
**General Government & Information
Technology Committee**

HB 2148

Brief Description: Concerning the state auditor including allowing for audits to be conducted by a private entity and establishing an appeal process.

Sponsors: Representatives Chandler, Pike and Hudgins.

Brief Summary of Bill

- Authorizes local governments to request a private financial audit, in lieu of one by the State Auditor, if the State Auditor approves the request.
- Allows state agencies or local governments to appeal the results of any audit pursuant to the Administrative Procedure Act.
- Prohibits audit reports to be made public until the appeal process is complete.
- Requires the State Auditor to adopt rules requiring the presiding officer of the appeal to be an administrative law judge assigned by the Office of Administrative Hearings.

Hearing Date: 2/23/15

Staff: Meghan Bunch (786-7119).

Background:

State Auditor's Office

The State Auditor's Office (SAO) holds state and local governments accountable for the use of public resources. By constitution, the State Auditor has the power to examine the financial affairs of all governments in the state, including local governments, schools, all state agencies, and institutions of higher education. In addition, the SAO carries out special investigations and performance audits of state and local governments.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Administrative Procedure Act

Washington's Administrative Procedure Act (APA) establishes procedures under which state agencies adopt rules and conduct adjudicative proceedings. Generally, a rule is any agency order, directive, or regulation of general applicability which: (1) subjects a person to a sanction if violated; or (2) establishes or changes any procedure or qualification relating to agency hearings, benefits or privileges conferred by law, licenses to pursue any commercial activity, trade, or profession, or standards for the sale or distribution of products or materials. An agency may not adopt rules absent a grant of authority by the Legislature. A person or business adversely affected by an agency action may ask the agency for an adjudicative hearing.

Office of Administrative Hearings

The Office of Administrative Hearings (OAH) is an independent state agency responsible for the review of state agency and some local government decisions. Hearings before the OAH are presided over by an administrative law judge (judge) appointed to conduct such hearings. The hearings are conducted in accordance with statutory procedures outlined in the APA and are generally less formal than court proceedings.

Summary of Bill:

Private Financial Audits

Authorizes local governments to request a private financial audit, in lieu of one by the State Auditor, if the State Auditor approves the request. Any entity performing a financial audit must meet the generally accepted government auditing standards.

Appeal Process

An appeal process is established, allowing state agencies or local governments to appeal the results of any audit pursuant to the administrative procedure act. Audit reports may not be made public until the appeal process is complete and the results of the appeal are addressed.

The State Auditor must adopt rules requiring the presiding officer of the appeal to be an administrative law judge assigned by the Office of Administrative Hearings.

Appropriation: None.

Fiscal Note: Requested on February 18, 2015.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.