performance and relative priority of state
20 agency programs and activities must be the basis for managing and
21 allocating resources within Washington state government.

22 It is the intent of the legislature to strengthen the role of the
23 current legislative budget committee and the state auditor so that they
24 may more effectively examine how efficiently state agencies perform
25 their responsibilities and whether the agencies are achieving their
26 goals, and whether units of local government are using state funds for
27 their intended purpose in an efficient and effective manner. It is
28 also the intent of the legislature to enact a clear set of definitions
29 for different types of audits in order to eliminate confusion with
30 regard to government reviews.

31 NEW SECTION. **Sec. 2.** Unless the context clearly requires
32 otherwise, the definitions in this section apply throughout this
33 chapter.

34 (1) "Director" means the director of the office of the joint
35 legislative audit and review committee.

36 (2) "Economy and efficiency audits" means performance audits that
37 establish: (a) Whether a state agency or unit of local government
38 receiving state funds is acquiring, protecting, and using its resources

1 such as personnel, property, and space economically and efficiently;
2 (b) the causes of inefficiencies or uneconomical practices; and (c)
3 whether the state agency or local government has complied with
4 significant laws and rules in acquiring, protecting, and using its
5 resources.

6 (3) "Final compliance report" means a written document, as approved
7 by the joint committee, that states the specific actions a state agency
8 or unit of local government receiving state funds has taken to
9 implement recommendations contained in the final performance audit
10 report and the preliminary compliance report. Any recommendations,
11 including proposed legislation and changes in the agency's rules and
12 practices or the local government's practices, based on testimony
13 received, must be included in the final compliance report.

14 (4) "Final performance audit report" means a written document
15 adopted by the joint legislative audit and review committee that
16 contains the findings and proposed recommendations made in the
17 preliminary performance audit report, the final recommendations adopted
18 by the joint committee, any comments to the preliminary performance
19 audit report by the joint committee, and any comments to the
20 preliminary performance audit report by the state agency or local
21 government that was audited.

22 (5) "Joint committee" means the joint legislative audit and review
23 committee.

24 (6) "Local government" means a city, town, county, special purpose
25 district, political subdivision, municipal corporation, or quasi-
26 municipal corporation, including a public corporation created by such
27 an entity.

28 (7) "Performance audit" means an objective and systematic
29 assessment of a state agency or any of its programs, functions, or
30 activities, or a unit of local government receiving state funds, by an
31 independent evaluator in order to help public officials improve
32 efficiency, effectiveness, and accountability. Performance audits
33 include economy and efficiency audits, program audits, and performance
34 verifications. A performance audit of a local government may only be
35 made to determine whether the local government is using state funds for
36 their intended purpose in an efficient and effective manner.

37 (8) "Performance measures" means realistic estimates, generally in
38 quantifiable terms, of what a state agency or a unit of local

1 government receiving state funds is expected to achieve in a program,
2 function, or activity.

3 (9) "Performance verification" means an analysis that verifies: (a)
4 The accuracy of data used by a state agency or a unit of local
5 government receiving state funds in quantifying intended results and
6 measuring performance toward those results; and (b) whether the
7 reported results were achieved.

8 (10) "Preliminary compliance report" means a written document that
9 states the specific actions a state agency or unit of local government
10 receiving state funds has taken to implement any recommendations
11 contained in the final performance audit report.

12 (11) "Preliminary performance audit report" means a written
13 document prepared for review and comment by the joint legislative audit
14 and review committee after the completion of a performance audit. The
15 preliminary performance audit report must contain the audit findings
16 and any proposed recommendations to improve the efficiency,
17 effectiveness, or accountability of the state agency or local
18 government audited.

19 (12) "Program audits" means performance audits that determine: (a)
20 The extent to which desired outcomes or results are being achieved; (b)
21 the causes for not achieving intended outcomes or results; and (c)
22 compliance with significant laws and rules applicable to the program.

23 (13) "State agency" or "agency" means a state agency, department,
24 office, officer, board, commission, bureau, division, institution, or
25 institution of higher education. "State agency" includes all elective
26 offices in the executive branch of state government.

27 **Sec. 3.** RCW 44.28.010 and 1983 c 52 s 1 are each amended to read
28 as follows:

29 (~~(There is hereby created a)~~) (1) The joint legislative ((budget))
30 audit and review committee is created, which shall consist of eight
31 senators and eight representatives from the legislature, and two
32 nonvoting members of the general public appointed under subsection (2)
33 of this section. The senate members of the committee shall be
34 appointed by the president of the senate, and the house members of the
35 committee shall be appointed by the speaker of the house. Not more
36 than four members from each house shall be from the same political
37 party. Members shall be appointed before the close of each regular
38 session of the legislature during an odd-numbered year(~~(:—PROVIDED,~~

1 ~~That if prior to~~). If before the close of a regular session during an
2 odd-numbered year, the governor issues a proclamation convening the
3 legislature into special session, or the legislature by resolution
4 convenes the legislature into special session, following such regular
5 session, then such appointments shall be made as a matter of closing
6 business of such special session. Members shall be subject to
7 confirmation, as to the senate members by the senate, and as to the
8 house members by the house. In the event of a failure to appoint or
9 confirm joint committee members, (~~either on the part of the president~~
10 ~~of the senate or on the part of the speaker of the house, or in the~~
11 ~~event of a refusal by either the senate or the house to confirm~~
12 ~~appointments on the committee, then~~) the members of the joint
13 committee from either house in which there is a failure to appoint or
14 confirm shall be elected (~~forthwith~~) by the members of such house.

15 (2) The speaker of the house shall appoint one of the members
16 representing the general public, and the president of the senate shall
17 appoint the other member representing the general public. The general
18 public members must be appointed before the close of each regular
19 session of the legislature during an odd-numbered year. The term for
20 the general public members commences upon appointment and expires at
21 the close of session in the next odd-numbered year and continues until
22 a successor is appointed. The speaker of the house or the president of
23 the senate, as appropriate, shall make an appointment to fill a vacancy
24 in the general public member positions for the unexpired term.

25 **Sec. 4.** RCW 44.28.020 and 1980 c 87 s 31 are each amended to read
26 as follows:

27 The term of office of the members of the joint committee who
28 continue to be members of the senate and house shall be from the close
29 of the session in which they were appointed or elected as provided in
30 RCW 44.28.010 until the close of the next regular session during an
31 odd-numbered year or special session following such regular session,
32 or, in the event that such appointments or elections are not made,
33 until the close of the next regular session during an odd-numbered year
34 during which successors are appointed or elected. The term of office
35 of (~~such~~) joint committee members (~~as shall~~) who do not continue to
36 be members of the senate and house (~~shall~~) ceases upon the convening
37 of the next regular session of the legislature during an odd-numbered
38 year after their confirmation, election or appointment. Vacancies on

1 the joint committee, except for vacancies in the positions designated
2 for members of the general public, shall be filled by appointment by
3 the remaining members. All such vacancies shall be filled from the
4 same political party and from the same house as the member whose seat
5 was vacated.

6 **Sec. 5.** RCW 44.28.030 and 1955 c 206 s 6 are each amended to read
7 as follows:

8 On and after the commencement of a succeeding general session of
9 the legislature, those members of the joint committee who continue to
10 be members of the senate and house, respectively, shall continue as
11 members of the joint committee as indicated in RCW 44.28.020 and the
12 joint committee shall continue with all its powers, duties,
13 authorities, records, papers, personnel and staff, and all funds made
14 available for its use.

15 **Sec. 6.** RCW 44.28.040 and 1975-'76 2nd ex.s. c 34 s 134 are each
16 amended to read as follows:

17 The legislative members of the joint committee shall serve without
18 additional compensation, but shall be reimbursed for their travel
19 expenses(~~(,)~~) in accordance with RCW 44.04.120 (~~((as now existing or~~
20 ~~hereafter amended, incurred while))~~ for attending ((sessions)) meetings
21 of the joint committee or ((meetings of any)) a subcommittee of the
22 joint committee, or while engaged on other ((committee)) business
23 authorized by the joint committee(~~(, and while going to and coming from~~
24 ~~committee sessions or committee meetings)).~~ The general public members
25 of the joint committee shall serve without compensation but shall be
26 reimbursed for their travel expenses in accordance with RCW 43.03.050
27 and 43.03.060.

28 **Sec. 7.** RCW 44.28.060 and 1975 1st ex.s. c 293 s 13 are each
29 amended to read as follows:

30 The members of the joint committee shall (~~((have the power and duty~~
31 ~~to appoint its own chairman, vice chairman, and other officers; to make~~
32 ~~rules and regulations for orderly procedure; to perform, either through~~
33 ~~the legislative budget committee or through subcommittees of the~~
34 ~~legislative budget committee, all duties and functions relating to~~
35 ~~improving the economy, efficiency, and effectiveness of state agency~~
36 ~~management by performance audits and other staff studies of state~~

1 government, — its — officers, — boards, — committees, — commissions,
2 institutions, and other state agencies)) form an executive committee
3 consisting of one member from each of the four major political
4 caucuses, which shall include a chair and a vice-chair. The chair and
5 vice-chair shall serve for a period not to exceed one year. The chair
6 and the vice-chair may not be members of the same political party. The
7 chair shall alternate between the members of the senate and the house
8 of representatives, and between each political party. The general
9 public members of the joint committee may not serve as chair or vice-
10 chair.

