

2 **E2SHB 2880** - S COMM AMD
3 By Committee on Government Operations

4 ADOPTED 3/6/98

5 Strike everything after the enacting clause and insert the
6 following:

7 NEW SECTION. **Sec. 1.** The legislature finds that the practice of
8 engaging nonprofit entities to provide social services by use of fee-
9 for-services and/or client services contracts has become necessary to
10 effective state agency operations. The legislature further finds that
11 there is a need to fundamentally examine how state contracts of this
12 type are managed. Thus, the legislature intends that a comprehensive
13 study take place that will identify methods for improving state-wide
14 practices relating to fee-for-services and client services contracts.

15 NEW SECTION. **Sec. 2.** The definitions in this section apply
16 throughout this act, unless the context clearly requires otherwise.

17 (1) "Agency" means every state office, department, division,
18 bureau, board, committee, or other state agency.

19 (2) "Task force" means the task force on agency vendor contracting
20 practices.

21 (3) "Contractor" means any nonprofit entity holding a fee-for-
22 services and/or client services contract or grant for the provision of
23 social services with the state of Washington, as defined in chapter
24 39.29 RCW.

25 (4) "Contract" means any fee-for-services and/or client services
26 contract or grant for the provision of social services as defined in
27 chapter 39.29 RCW.

28 NEW SECTION. **Sec. 3.** A task force on agency vendor contracting
29 practices is established. The task force shall be convened by the
30 office of financial management and shall be composed of nine members to
31 be appointed by the director of the office of financial management.
32 Two members of the task force shall be chosen as representatives of
33 contractors. Two members of the task force shall be chosen for their
34 personal work experiences as state employees responsible for

1 administering contracts. All other task force members shall be
2 selected for their knowledge and experience with state agency practices
3 governing contracts. The director of the office of financial
4 management shall appoint a chair from among the members of the task
5 force. The task force shall invite and incorporate the participation
6 of interested legislative members.

7 NEW SECTION. **Sec. 4.** (1) The task force shall review and propose
8 legislative and administrative recommendations for the following
9 issues:

10 (a) The adequacy of chapter 39.29 RCW in governing agency contract
11 management. Such a review shall include, but is not limited to,
12 whether the exemptions contained in RCW 39.29.040 (4) and (6) are
13 appropriate in maintaining agency oversight and accountability for
14 moneys used to engage contractors;

15 (b) Process improvements that ensure adequacy of contract oversight
16 and provide accountability for taxpayer moneys, including the specific
17 roles of the office of financial management and other state agencies in
18 ensuring the accountability of public funds;

19 (c) The appropriate level of state reimbursement which will
20 determine which contractors are eligible to be audited by the office of
21 the state auditor using his/her authority under RCW 43.88.570. The
22 task force shall additionally recommend appropriate funding resources
23 for the office of the state auditor to exercise its authority to audit
24 nonprofit corporations who provide personal services to a state agency
25 or to clients of a state agency, under chapter 43.09 RCW, and
26 nongovernmental entities under RCW 43.88.570;

27 (d) Whether uniform contract guidelines as exemplified by those
28 adopted in other states, such as Texas, are appropriate or necessary,
29 and the adequacy of current contract requirements and practices for
30 contractor selection and award, contract compliance with state and
31 federal standards, contract management and monitoring, accounting
32 methods, payment mechanisms, postcontract procedures, contract legal
33 remedies and performance audits, sanctions to ensure contract
34 compliance, and financial reporting.

35 (2) The task force may utilize a cost-benefit analysis in preparing
36 its recommendations. The task force shall develop proposed procedures,
37 policies, and guidelines, and, if necessary, proposed legislation or
38 administrative rules, to address the issues of its review.

1 NEW SECTION. **Sec. 5.** The task force, where feasible, shall
2 collaborate with individuals from the public and private sector and may
3 ask such persons to establish an advisory committee. Agencies shall
4 cooperate with the office of financial management and provide the task
5 force with support and assistance necessary to carry out the purposes
6 of this act. The task force may consider the suggestions of agencies
7 in preparing its recommendations, including any findings and
8 information provided by the joint legislative audit and review
9 committee.

10 NEW SECTION. **Sec. 6.** The task force, where feasible, shall use
11 office of financial management staff and facilities. The office of
12 financial management may hire additional staff with specific technical
13 expertise if such expertise is necessary to carry out the mandates of
14 the study in this act. Each member of the task force is eligible to be
15 reimbursed for travel expenses in accordance with RCW 43.03.050 and
16 43.03.060.

17 NEW SECTION. **Sec. 7.** By November 1, 1999, the task force shall
18 report its findings to the director of financial management, to the
19 house of representatives vendor contracting and services select
20 committee or to the most appropriate house of representatives standing
21 committee in the event that the vendor contracting and services select
22 committee no longer exists, and to the senate committee on government
23 operations.

24 NEW SECTION. **Sec. 8.** If any provision of this act or its
25 application to any person or circumstance is held invalid, the
26 remainder of the act or the application of the provision to other
27 persons or circumstances is not affected.

28 NEW SECTION. **Sec. 9.** This act expires January 1, 2000.

29 NEW SECTION. **Sec. 10.** If specific funding for the purposes of
30 this act, referencing this act by bill or chapter number, is not
31 provided by June 30, 1998, in the omnibus appropriations act, this act
32 is null and void."

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4 On page 1, line 2 of the title, after "guidelines;" strike the
5 remainder of the title and insert "creating new sections; and providing
6 an expiration date."

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