H-0304.2

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**HOUSE BILL 1008**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Representatives Smith, Hudgins, Hayes, Stanford, Moeller, Magendanz, and Buys

AN ACT Relating to authorizing the state auditor to conduct audits of state government and local agencies' data storage and management practices thereby protecting privacy and securing personal information from computer hacking or misuse of data; and amending RCW 43.09.050, 43.09.055, and 43.09.185.

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

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

The auditor shall:

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

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

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

(4) In his or her discretion, conduct an audit of a state or local agency's data management and storage practices;

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

((~~(5)~~))(6) Give information in writing to the legislature, whenever required, upon any subject relating to the financial affairs of the state, or touching any duties of his or her office;

((~~(6)~~))(7) Report to the director of financial management in writing the names of all persons who have received any moneys belonging to the state, and have not accounted therefor;

((~~(7)~~))(8) Authenticate with his or her official seal papers issued from his or her office;

((~~(8)~~))(9) Make his or her official report annually on or before the 31st of December.

**Sec.**  RCW 43.09.055 and 1998 c 232 s 3 are each amended to read as follows:

The state auditor may, where there is reasonable cause to believe that a misuse of state moneys has occurred, or misuse or inappropriate management of citizen data, conduct an audit of financial, data management, and legal compliance of any entity that receives public moneys through contract or grant in return for services. This authority includes examinations of ((~~not-for-profit corporations who~~))nonprofit corporations that provide personal services to a state agency or to clients of a state agency. Such a financial audit shall be performed in a manner consistent with this chapter, and may be performed according to an agreed upon procedures engagement as in the existing 1998 standards of the American institute of certified public accountants professional standards section 600.

The state auditor may charge the contracting agency, whether state or local, for the costs of an audit of a ((~~not-for-profit~~))nonprofit corporation that receives public moneys through contract or grant in return for services. Any contracting agency that is responsible to the state auditor for such costs shall use due diligence to recover costs from the audited entity.

**Sec.**  RCW 43.09.185 and 1995 c 301 s 8 are each amended to read as follows:

State agencies and local governments shall immediately report to the state auditor's office known or suspected loss of public funds or assets, computer breaches, or other illegal activity.

**--- END ---**