11 The executive committee is responsible for performing all general
12 administrative and personnel duties assigned to it in the rules and
13 procedures adopted by the joint committee, as well as other duties
14 delegated to it by the joint committee. The executive committee shall
15 recommend applicants for the position of the director to the membership
16 of the joint committee. The director shall be hired with the approval
17 of a majority of the membership of the joint committee. The executive
18 committee shall set the salary of the director.

19 The joint committee shall adopt rules and procedures for its
20 orderly operation. The joint committee may create subcommittees to
21 perform duties under this chapter.

22 **Sec. 8.** RCW 44.28.140 and 1975 1st ex.s. c 293 s 17 are each
23 amended to read as follows:

24 ~~((The committee is hereby authorized and empowered to appoint an~~
25 ~~officer to be known as the legislative auditor, and to fix his~~
26 ~~compensation, who shall be the executive officer of the committee and~~
27 ~~assist in its duties and shall compile information for the committee.~~
28 ~~The committee is hereby authorized and empowered to select and employ~~
29 ~~other clerical, legal, accounting, research and other personnel that it~~
30 ~~may deem desirable in the performance of its duties, and the~~
31 ~~compensation and salaries shall be fixed by the legislative budget~~
32 ~~committee.))~~

33 The ~~((duties of the legislative auditor))~~ director shall ~~((be as~~
34 ~~follows))~~:

35 (1) ~~((To ascertain the facts and make recommendations to the~~
36 ~~committee and under their direction to the committees of the state~~
37 ~~legislature concerning~~

38 ~~(a) revenues and expenditures of the state; and~~

1 ~~(b) the organization and functions of the state, its departments,~~
2 ~~subdivisions and agencies.~~

3 ~~(2) To~~) Establish and manage the office of the joint legislative
4 audit and review committee to carry out the functions of this chapter;

5 (2) Direct the audit and review functions described in this chapter
6 and ensure that all audits are performed in accordance with the
7 "Government Auditing Standards" published by the comptroller general of
8 the United States;

9 (3) Make findings and recommendations to the joint committee and
10 under its direction to the committees of the state legislature
11 concerning the organization and operation of state agencies and the
12 expenditure of state funds by units of local government;

13 (4) In consultation with and with the approval of the executive
14 committee, hire staff necessary to carry out the purposes of this
15 chapter. Employee salaries, other than the director, shall be set by
16 the director with the approval of the executive committee, the
17 secretary of the senate, and the chief clerk of the house of
18 representatives;

19 (5) Assist the several standing committees of the house and senate
20 in consideration of legislation affecting state departments and their
21 efficiency; ~~(to)~~ appear before other legislative committees; and
22 ~~(to)~~ assist any other legislative committee upon instruction by the
23 joint legislative ~~(budget)~~ audit and review committee.

24 ~~((3) To)~~ (6) Provide the legislature with information obtained
25 under the direction of the joint legislative ~~(budget)~~ audit and
26 review committee~~(-)~~;

27 ~~((4) To)~~ (7) Maintain a record of all work performed by the
28 ~~(legislative auditor)~~ director under the direction of the joint
29 legislative ~~(budget)~~ audit and review committee and ~~(to)~~ keep and
30 make available all documents, data, and reports submitted to ~~(him)~~
31 the director by any legislative committee.

32 NEW SECTION. Sec. 9. (1) In conducting performance audits, the
33 director may work in consultation with the state auditor and the
34 director of financial management. The director shall also work closely
35 with the chairs and staff of standing committees of the senate and
36 house of representatives.

37 (2) The director shall contract with and consult with public and
38 private independent professional and technical experts as necessary in

1 conducting the performance audits. The director shall also involve
2 front-line employees and internal auditors in the performance audit
3 process to the highest possible degree.

4 (3) The director shall work with the legislative evaluation and
5 accountability program committee and the office of financial management
6 to develop information system capabilities necessary for the
7 performance audit requirements of this chapter.

8 (4) The director shall work with the Washington performance
9 partnership and the office of financial management to facilitate the
10 implementation of effective performance measures throughout state
11 government. In agencies and programs where effective systems for
12 performance measurement exist, the measurements incorporated into those
13 systems must be the basis for performance audits conducted under this
14 chapter.

15 NEW SECTION. **Sec. 10.** (1) Subject to the requirements of the
16 performance audit work plan approved by the joint committee under RCW
17 44.28.180, as recodified by this act, performance audits may, in
18 addition to the determinations that may be made in such an audit as
19 specified in section 2 of this act, include the following:

20 (a) An examination of the costs and benefits of agency programs,
21 functions, and activities;

22 (b) Identification of viable alternatives for reducing costs or
23 improving service delivery;

24 (c) Identification of gaps and overlaps in service delivery, along
25 with corrective action;

26 (d) Comparison with other states whose agencies perform similar
27 functions, as well as their relative funding levels and performance;

28 (e) A determination of the existence and utility of an agency or
29 program strategic plan that includes the agency's or program's mission,
30 measurable goals, and clear strategies with timelines to achieve those
31 goals; and

32 (f) A determination as to the potential for a workable, affordable
33 plan to improve performance in the event an agency or program is
34 ineffective.

35 (2) As part of a performance audit, the director may review the
36 costs of programs recently implemented by the legislature to compare
37 actual agency costs with the appropriations provided and the cost

1 estimates that were included in the fiscal note for the program at the
2 time the program was enacted.

3 **Sec. 11.** RCW 44.28.080 and 1975 1st ex.s. c 293 s 14 are each
4 amended to read as follows:

5 The joint committee (~~((shall have))~~) has the following powers:

6 (1) To make examinations and reports concerning whether or not
7 appropriations are being expended for the purposes and within the
8 statutory restrictions provided by the legislature; (~~((concerning the
9 economic outlook and estimates of revenue to meet expenditures;))~~) and
10 concerning the organization and operation of procedures necessary or
11 desirable to promote economy, efficiency, and effectiveness in state
12 government, its officers, boards, committees, commissions,
13 institutions, and other state agencies, and to make recommendations and
14 reports to the legislature.

15 (2) To make such other studies and examinations of economy,
16 efficiency, and effectiveness of state government and its state
17 agencies as it may find advisable, and to hear complaints, hold
18 hearings, gather information, and make findings of fact with respect
19 thereto.

20 (3) (~~((The committee shall have the power))~~) To conduct program and
21 fiscal reviews of any state agency or program scheduled for termination
22 under the process provided under chapter 43.131 RCW.

23 (4) To perform other legislative staff studies of state government
24 or the use of state funds.

25 (5) To receive a copy of each report of examination or audit issued
26 by the state auditor for examinations or audits that were conducted at
27 the request of the joint committee, to review the report or audit, and
28 make recommendations to the legislature and the state auditor as it
29 deems appropriate as a separate addendum to the report or audit.

30 (6) To develop internal tracking procedures that will allow the
31 legislature to measure the effectiveness of performance audits
32 conducted by the joint committee. At a minimum, the procedures must
33 measure cost-savings and increases in efficiency and effectiveness in
34 how state agencies deliver their services.

35 (7) To receive messages and reports in person or in writing from
36 the governor or any other state officials and to study generally any
37 and all business relating to economy, efficiency, and effectiveness in
38 state government and state agencies.

1 **Sec. 12.** RCW 44.28.180 and 1993 c 406 s 5 are each amended to read
2 as follows:

3 (1) ~~((In conducting program evaluations as defined in RCW~~
4 ~~43.88.020, the legislative budget committee may establish a biennial~~
5 ~~work plan))~~ During the regular legislative session of each odd-numbered
6 year, beginning with 1997, the joint legislative audit and review
7 committee shall develop and approve a performance audit work plan for
8 the subsequent sixteen to twenty-four-month period that identifies
9 state agency programs for which formal evaluation appears necessary.
10 Among the factors to be considered in preparing the work plan are:

11 (a) Whether a program newly created or significantly altered by the
12 legislature warrants continued oversight because (i) the fiscal impact
13 of the program is significant, or (ii) the program represents a
14 relatively high degree of risk in terms of reaching the stated goals
15 and objectives for that program;

16 (b) Whether implementation of an existing program has failed to
17 meet its goals and objectives by any significant degree; and

18 (c) Whether a follow-up audit would help ensure that previously
19 identified recommendations for improvements were being implemented.

20 (2) The project description for each ~~((program evaluation shall))~~
21 performance audit must include start and completion dates, the proposed
22 ~~((research))~~ approach, and cost estimates.

23 (3) The director shall consult with the state auditor, the director
24 of financial management, and the chairs and staff of appropriate
25 legislative committees in developing the work plan. The work plan must
26 identify the role of the joint committee, the state auditor, and public
27 and private sector experts necessary to complete each performance
28 audit.

29 (4) The overall work plan may include proposals to employ contract
30 ~~((evaluators))~~ resources. As conditions warrant, the ~~((program~~
31 ~~evaluation))~~ performance audit work plan may be amended from time to
32 time. All ~~((biennial))~~ performance audit work plans shall be
33 transmitted to the appropriate fiscal and policy committees of the
34 senate and the house of representatives no later than the sixtieth day
35 of the regular legislative session of each odd-numbered year, beginning
36 with 1997.

