
**State Government & Tribal Relations
Committee**

HB 1009

Brief Description: Addressing the state auditor's duties and procedures.

Sponsors: Representatives Dolan, Kirby and Jinkins; by request of State Auditor.

Brief Summary of Bill

- Authorizes the Office of the Washington State Auditor (SAO) to adopt policies around reporting known or suspected loss of public funds or assets or other illegal activity.
- Removes the SAO's obligation to conduct certain audits.
- Modifies certain reporting requirements around the annual local government financial reports and the SAO's routine audit of state agencies.

Hearing Date: 1/16/19

Staff: Desiree Omli (786-7105).

Background:

State Auditor's Office.

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

Loss of Public Funds.

State agencies and local governments must immediately report to the SAO any known or suspected loss of public funds or assets or other illegal activity.

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.

Toll-Free Efficiency Hotline.

The SAO must establish a toll-free telephone line available to public employees and members of the public to recommend ways to improve efficiency in state and local government. The hotline may be used to report waste, inefficiency, or abuse, as well as incidents of achievement and efficiency. The SAO must conduct reviews of each recommendation received. The SAO must prepare a written determination of the investigation performed that includes recommendations, and distribute the report to the affected state agencies.

Annual Reports–Local Government.

Every local government must submit financial reports to the SAO for each fiscal year. The reports must contain certain information, including a statement of all expenditures for labor relations consultants, with the identification of each consultant, compensation, and the terms and conditions of each agreement or arrangement.

Routine Audits of State Agencies.

As part of the routine audits of state agencies, the SAO must audit all revolving funds, local funds, and other state funds and state accounts that are not managed by or in the care of the State Treasurer and that are under the control of state agencies, such as state departments, boards, and commissions. The SAO must report to the Legislature, within five months of the end of each biennium, on the status of the funds and accounts examined during the preceding biennium and any recommendations for their improved financial management.

Transportation Performance Auditor Board.

In 2005 a statewide transportation governance was restructured. The Transportation Performance Audit Board (TPAB) was given authority to direct performance audits and to review performance measures and outcomes of transportation-related agencies and certain local transportation entities. Also in 2005, voters approved Initiative 900 (I-900), requiring the SAO to conduct performance audits of state and local governments including state and local transportation governmental entities and each of their agencies, accounts, and programs. The TPAB was extended only until July 1, 2007, and the function of conducting performance audits thereafter transitioned to the SAO.

Local Government Accounting.

The SAO periodically examines the financial affairs of all local governments. An examination of the financial affairs of all local governments are made at least once every three years, and an examination of individual local government health and welfare benefit plans and local government self-insurance programs are made at least once every two years. As part of these examinations, the SAO must review the tax levies of all local governments.

Long-Term In-Home Care Program.

Initiative 1163 (I-1163), approved by the voters in November 2011, modifies the law governing training and home care aide certification for long-term care workers. The SAO is required, under I-1163, to conduct biennial performance audits of the long-term in-home care program, beginning by January 7, 2013. As part of the auditing process, the state must hire five additional fraud investigators to ensure that clients receiving services at taxpayers' expense are medically and financially qualified to receive the service and are actually receiving the service.

Summary of Bill:

Loss of Public Funds.

The reporting requirement around the procedures for state agencies and local governments to report known or suspected loss of public funds or assets is modified. Immediate reporting is not required, and the SAO may adopt policies for these reporting procedures.

Toll-Free Efficiency Hotline.

The written determinations prepared by the SAO of investigations that arise from recommendations collected through the hotline must also be distributed to the affected local agencies.

Annual Reports—Local Government.

A local government is no longer required to include in its annual financial report to the SAO statements of all expenditures for labor relations consultants, the identification of each consultant, compensation, and the terms and conditions of each agreement or arrangement.

Routine Audits of State Agencies.

The SAO is no longer required to report to the Legislature on the status of the funds and accounts examined during the preceding biennium as part of its routine audit of state agencies, or any recommendations arising from such audit.

Transportation Performance Auditor Board.

Statutory reference to the dissolved TPAB is removed.

Local Government Accounting.

The SAO is no longer required to review the tax levies of all local governments during its periodic examinations of the financial affairs of local governments.

Long-Term In-Home Care Program.

Provisions requiring the SAO to conduct performance audits of long-term, in-home care programs are repealed.

Appropriation: None.

Fiscal Note: Not requested.

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