37 NEW SECTION. **Sec. 13.** (1) When the director has completed a
38 performance audit authorized in the performance audit work plan, the

1 director shall transmit the preliminary performance audit report to the
2 affected state agency or local government and the office of financial
3 management for its comments. The agency or local government and the
4 office of financial management shall provide any response to the
5 director within thirty days after receipt of the preliminary
6 performance audit report. The director shall incorporate the response
7 of the agency or local government and the office of financial
8 management into the final performance audit report.

9 (2) Before releasing the results of a performance audit to the
10 legislature or the public, the director shall submit the preliminary
11 performance audit report to the joint committee for its review,
12 comments, and final recommendations. Any comments by the joint
13 committee must be included as a separate addendum to the final
14 performance audit report. Upon consideration and incorporation of the
15 review, comments, and recommendations of the joint committee, the
16 director shall transmit the final performance audit report to the
17 affected agency or local government, the director of financial
18 management, the leadership of the senate and the house of
19 representatives, and the appropriate standing committees of the house
20 of representatives and the senate and shall publish the results and
21 make the report available to the public. For purposes of this section,
22 "leadership of the senate and the house of representatives" means the
23 speaker of the house, the majority leaders of the senate and the house
24 of representatives, the minority leaders of the senate and the house of
25 representatives, the caucus chairs of both major political parties of
26 the senate and the house of representatives, and the floor leaders of
27 both major political parties of the senate and the house of
28 representatives.

29 NEW SECTION. **Sec. 14.** (1) No later than nine months after the
30 final performance audit has been transmitted by the joint committee to
31 the appropriate standing committees of the house of representatives and
32 the senate, the joint committee in consultation with the standing
33 committees shall produce a preliminary compliance report on the
34 agency's or local government's compliance with the final performance
35 audit recommendations. The agency or local government may attach its
36 comments to the joint committee's preliminary compliance report as a
37 separate addendum.

1 (2) Within three months after the issuance of the preliminary
2 compliance report, the joint committee must hold at least one public
3 hearing and receive public testimony regarding the findings and
4 recommendations contained in the preliminary compliance report. The
5 joint committee may waive the public hearing requirement if the
6 preliminary compliance report demonstrates that the agency or local
7 government is in compliance with the audit recommendations. The joint
8 committee shall issue a final compliance report within four weeks after
9 the public hearing or hearings. The director shall transmit the final
10 compliance report in the same manner as a final performance audit is
11 transmitted under section 13 of this act.

12 NEW SECTION. **Sec. 15.** The joint committee shall undergo a quality
13 control review at least once every three years. The review must be
14 conducted by an organization that has experience in conducting
15 performance audits but that is not affiliated with Washington state
16 government. The quality control review must include, at a minimum, an
17 evaluation of the quality of the audits conducted by the joint
18 committee, an assessment of the audit procedures used by the joint
19 committee, and an assessment of the qualifications of the joint
20 committee staff to conduct performance audits.

21 NEW SECTION. **Sec. 16.** (1) The performance audit revolving fund is
22 established in the state treasury. Expenditures from the fund may only
23 be used for payment of the costs of performance audits performed
24 pursuant to the performance audit work plan approved by the joint
25 legislative audit and review committee under RCW 44.28.180. The costs
26 of a performance audit shall include all direct and indirect costs.
27 Moneys in the fund may only be spent after appropriation.

28 (2) The director shall assess state agencies all or a portion of
29 the costs of a performance audit from funds appropriated to the
30 agencies for administrative expenses. Agencies operating in whole or
31 in part from nonappropriated funds must pay into the revolving fund
32 such funds as will fully reimburse for the costs of a performance
33 audit.

34 (3) The costs of performance audits may also be paid from
35 appropriations made for that purpose.

1 NEW SECTION. **Sec. 17.** To ensure the accuracy and timeliness of
2 information used as the basis for performance audits and other
3 responsibilities of the legislature, the director or the director's
4 staff must be provided direct access to information held by any state
5 agency. Agencies shall submit directly to the joint legislative audit
6 and review committee all data and other information requested,
7 including tax records and client data. Any confidential data or
8 information provided to the committee must be kept confidential by the
9 joint committee.

10 **Sec. 18.** RCW 44.28.087 and 1973 1st ex.s. c 197 s 2 are each
11 amended to read as follows:

12 All agency reports concerning program performance, including
13 administrative review, quality control, and other internal audit or
14 performance reports, as requested by the (~~legislative budget~~) joint
15 committee, shall be furnished by the agency requested to provide such
16 report.

17 **Sec. 19.** RCW 44.28.100 and 1987 c 505 s 45 are each amended to
18 read as follows:

19 The joint committee (~~shall have the power to~~) may make reports
20 from time to time to the members of the legislature and to the public
21 with respect to any of its findings or recommendations. The joint
22 committee shall keep complete minutes of its meetings.

23 **Sec. 20.** RCW 44.28.120 and 1951 c 43 s 9 are each amended to read
24 as follows:

25 In case of the failure on the part of any person to comply with any
26 subpoena issued in behalf of the joint committee, or on the refusal of
27 any witness to testify to any matters regarding which he or she may be
28 lawfully interrogated, it shall be the duty of the superior court of
29 any county, or of the judge thereof, on application of the joint
30 committee, to compel obedience by proceedings for contempt, as in the
31 case of disobedience of the requirements of a subpoena issued from such
32 court or a refusal to testify therein.

33 **Sec. 21.** RCW 44.28.130 and 1951 c 43 s 10 are each amended to read
34 as follows:

1 Each witness who appears before the joint committee by its order,
2 other than a state official or employee, shall receive for his or her
3 attendance the fees and mileage provided for witnesses in civil cases
4 in courts of record, which shall be audited and paid upon the
5 presentation of proper vouchers signed by such witness and approved by
6 the (~~secretary and chairman~~) chair of the joint committee.

7 **Sec. 22.** RCW 44.28.150 and 1975 1st ex.s. c 293 s 18 are each
8 amended to read as follows:

9 The joint committee shall cooperate, act, and function with
10 legislative committees and with the councils or committees of other
11 states similar to this joint committee and with other interstate
12 research organizations.

13 **Sec. 23.** RCW 43.88.020 and 1995 c 155 s 1 are each amended to read
14 as follows:

15 (1) "Budget" means a proposed plan of expenditures for a given
16 period or purpose and the proposed means for financing these
17 expenditures.

18 (2) "Budget document" means a formal statement, either written or
19 provided on any electronic media or both, offered by the governor to
20 the legislature, as provided in RCW 43.88.030.

21 (3) "Director of financial management" means the official appointed
22 by the governor to serve at the governor's pleasure and to whom the
23 governor may delegate necessary authority to carry out the governor's
24 duties as provided in this chapter. The director of financial
25 management shall be head of the office of financial management which
26 shall be in the office of the governor.

27 (4) "Agency" means and includes every state office, officer, each
28 institution, whether educational, correctional, or other, and every
29 department, division, board, and commission, except as otherwise
30 provided in this chapter.

31 (5) "Public funds", for purposes of this chapter, means all moneys,
32 including cash, checks, bills, notes, drafts, stocks, and bonds,
33 whether held in trust, for operating purposes, or for capital purposes,
34 and collected or disbursed under law, whether or not such funds are
35 otherwise subject to legislative appropriation, including funds
36 maintained outside the state treasury.

1 (6) "Regulations" means the policies, standards, and requirements,
2 stated in writing, designed to carry out the purposes of this chapter,
3 as issued by the governor or the governor's designated agent, and which
4 shall have the force and effect of law.

5 (7) "Ensuing biennium" means the fiscal biennium beginning on July
6 1st of the same year in which a regular session of the legislature is
7 held during an odd-numbered year pursuant to Article II, section 12 of
8 the Constitution and which biennium next succeeds the current biennium.

9 (8) "Dedicated fund" means a fund in the state treasury, or a
10 separate account or fund in the general fund in the state treasury,
11 that by law is dedicated, appropriated, or set aside for a limited
12 object or purpose; but "dedicated fund" does not include a revolving
13 fund or a trust fund.

14 (9) "Revolving fund" means a fund in the state treasury,
15 established by law, from which is paid the cost of goods or services
16 furnished to or by a state agency, and which is replenished through
17 charges made for such goods or services or through transfers from other
18 accounts or funds.

19 (10) "Trust fund" means a fund in the state treasury in which
20 designated persons or classes of persons have a vested beneficial
21 interest or equitable ownership, or which was created or established by
22 a gift, grant, contribution, devise, or bequest that limits the use of
23 the fund to designated objects or purposes.

24 (11) "Administrative expenses" means expenditures for: (a)
25 Salaries, wages, and related costs of personnel and (b) operations and
26 maintenance including but not limited to costs of supplies, materials,
27 services, and equipment.

28 (12) "Fiscal year" means the year beginning July 1st and ending the
29 following June 30th.

30 (13) "Lapse" means the termination of authority to expend an
31 appropriation.

32 (14) "Legislative fiscal committees" means the joint legislative
33 (~~budget~~) audit and review committee, the legislative evaluation and
34 accountability program committee, the ways and means committees of the
35 senate and house of representatives, and, where appropriate, the
36 legislative transportation committee.

37 (15) "Fiscal period" means the period for which an appropriation is
38 made as specified within the act making the appropriation.

1 (16) "Primary budget driver" means the primary determinant of a
2 budget level, other than a price variable, which causes or is
3 associated with the major expenditure of an agency or budget unit
4 within an agency, such as a caseload, enrollment, workload, or
5 population statistic.

6 ~~((17) ("Stabilization account" means the budget stabilization
7 account created under RCW 43.88.525 as an account in the general fund
8 of the state treasury.~~

9 ~~((18))~~ "State tax revenue limit" means the limitation created by
10 chapter 43.135 RCW.

11 ~~((19))~~ (18) "General state revenues" means the revenues defined
12 by Article VIII, section 1(c) of the state Constitution.

13 ~~((20))~~ (19) "Annual growth rate in real personal income" means
14 the estimated percentage growth in personal income for the state during
15 the current fiscal year, expressed in constant value dollars, as
16 published by the office of financial management or its successor
17 agency.

18 ~~((21))~~ (20) "Estimated revenues" means estimates of revenue in
19 the most recent official economic and revenue forecast prepared under
20 RCW 82.33.020, and prepared by the office of financial management for
21 those funds, accounts, and sources for which the office of the economic
22 and revenue forecast council does not prepare an official forecast
23 including estimates of revenues to support financial plans under RCW
24 44.40.070, that are prepared by the office of financial management in
25 consultation with the interagency task force.

26 ~~((22))~~ (21) "Estimated receipts" means the estimated receipt of
27 cash in the most recent official economic and revenue forecast prepared
28 under RCW 82.33.020, and prepared by the office of financial management
29 for those funds, accounts, and sources for which the office of the
30 economic and revenue forecast council does not prepare an official
31 forecast.

32 ~~((23))~~ (22) "State budgeting, accounting, and reporting system"
33 means a system that gathers, maintains, and communicates fiscal
34 information. The system links fiscal information beginning with
35 development of agency budget requests through adoption of legislative
36 appropriations to tracking actual receipts and expenditures against
37 approved plans.

38 ~~((24))~~ (23) "Allotment of appropriation" means the agency's
39 statement of proposed expenditures, the director of financial

1 management's review of that statement, and the placement of the
2 approved statement into the state budgeting, accounting, and reporting
3 system.

4 ~~((+25+))~~ (24) "Statement of proposed expenditures" means a plan
5 prepared by each agency that breaks each appropriation out into monthly
6 detail representing the best estimate of how the appropriation will be
7 expended.

8 ~~((+26+))~~ (25) "Undesignated fund balance (or deficit)" means
9 unreserved and undesignated current assets or other resources available
10 for expenditure over and above any current liabilities which are
11 expected to be incurred by the close of the fiscal period.

12 ~~((+27+))~~ (26) "Internal audit" means an independent appraisal
13 activity within an agency for the review of operations as a service to
14 management, including a systematic examination of accounting and fiscal
15 controls to assure that human and material resources are guarded
16 against waste, loss, or misuse; and that reliable data are gathered,
17 maintained, and fairly disclosed in a written report of the audit
18 findings.

19 ~~((+28+))~~ "~~Performance verification~~" means ~~an analysis that (a)~~
20 ~~verifies the accuracy of data used by state agencies in quantifying~~
21 ~~intended results and measuring performance toward those results, and~~
22 ~~(b) verifies whether or not the reported results were achieved.~~

23 ~~(29)~~ "~~Program evaluation~~" means the use of a variety of policy and
24 fiscal research methods to (a) determine the extent to which a program
25 is achieving its legislative intent in terms of producing the effects
26 expected, and (b) make an objective judgment of the implementation,
27 outcomes, and net cost or benefit impact of programs in the context of
28 their goals and objectives. It includes the application of systematic
29 methods to measure the results, intended or unintended, of program
30 activities.)

31 (27) "Performance audit" has the same meaning as it is defined in
32 section 2 of this act.

33 **Sec. 24.** RCW 43.88.090 and 1994 c 184 s 10 are each amended to
34 read as follows:

35 (1) For purposes of developing budget proposals to the legislature,
36 the governor shall have the power, and it shall be the governor's duty,
37 to require from proper agency officials such detailed estimates and
38 other information in such form and at such times as the governor shall

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

8 The estimates shall include statements or tables which indicate, by
9 agency, the state funds which are required for the receipt of federal
10 matching revenues. The estimates shall be revised as necessary to
11 reflect legislative enactments and adopted appropriations and shall be
12 included with the initial biennial allotment submitted under RCW
13 43.88.110. The estimates must include consideration of findings made
14 by the director of the office of the joint legislative audit and review
15 committee under a performance audit of the agency.

16 (2) In the year of the gubernatorial election, the governor shall
17 invite the governor-elect or the governor-elect's designee to attend
18 all hearings provided in RCW 43.88.100; and the governor shall furnish
19 the governor-elect or the governor-elect's designee with such
20 information as will enable the governor-elect or the governor-elect's
21 designee to gain an understanding of the state's budget requirements.
22 The governor-elect or the governor-elect's designee may ask such
23 questions during the hearings and require such information as the
24 governor-elect or the governor-elect's designee deems necessary and may
25 make recommendations in connection with any item of the budget which,
26 with the governor-elect's reasons therefor, shall be presented to the
27 legislature in writing with the budget document. Copies of all such
28 estimates and other required information shall also be submitted to the
29 standing committees on ways and means of the house and senate.

30 **Sec. 25.** RCW 43.88.160 and 1994 c 184 s 11 are each amended to
31 read as follows:

32 This section sets forth the major fiscal duties and
33 responsibilities of officers and agencies of the executive branch. The
34 regulations issued by the governor pursuant to this chapter shall
35 provide for a comprehensive, orderly basis for fiscal management and
36 control, including efficient accounting and reporting therefor, for the
37 executive branch of the state government and may include, in addition,

1 such requirements as will generally promote more efficient public
2 management in the state.

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

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

34 (3) The director of financial management shall report at least
35 annually to the appropriate legislative committees regarding the status
36 of all appropriated capital projects, including transportation
37 projects, showing significant cost overruns or underruns. If funds are
38 shifted from one project to another, the office of financial management
39 shall also reflect this in the annual variance report. Once a project

1 is complete, the report shall provide a final summary showing estimated
2 start and completion dates of each project phase compared to actual
3 dates, estimated costs of each project phase compared to actual costs,
4 and whether or not there are any outstanding liabilities or unsettled
5 claims at the time of completion.

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

8 (a) Develop and maintain a system of internal controls and internal
9 audits comprising methods and procedures to be adopted by each agency
10 that will safeguard its assets, check the accuracy and reliability of
11 its accounting data, promote operational efficiency, and encourage
12 adherence to prescribed managerial policies for accounting and
13 financial controls. The system developed by the director shall include
14 criteria for determining the scope and comprehensiveness of internal
15 controls required by classes of agencies, depending on the level of
16 resources at risk.

17 Each agency head or authorized designee shall be assigned the
18 responsibility and authority for establishing and maintaining internal
19 audits following the standards of internal auditing of the institute of
20 internal auditors;

21 (b) Make surveys and analyses of agencies with the object of
22 determining better methods and increased effectiveness in the use of
23 manpower and materials; and the director shall authorize expenditures
24 for employee training to the end that the state may benefit from
25 training facilities made available to state employees;

26 (c) Establish policies for allowing the contracting of child care
27 services;

28 (d) Report to the governor with regard to duplication of effort or
29 lack of coordination among agencies;

30 (e) Review any pay and classification plans, and changes
31 thereunder, developed by any agency for their fiscal impact: PROVIDED,
32 That none of the provisions of this subsection shall affect merit
33 systems of personnel management now existing or hereafter established
34 by statute relating to the fixing of qualifications requirements for
35 recruitment, appointment, or promotion of employees of any agency. The
36 director shall advise and confer with agencies including appropriate
37 standing committees of the legislature as may be designated by the
38 speaker of the house and the president of the senate regarding the
39 fiscal impact of such plans and may amend or alter said plans, except

1 that for the following agencies no amendment or alteration of said
2 plans may be made without the approval of the agency concerned:
3 Agencies headed by elective officials;

4 (f) Fix the number and classes of positions or authorized man years
5 of employment for each agency and during the fiscal period amend the
6 determinations previously fixed by the director except that the
7 director shall not be empowered to fix said number or said classes for
8 the following: Agencies headed by elective officials;

9 (~~g~~) (~~Provide for transfers and repayments between the budget~~
10 ~~stabilization account and the general fund as directed by appropriation~~
11 ~~and RCW 43.88.525 through 43.88.540;~~

12 (~~h~~)) Adopt rules to effectuate provisions contained in (a) through
13 (~~g~~)) (f) of this subsection.

14 (5) The treasurer shall:

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

20 (b) Receive, disburse, or transfer public funds under the
21 treasurer's supervision or custody;

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

24 (d) Coordinate agencies' acceptance and use of credit cards and
25 other payment methods, if the agencies have received authorization
26 under RCW 43.41.180;

27 (e) Perform such other duties as may be required by law or by
28 regulations issued pursuant to this law.

29 It shall be unlawful for the treasurer to disburse public funds in
30 the treasury except upon forms or by alternative means duly prescribed
31 by the director of financial management. These forms or alternative
32 means shall provide for authentication and certification by the agency
33 head or the agency head's designee that the services have been rendered
34 or the materials have been furnished; or, in the case of loans or
35 grants, that the loans or grants are authorized by law; or, in the case
36 of payments for periodic maintenance services to be performed on state
37 owned equipment, that a written contract for such periodic maintenance
38 services is currently in effect and copies thereof are on file with the
39 office of financial management; and the treasurer shall not be liable

1 under the treasurer's surety bond for erroneous or improper payments so
2 made. When services are lawfully paid for in advance of full
3 performance by any private individual or business entity other than as
4 provided for by RCW 42.24.035, such individual or entity other than
5 central stores rendering such services shall make a cash deposit or
6 furnish surety bond coverage to the state as shall be fixed in an
7 amount by law, or if not fixed by law, then in such amounts as shall be
8 fixed by the director of the department of general administration but
9 in no case shall such required cash deposit or surety bond be less than
10 an amount which will fully indemnify the state against any and all
11 losses on account of breach of promise to fully perform such services.
12 No payments shall be made in advance for any equipment maintenance
13 services to be performed more than three months after such payment.
14 Any such bond so furnished shall be conditioned that the person, firm
15 or corporation receiving the advance payment will apply it toward
16 performance of the contract. The responsibility for recovery of
17 erroneous or improper payments made under this section shall lie with
18 the agency head or the agency head's designee in accordance with
19 regulations issued pursuant to this chapter. Nothing in this section
20 shall be construed to permit a public body to advance funds to a
21 private service provider pursuant to a grant or loan before services
22 have been rendered or material furnished.

23 (6) The state auditor shall:

24 (a) Report to the legislature the results of current post audits
25 that have been made of the financial transactions of each agency; to
26 this end the auditor may, in the auditor's discretion, examine the
27 books and accounts of any agency, official, or employee charged with
28 the receipt, custody, or safekeeping of public funds. Where feasible
29 in conducting examinations, the auditor shall utilize data and findings
30 from the internal control system prescribed by the office of financial
31 management. The current post audit of each agency may include a
32 section on recommendations to the legislature as provided in (c) of
33 this subsection.

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

36 (c) Make the auditor's official report on or before the thirty-
37 first of December which precedes the meeting of the legislature. The
38 report shall be for the last complete fiscal period and shall include
39 determinations as to whether agencies, in making expenditures, complied

1 with the laws of this state. The state auditor is authorized to
2 perform or participate in performance ~~((verifications only))~~ audits as
3 expressly authorized by the legislature in the omnibus biennial
4 appropriations acts or in the performance audit work plan approved by
5 the joint legislative audit and review committee. The state auditor,
6 upon completing an audit for legal and financial compliance under
7 chapter 43.09 RCW ~~((or a performance verification))~~, may report to the
8 joint legislative ((budget)) audit and review committee or other
9 appropriate committees of the legislature, in a manner prescribed by
10 the joint legislative ((budget)) audit and review committee, on facts
11 relating to the management or performance of governmental programs
12 where such facts are discovered incidental to the legal and financial
13 audit ~~((or performance verification))~~. The auditor may make such a
14 report to a legislative committee only if the auditor has determined
15 that the agency has been given an opportunity and has failed to resolve
16 the management or performance issues raised by the auditor. If the
17 auditor makes a report to a legislative committee, the agency may
18 submit to the committee a response to the report. ~~((This subsection~~
19 ~~(6) shall not be construed to authorize the auditor to allocate other~~
20 ~~than de minimis resources to performance audits except as expressly~~
21 ~~authorized in the appropriations acts.))~~ The results of a performance
22 audit conducted by the state auditor must be transmitted to the joint
23 legislative audit and review committee and the affected state agency or
24 local government and the office of financial management for review and
25 comment in the same manner as a performance audit conducted under
26 section 13 of this act. The auditor shall incorporate any comments and
27 recommendations into a final performance audit report, publish the
28 results, and make the report available to the public.

29 (d) Be empowered to take exception to specific expenditures that
30 have been incurred by any agency or to take exception to other
31 practices related in any way to the agency's financial transactions and
32 to cause such exceptions to be made a matter of public record,
33 including disclosure to the agency concerned and to the director of
34 financial management. It shall be the duty of the director of
35 financial management to cause corrective action to be taken promptly,
36 such action to include, as appropriate, the withholding of funds as
37 provided in RCW 43.88.110.

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

1 (f) Investigate improper governmental activity under chapter 42.40
2 RCW.

3 (7) The joint legislative (~~(budget)~~) audit and review committee
4 may:

5 (a) Make post audits of the financial transactions of any agency
6 and management surveys and program reviews as provided for in chapter
7 44.28 RCW (~~(44.28.085)~~) as well as performance audits and program
8 evaluations. To this end the joint committee may in its discretion
9 examine the books, accounts, and other records of any agency, official,
10 or employee.

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

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

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

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

24 **Sec. 26.** RCW 28A.630.830 and 1994 c 13 s 5 are each amended to
25 read as follows:

26 (1) The selection advisory committee is created. The committee
27 shall be composed of up to three members from the house of
28 representatives, up to three members from the senate, up to two members
29 from the office of the superintendent of public instruction, and one
30 member from each of the following: The office of financial management,
31 Washington state special education coalition, transitional bilingual
32 instruction educators, and Washington education association.

33 (2) The joint legislative (~~(budget)~~) audit and review committee and
34 the superintendent of public instruction shall provide staff for the
35 selection advisory committee.

36 (3) The selection advisory committee shall:

37 (a) Develop appropriate criteria for selecting demonstration
38 projects;

1 (b) Issue requests for proposals in accordance with RCW 28A.630.820
2 through 28A.630.845 for demonstration projects;

3 (c) Review proposals and recommend demonstration projects for
4 approval by the superintendent of public instruction; and

5 (d) Advise the superintendent of public instruction on the
6 evaluation design.

7 **Sec. 27.** RCW 28B.20.382 and 1987 c 505 s 13 are each amended to
8 read as follows:

9 Until authorized and empowered to do so by statute of the
10 legislature, the board of regents of the university, with respect to
11 that certain tract of land in the city of Seattle originally known as
12 the "old university grounds" and more recently known as the
13 "Metropolitan Tract" and any land contiguous thereto, shall not sell
14 ~~((said))~~ the land or any part thereof or any improvement thereon, or
15 lease ~~((said))~~ the land or any part thereof or any improvement thereon
16 or renew or extend any lease thereof for a term ending more than sixty
17 years beyond midnight, December 31, 1980. Any sale of ~~((said))~~ the
18 land or any part thereof or any improvement thereon, or any lease or
19 renewal or extension of any lease of ~~((said))~~ the land or any part
20 thereof or any improvement thereon for a term ending more than sixty
21 years after midnight, December 31, 1980, made or attempted to be made
22 by the board of regents shall be null and void unless and until the
23 same has been approved or ratified and confirmed by legislative act.

24 The board of regents shall have power from time to time to lease
25 ~~((said))~~ the land, or any part thereof or any improvement thereon for
26 a term ending not more than sixty years beyond midnight, December 31,
27 1980: PROVIDED, That the board of regents shall make a full, detailed
28 report of all leases and transactions pertaining to ~~((said))~~ the land
29 or any part thereof or any improvement thereon to the joint legislative
30 ~~((budget))~~ audit and review committee, including one copy to the staff
31 of the committee, during an odd-numbered year: PROVIDED FURTHER, That
32 any and all records, books, accounts ~~((and/or))~~, and agreements of any
33 lessee or sublessee under this section, pertaining to compliance with
34 the terms and conditions of such lease or sublease, shall be open to
35 inspection by the board of regents ~~((and/or))~~, the ways and means
36 committee~~((s))~~ of the senate ~~((or))~~, the appropriations committee of
37 the house of representatives ~~((or))~~, and the joint legislative
38 ~~((budget))~~ audit and review committee or any successor committees. It

1 is not intended by this proviso that unrelated records, books, accounts
2 ((and/or)), and agreements of lessees, sublessees, or related companies
3 be open to such inspection.

4 **Sec. 28.** RCW 39.19.060 and 1993 c 512 s 9 are each amended to read
5 as follows:

6 Each state agency and educational institution shall comply with the
7 annual goals established for that agency or institution under this
8 chapter for public works and procuring goods or services. This chapter
9 applies to all public works and procurement by state agencies and
10 educational institutions, including all contracts and other procurement
11 under chapters 28B.10, 39.04, 39.29, 43.19, and 47.28 RCW. Each state
12 agency shall adopt a plan, developed in consultation with the director
13 and the advisory committee, to insure that minority and women-owned
14 businesses are afforded the maximum practicable opportunity to directly
15 and meaningfully participate in the execution of public contracts for
16 public works and goods and services. The plan shall include specific
17 measures the agency will undertake to increase the participation of
18 certified minority and women-owned businesses. The office shall
19 annually notify the governor, the state auditor, and the joint
20 legislative ((~~budget~~)) audit and review committee of all agencies and
21 educational institutions not in compliance with this chapter.

22 **Sec. 29.** RCW 39.29.016 and 1987 c 414 s 4 are each amended to read
23 as follows:

24 Emergency contracts shall be filed with the office of financial
25 management and the joint legislative ((~~budget~~)) audit and review
26 committee and made available for public inspection within three working
27 days following the commencement of work or execution of the contract,
28 whichever occurs first. Documented justification for emergency
29 contracts shall be provided to the office of financial management and
30 the joint legislative ((~~budget~~)) audit and review committee when the
31 contract is filed.

32 **Sec. 30.** RCW 39.29.018 and 1993 c 433 s 5 are each amended to read
33 as follows:

34 (1) Sole source contracts shall be filed with the office of
35 financial management and the joint legislative ((~~budget~~)) audit and
36 review committee and made available for public inspection at least ten

1 working days prior to the proposed starting date of the contract.
2 Documented justification for sole source contracts shall be provided to
3 the office of financial management and the joint legislative (~~(budget)~~)
4 audit and review committee when the contract is filed. For sole source
5 contracts of ten thousand dollars or more that are state funded,
6 documented justification shall include evidence that the agency
7 attempted to identify potential consultants by advertising through
8 state-wide or regional newspapers.

9 (2) The office of financial management shall approve sole source
10 contracts of ten thousand dollars or more that are state funded, before
11 any such contract becomes binding and before any services may be
12 performed under the contract. These requirements shall also apply to
13 sole source contracts of less than ten thousand dollars if the total
14 amount of such contracts between an agency and the same consultant is
15 ten thousand dollars or more within a fiscal year. Agencies shall
16 ensure that the costs, fees, or rates negotiated in filed sole source
17 contracts of ten thousand dollars or more are reasonable.

18 **Sec. 31.** RCW 39.29.025 and 1993 c 433 s 3 are each amended to read
19 as follows:

20 (1) Substantial changes in either the scope of work specified in
21 the contract or in the scope of work specified in the formal
22 solicitation document must generally be awarded as new contracts.
23 Substantial changes executed by contract amendments must be submitted
24 to the office of financial management and the joint legislative
25 (~~(budget)~~) audit and review committee, and are subject to approval by
26 the office of financial management.

27 (2) An amendment or amendments to personal service contracts, if
28 the value of the amendment or amendments, whether singly or
29 cumulatively, exceeds fifty percent of the value of the original
30 contract must be provided to the office of financial management and the
31 joint legislative (~~(budget)~~) audit and review committee.

32 (3) The office of financial management shall approve amendments
33 provided to it under this section before the amendments become binding
34 and before services may be performed under the amendments.

35 (4) The amendments must be filed with the office of financial
36 management and made available for public inspection at least ten
37 working days prior to the proposed starting date of services under the
38 amendments.

1 (5) The office of financial management shall approve amendments
2 provided to it under this section only if they meet the criteria for
3 approval of the amendments established by the director of the office of
4 financial management.

5 **Sec. 32.** RCW 39.29.055 and 1993 c 433 s 7 are each amended to read
6 as follows:

7 (1) State-funded personal service contracts subject to competitive
8 solicitation shall be filed with the office of financial management and
9 the joint legislative ((budget)) audit and review committee and made
10 available for public inspection at least ten working days before the
11 proposed starting date of the contract.

12 (2) The office of financial management shall review and approve
13 state-funded personal service contracts subject to competitive
14 solicitation that provide services relating to management consulting,
15 organizational development, marketing, communications, employee
16 training, or employee recruiting.

17 **Sec. 33.** RCW 41.06.070 and 1995 c 163 s 1 are each amended to read
18 as follows:

19 (1) The provisions of this chapter do not apply to:

20 (a) The members of the legislature or to any employee of, or
21 position in, the legislative branch of the state government including
22 members, officers, and employees of the legislative council, joint
23 legislative ((budget)) audit and review committee, statute law
24 committee, and any interim committee of the legislature;

25 (b) The justices of the supreme court, judges of the court of
26 appeals, judges of the superior courts or of the inferior courts, or to
27 any employee of, or position in the judicial branch of state
28 government;

29 (c) Officers, academic personnel, and employees of technical
30 colleges;

31 (d) The officers of the Washington state patrol;

32 (e) Elective officers of the state;

33 (f) The chief executive officer of each agency;

34 (g) In the departments of employment security and social and health
35 services, the director and the director's confidential secretary; in
36 all other departments, the executive head of which is an individual

1 appointed by the governor, the director, his or her confidential
2 secretary, and his or her statutory assistant directors;

3 (h) In the case of a multimember board, commission, or committee,
4 whether the members thereof are elected, appointed by the governor or
5 other authority, serve ex officio, or are otherwise chosen:

6 (i) All members of such boards, commissions, or committees;

7 (ii) If the members of the board, commission, or committee serve on
8 a part-time basis and there is a statutory executive officer: The
9 secretary of the board, commission, or committee; the chief executive
10 officer of the board, commission, or committee; and the confidential
11 secretary of the chief executive officer of the board, commission, or
12 committee;

13 (iii) If the members of the board, commission, or committee serve
14 on a full-time basis: The chief executive officer or administrative
15 officer as designated by the board, commission, or committee; and a
16 confidential secretary to the chair of the board, commission, or
17 committee;

18 (iv) If all members of the board, commission, or committee serve ex
19 officio: The chief executive officer; and the confidential secretary
20 of such chief executive officer;

21 (i) The confidential secretaries and administrative assistants in
22 the immediate offices of the elective officers of the state;

23 (j) Assistant attorneys general;

24 (k) Commissioned and enlisted personnel in the military service of
25 the state;

26 (l) Inmate, student, part-time, or temporary employees, and part-
27 time professional consultants, as defined by the Washington personnel
28 resources board;

29 (m) The public printer or to any employees of or positions in the
30 state printing plant;

31 (n) Officers and employees of the Washington state fruit
32 commission;

33 (o) Officers and employees of the Washington state apple
34 advertising commission;

35 (p) Officers and employees of the Washington state dairy products
36 commission;

37 (q) Officers and employees of the Washington tree fruit research
38 commission;

39 (r) Officers and employees of the Washington state beef commission;

1 (s) Officers and employees of any commission formed under chapter
2 15.66 RCW;

3 (t) Officers and employees of the state wheat commission formed
4 under chapter 15.63 RCW;

5 (u) Officers and employees of agricultural commissions formed under
6 chapter 15.65 RCW;

7 (v) Officers and employees of the nonprofit corporation formed
8 under chapter 67.40 RCW;

9 (w) Executive assistants for personnel administration and labor
10 relations in all state agencies employing such executive assistants
11 including but not limited to all departments, offices, commissions,
12 committees, boards, or other bodies subject to the provisions of this
13 chapter and this subsection shall prevail over any provision of law
14 inconsistent herewith unless specific exception is made in such law;

15 (x) In each agency with fifty or more employees: Deputy agency
16 heads, assistant directors or division directors, and not more than
17 three principal policy assistants who report directly to the agency
18 head or deputy agency heads;

19 (y) All employees of the marine employees' commission;

20 (z) Up to a total of five senior staff positions of the western
21 library network under chapter 27.26 RCW responsible for formulating
22 policy or for directing program management of a major administrative
23 unit. This subsection (1)(z) shall expire on June 30, 1997.

24 (2) The following classifications, positions, and employees of
25 institutions of higher education and related boards are hereby exempted
26 from coverage of this chapter:

27 (a) Members of the governing board of each institution of higher
28 education and related boards, all presidents, vice-presidents, and
29 their confidential secretaries, administrative, and personal
30 assistants; deans, directors, and chairs; academic personnel; and
31 executive heads of major administrative or academic divisions employed
32 by institutions of higher education; principal assistants to executive
33 heads of major administrative or academic divisions; other managerial
34 or professional employees in an institution or related board having
35 substantial responsibility for directing or controlling program
36 operations and accountable for allocation of resources and program
37 results, or for the formulation of institutional policy, or for
38 carrying out personnel administration or labor relations functions,
39 legislative relations, public information, development, senior computer

1 systems and network programming, or internal audits and investigations;
2 and any employee of a community college district whose place of work is
3 one which is physically located outside the state of Washington and who
4 is employed pursuant to RCW 28B.50.092 and assigned to an educational
5 program operating outside of the state of Washington;

6 (b) Student, part-time, or temporary employees, and part-time
7 professional consultants, as defined by the Washington personnel
8 resources board, employed by institutions of higher education and
9 related boards;

10 (c) The governing board of each institution, and related boards,
11 may also exempt from this chapter classifications involving research
12 activities, counseling of students, extension or continuing education
13 activities, graphic arts or publications activities requiring
14 prescribed academic preparation or special training as determined by
15 the board: PROVIDED, That no nonacademic employee engaged in office,
16 clerical, maintenance, or food and trade services may be exempted by
17 the board under this provision;

18 (d) Printing craft employees in the department of printing at the
19 University of Washington.

20 (3) In addition to the exemptions specifically provided by this
21 chapter, the Washington personnel resources board may provide for
22 further exemptions pursuant to the following procedures. The governor
23 or other appropriate elected official may submit requests for exemption
24 to the Washington personnel resources board stating the reasons for
25 requesting such exemptions. The Washington personnel resources board
26 shall hold a public hearing, after proper notice, on requests submitted
27 pursuant to this subsection. If the board determines that the position
28 for which exemption is requested is one involving substantial
29 responsibility for the formulation of basic agency or executive policy
30 or one involving directing and controlling program operations of an
31 agency or a major administrative division thereof, the Washington
32 personnel resources board shall grant the request and such
33 determination shall be final as to any decision made before July 1,
34 1993. The total number of additional exemptions permitted under this
35 subsection shall not exceed one percent of the number of employees in
36 the classified service not including employees of institutions of
37 higher education and related boards for those agencies not directly
38 under the authority of any elected public official other than the
39 governor, and shall not exceed a total of twenty-five for all agencies

1 under the authority of elected public officials other than the
2 governor. The Washington personnel resources board shall report to
3 each regular session of the legislature during an odd-numbered year all
4 exemptions granted under subsections (1)(w) and (x) and (2) of this
5 section, together with the reasons for such exemptions.

6 The salary and fringe benefits of all positions presently or
7 hereafter exempted except for the chief executive officer of each
8 agency, full-time members of boards and commissions, administrative
9 assistants and confidential secretaries in the immediate office of an
10 elected state official, and the personnel listed in subsections (1)(j)
11 through (v) and (2) of this section, shall be determined by the
12 Washington personnel resources board.

13 Any person holding a classified position subject to the provisions
14 of this chapter shall, when and if such position is subsequently
15 exempted from the application of this chapter, be afforded the
16 following rights: If such person previously held permanent status in
17 another classified position, such person shall have a right of
18 reversion to the highest class of position previously held, or to a
19 position of similar nature and salary.

20 Any classified employee having civil service status in a classified
21 position who accepts an appointment in an exempt position shall have
22 the right of reversion to the highest class of position previously
23 held, or to a position of similar nature and salary.

24 A person occupying an exempt position who is terminated from the
25 position for gross misconduct or malfeasance does not have the right of
26 reversion to a classified position as provided for in this section.

27 **Sec. 34.** RCW 42.48.060 and 1985 c 334 s 6 are each amended to read
28 as follows:

29 Nothing in this chapter is applicable to, or in any way affects,
30 the powers and duties of the state auditor or the joint legislative
31 (~~budget~~) audit and review committee.

32 **Sec. 35.** RCW 43.09.310 and 1995 c 301 s 22 are each amended to
33 read as follows:

34 The state auditor shall annually audit the state-wide combined
35 financial statements prepared by the office of financial management and
36 make post-audits of state agencies. Post-audits of state agencies
37 shall be made at such periodic intervals as is determined by the state

1 auditor. Audits of combined financial statements shall include
2 determinations as to the validity and accuracy of accounting methods,
3 procedures and standards utilized in their preparation, as well as the
4 accuracy of the financial statements themselves. A report shall be
5 made of each such audit and post-audit upon completion thereof, and one
6 copy shall be transmitted to the governor, one to the director of
7 financial management, one to the state agency audited, one to the joint
8 legislative (~~(budget)~~) audit and review committee, one each to the
9 standing committees on ways and means of the house and senate, one to
10 the chief clerk of the house, one to the secretary of the senate, and
11 at least one shall be kept on file in the office of the state auditor.
12 A copy of any report containing findings of noncompliance with state
13 law shall be transmitted to the attorney general.

14 **Sec. 36.** RCW 43.21J.800 and 1993 c 516 s 11 are each amended to
15 read as follows:

16 On or before June 30, 1998, the joint legislative (~~(budget)~~) audit
17 and review committee shall prepare a report to the legislature
18 evaluating the implementation of the environmental restoration jobs act
19 of 1993, chapter 516, Laws of 1993.

20 **Sec. 37.** RCW 43.79.270 and 1973 c 144 s 2 are each amended to read
21 as follows:

22 Whenever any money, from the federal government, or from other
23 sources, which was not anticipated in the budget approved by the
24 legislature has actually been received and is designated to be spent
25 for a specific purpose, the head of any department, agency, board, or
26 commission through which such expenditure shall be made is to submit to
27 the governor a statement which may be in the form of a request for an
28 allotment amendment setting forth the facts constituting the need for
29 such expenditure and the estimated amount to be expended: PROVIDED,
30 That no expenditure shall be made in excess of the actual amount
31 received, and no money shall be expended for any purpose except the
32 specific purpose for which it was received. A copy of any proposal
33 submitted to the governor to expend money from an appropriated fund or
34 account in excess of appropriations provided by law which is based on
35 the receipt of unanticipated revenues shall be submitted to the joint
36 legislative (~~(budget)~~) audit and review committee and also to the
37 standing committees on ways and means of the house and senate if the

1 legislature is in session at the same time as it is transmitted to the
2 governor.

3 **Sec. 38.** RCW 43.79.280 and 1973 c 144 s 3 are each amended to read
4 as follows:

5 If the governor approves such estimate in whole or part, he shall
6 endorse on each copy of the statement his approval, together with a
7 statement of the amount approved in the form of an allotment amendment,
8 and transmit one copy to the head of the department, agency, board, or
9 commission authorizing the expenditure. An identical copy of the
10 governor's statement of approval and a statement of the amount approved
11 for expenditure shall be transmitted simultaneously to the joint
12 legislative (~~(budget)~~) audit and review committee and also to the
13 standing committee on ways and means of the house and senate of all
14 executive approvals of proposals to expend money in excess of
15 appropriations provided by law.

16 **Sec. 39.** RCW 43.88.205 and 1979 c 151 s 141 are each amended to
17 read as follows:

18 (1) Whenever an agency makes application, enters into a contract or
19 agreement, or submits state plans for participation in, and for grants
20 of federal funds under any federal law, the agency making such
21 application shall at the time of such action, give notice in such form
22 and manner as the director of financial management may prescribe, or
23 the (~~(chairman)~~) chair of the joint legislative (~~(budget)~~) audit and
24 review committee, standing committees on ways and means of the house
25 and senate, the chief clerk of the house, or the secretary of the
26 senate may request.

27 (2) Whenever any such application, contract, agreement, or state
28 plan is amended, such agency shall notify each such officer of such
29 action in the same manner as prescribed or requested pursuant to
30 subsection (1) of this section.

31 (3) Such agency shall promptly furnish such progress reports in
32 relation to each such application, contract, agreement, or state plan
33 as may be requested following the date of the filing of the
34 application, contract, agreement, or state plan; and shall also file
35 with each such officer a final report as to the final disposition of
36 each such application, contract, agreement, or state plan if such is
37 requested.

1 **Sec. 40.** RCW 43.88.230 and 1981 c 270 s 12 are each amended to
2 read as follows:

3 For the purposes of this chapter, the statute law committee, the
4 joint legislative ((budget)) audit and review committee, the
5 legislative transportation committee, the legislative evaluation and
6 accountability program committee, the office of state actuary, and all
7 legislative standing committees of both houses shall be deemed a part
8 of the legislative branch of state government.

9 **Sec. 41.** RCW 43.88.310 and 1993 c 157 s 1 are each amended to read
10 as follows:

11 (1) The ((legislative auditor)) director of the office of the joint
12 legislative audit and review committee, with the concurrence of the
13 joint legislative ((budget)) audit and review committee, may file with
14 the attorney general any audit exceptions or other findings of any
15 performance audit, management study, or special report prepared for the
16 joint legislative ((budget)) audit and review committee, any standing
17 or special committees of the house or senate, or the entire legislature
18 which indicate a violation of RCW 43.88.290, or any other act of
19 malfeasance, misfeasance, or nonfeasance on the part of any state
20 officer or employee.

21 (2) The attorney general shall promptly review each filing received
22 from the ((legislative auditor)) director and may act thereon as
23 provided in RCW 43.88.300, or any other applicable statute authorizing
24 enforcement proceedings by the attorney general. The attorney general
25 shall advise the joint legislative ((budget)) audit and review
26 committee of the status of exceptions or findings referred under this
27 section.

28 **Sec. 42.** RCW 43.88.510 and 1987 c 505 s 37 are each amended to
29 read as follows:

30 Not later than ninety days after the beginning of each biennium,
31 the director of financial management shall submit the compiled list of
32 boards, commissions, councils, and committees, together with the
33 information on each such group, that is required by RCW 43.88.505 to:

34 (1) The speaker of the house and the president of the senate for
35 distribution to the appropriate standing committees, including one copy
36 to the staff of each of the committees;

1 (2) The chair of the joint legislative ((budget)) audit and review
2 committee, including a copy to the staff of the committee;

3 (3) The chairs of the committees on ways and means of the senate
4 and house of representatives; and

5 (4) Members of the state government committee of the house of
6 representatives and of the governmental operations committee of the
7 senate, including one copy to the staff of each of the committees.

8 **Sec. 43.** RCW 43.131.050 and 1990 c 297 s 2 are each amended to
9 read as follows:

10 The joint legislative ((budget)) audit and review committee shall
11 cause to be conducted a program and fiscal review of any state agency
12 or program scheduled for termination by the processes provided in this
13 chapter. Such program and fiscal review shall be completed and a
14 preliminary report prepared on or before June 30th of the year prior to
15 the date established for termination. Upon completion of its
16 preliminary report, the joint legislative ((budget)) audit and review
17 committee shall transmit copies of the report to the office of
18 financial management. The office of financial management may then
19 conduct its own program and fiscal review of the agency scheduled for
20 termination and shall prepare a report on or before September 30th of
21 the year prior to the date established for termination. Upon
22 completion of its report the office of financial management shall
23 transmit copies of its report to the joint legislative ((budget)) audit
24 and review committee. The joint legislative ((budget)) audit and
25 review committee shall prepare a final report that includes the reports
26 of both the office of financial management and the joint legislative
27 ((budget)) audit and review committee. The joint legislative
28 ((budget)) audit and review committee and the office of financial
29 management shall, upon request, make available to each other all
30 working papers, studies, and other documents which relate to reports
31 required under this section. The joint legislative ((budget)) audit
32 and review committee shall transmit the final report to the
33 legislature, to the state agency concerned, to the governor, and to the
34 state library.

35 **Sec. 44.** RCW 43.131.060 and 1988 c 17 s 1 are each amended to read
36 as follows:

1 In conducting the review of a regulatory entity, the joint
2 legislative (~~(budget)~~) audit and review committee shall consider, but
3 not be limited to, the following factors where applicable:

4 (1) The extent to which the regulatory entity has operated in the
5 public interest and fulfilled its statutory obligations;

6 (2) The duties of the regulatory entity and the costs incurred in
7 carrying out those duties;

8 (3) The extent to which the regulatory entity is operating in an
9 efficient, effective, and economical manner;

10 (4) The extent to which the regulatory entity inhibits competition
11 or otherwise adversely affects the state's economic climate;

12 (5) The extent to which the regulatory entity duplicates the
13 activities of other regulatory entities or of the private sector, where
14 appropriate; and

15 (6) The extent to which the absence or modification of regulation
16 would adversely affect, maintain, or improve the public health, safety,
17 or welfare.

18 **Sec. 45.** RCW 43.131.070 and 1977 ex.s. c 289 s 7 are each amended
19 to read as follows:

20 In conducting the review of a state agency other than a regulatory
21 entity, the joint legislative (~~(budget)~~) audit and review committee
22 shall consider, but not be limited to, the following factors where
23 applicable:

24 (1) The extent to which the state agency has complied with
25 legislative intent;

26 (2) The extent to which the state agency is operating in an
27 efficient and economical manner which results in optimum performance;

28 (3) The extent to which the state agency is operating in the public
29 interest by effectively providing a needed service that should be
30 continued rather than modified, consolidated, or eliminated;

31 (4) The extent to which the state agency duplicates the activities
32 of other state agencies or of the private sector, where appropriate;
33 and

34 (5) The extent to which the termination or modification of the
35 state agency would adversely affect the public health, safety, or
36 welfare.

1 **Sec. 46.** RCW 43.131.080 and 1989 c 175 s 109 are each amended to
2 read as follows:

3 (1) Following receipt of the final report from the joint
4 legislative (~~(budget)~~) audit and review committee, the appropriate
5 committees of reference in the senate and the house of representatives
6 shall each hold a public hearing, unless a joint hearing is held, to
7 consider the final report and any related data. The committees shall
8 also receive testimony from representatives of the state agency or
9 agencies involved, which shall have the burden of demonstrating a
10 public need for its continued existence; and from the governor or the
11 governor's designee, and other interested parties, including the
12 general public.

13 (2) When requested by either of the presiding members of the
14 appropriate senate and house committees of reference, a regulatory
15 entity under review shall mail an announcement of any hearing to the
16 persons it regulates who have requested notice of agency rule-making
17 proceedings as provided in RCW 34.05.320, or who have requested notice
18 of hearings held pursuant to the provisions of this section. On
19 request of either presiding member, such mailing shall include an
20 explanatory statement not exceeding one page in length prepared and
21 supplied by the member's committee.

22 (3) The presiding members of the senate committee on ways and means
23 and the house committee on appropriations may designate one or more
24 liaison members to each committee of reference in their respective
25 chambers for purposes of participating in any hearing and in subsequent
26 committee of reference discussions and to seek a coordinated approach
27 between the committee of reference and the committee they represent in
28 a liaison capacity.

29 (4) Following any hearing under subsection (1) of this section by
30 the committees of reference, such committees may hold additional
31 meetings or hearings to come to a final determination as to whether a
32 state agency has demonstrated a public need for its continued existence
33 or whether modifications in existing procedures are needed. In the
34 event that a committee of reference concludes that a state agency shall
35 be reestablished or modified or its functions transferred elsewhere, it
36 shall make such determination as a bill. No more than one state agency
37 shall be reestablished or modified in any one bill.

1 **Sec. 47.** RCW 43.131.110 and 1977 ex.s. c 289 s 11 are each amended
2 to read as follows:

3 Any reference in this chapter to a committee of the legislature
4 including the joint legislative ((~~budget~~)) audit and review committee
5 shall also refer to the successor of that committee.

6 **Sec. 48.** RCW 43.250.080 and 1986 c 294 s 8 are each amended to
7 read as follows:

8 At the end of each fiscal year, the state treasurer shall submit to
9 the governor, the state auditor, and the joint legislative ((~~budget~~))
10 audit and review committee a summary of the activity of the investment
11 pool. The summary shall indicate the quantity of funds deposited; the
12 earnings of the pool; the investments purchased, sold, or exchanged;
13 the administrative expenses of the investment pool; and such other
14 information as the state treasurer deems relevant.

15 **Sec. 49.** RCW 44.40.025 and 1981 c 270 s 15 are each amended to
16 read as follows:

17 In addition to the powers and duties authorized in RCW 44.40.020,
18 the committee and the standing committees on transportation of the
19 house and senate shall, in coordination with the joint legislative
20 ((~~budget~~)) audit and review committee, the legislative evaluation and
21 accountability program committee, and the ways and means committees of
22 the senate and house of representatives, ascertain, study, and/or
23 analyze all available facts and matters relating or pertaining to
24 sources of revenue, appropriations, expenditures, and financial
25 condition of the motor vehicle fund and accounts thereof, the highway
26 safety fund, and all other funds or accounts related to transportation
27 programs of the state.

28 The joint legislative ((~~budget~~)) audit and review committee, the
29 legislative evaluation and accountability program committee, and the
30 ways and means committees of the senate and house of representatives
31 shall coordinate their activities with the legislative transportation
32 committee in carrying out the committees' powers and duties under
33 chapter 43.88 RCW in matters relating to the transportation programs of
34 the state.

35 **Sec. 50.** RCW 67.70.310 and 1982 2nd ex.s. c 7 s 31 are each
36 amended to read as follows:

1 The director of financial management may conduct a management
2 review of the commission's lottery operations to assure that:

3 (1) The manner and time of payment of prizes to the holder of
4 winning tickets or shares is consistent with this chapter and the rules
5 adopted under this chapter;

6 (2) The apportionment of total revenues accruing from the sale of
7 lottery tickets or shares and from all other sources is consistent with
8 this chapter;

9 (3) The manner and type of lottery being conducted, and the
10 expenses incidental thereto, are the most efficient and cost-effective;
11 and

12 (4) The commission is not unnecessarily incurring operating and
13 administrative costs.

14 In conducting a management review, the director of financial
15 management may inspect the books, documents, and records of the
16 commission. Upon completion of a management review, all irregularities
17 shall be reported to the attorney general, the joint legislative
18 ~~((budget))~~ audit and review committee, and the state auditor. The
19 director of financial management shall make such recommendations as may
20 be necessary for the most efficient and cost-effective operation of the
21 lottery.

22 **Sec. 51.** RCW 79.01.006 and 1991 c 204 s 1 are each amended to read
23 as follows:

24 (1) Every five years the department of social and health services
25 and other state agencies that operate institutions shall conduct an
26 inventory of all real property subject to the charitable, educational,
27 penal, and reformatory institution account and other real property
28 acquired for institutional purposes or for the benefit of the blind,
29 deaf, mentally ill, developmentally disabled, or otherwise disabled.
30 The inventory shall identify which of those real properties are not
31 needed for state-provided residential care, custody, or treatment. By
32 December 1, 1992, and every five years thereafter the department shall
33 report the results of the inventory to the house of representatives
34 committee on capital facilities and financing, the senate committee on
35 ways and means, and the joint legislative ~~((budget))~~ audit and review
36 committee.

37 (2) Real property identified as not needed for state-provided
38 residential care, custody, or treatment shall be transferred to the

1 corpus of the charitable, educational, penal, and reformatory
2 institution account. This subsection shall not apply to real property
3 subject to binding conditions that conflict with the other provisions
4 of this subsection.

5 (3) The department of natural resources shall manage all property
6 subject to the charitable, educational, penal, and reformatory
7 institution account and, in consultation with the department of social
8 and health services and other affected agencies, shall adopt a plan for
9 the management of real property subject to the account and other real
10 property acquired for institutional purposes or for the benefit of the
11 blind, deaf, mentally ill, developmentally disabled, or otherwise
12 disabled.

13 (a) The plan shall be consistent with state trust land policies and
14 shall be compatible with the needs of institutions adjacent to real
15 property subject to the plan.

16 (b) The plan may be modified as necessary to ensure the quality of
17 future management and to address the acquisition of additional real
18 property.

19 NEW SECTION. **Sec. 52.** Sections 2, 9, 10, and 13 through 17 of
20 this act are each added to chapter 44.28 RCW.

21 NEW SECTION. **Sec. 53.** RCW 44.28.140, 44.28.180, and 44.28.087, as
22 amended by this act, are each recodified within chapter 44.28 RCW in
23 the order in which they appear in this act.

24 NEW SECTION. **Sec. 54.** The following acts or parts of acts are
25 each repealed:

26 (1) RCW 44.28.085 and 1993 c 406 s 6, 1975 1st ex.s. c 293 s 15, &
27 1971 ex.s. c 170 s 3; and

28 (2) RCW 44.28.086 and 1973 1st ex.s. c 197 s 1.

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