
SUBSTITUTE HOUSE BILL 1133

State of Washington 52nd Legislature 1991 Regular Session

By House Committee on State Government (originally sponsored by Representatives Valle, Ferguson, Belcher, Bowman, Sprenkle, Brekke, Pruitt, Dellwo, Sheldon, Morris, Jones, Betrozoff and Orr).

Read first time March 1, 1991.

1 AN ACT Relating to personal service contracts; amending RCW
2 39.29.003 and 39.29.018; adding new sections to chapter 39.29 RCW;
3 creating a new section; and declaring an emergency.

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

5 **Sec. 1.** RCW 39.29.003 and 1987 c 414 s 1 are each amended to read
6 as follows:

7 It is the intent of this chapter to establish a policy of open
8 competition for all personal service contracts entered into by state
9 agencies, unless specifically exempted under this chapter. It is
10 further the intent to provide for legislative and executive review of
11 all personal service contracts (~~((negotiated without an open competitive
12 process))~~ to centralize the location of personal service contracts for
13 ease of public review, and ensure proper accounting of personal
14 services expenditures.

1 **Sec. 2.** RCW 39.29.018 and 1987 c 414 s 5 are each amended to read
2 as follows:

3 (1) Sole source contracts and modifications thereto shall be filed
4 with the office of financial management and the legislative budget
5 committee and made available for public inspection at least ten working
6 days prior to the proposed starting date of the contract. Documented
7 justification for sole source contracts shall be provided to the office
8 of financial management and the legislative budget committee when the
9 contract is filed.

10 (2) The office of financial management shall approve sole source
11 contracts of ten thousand dollars or more and modifications thereto
12 before any such contract or modification becomes binding and before any
13 services may be performed under the contract. These requirements shall
14 also apply to sole source contracts of less than ten thousand dollars
15 if the total amount of such contracts and their amendments between an
16 agency and the same consultant is ten thousand dollars or more within
17 a fiscal year. The office of financial management shall insure that
18 the costs, fees, or rates negotiated in these sole source contracts are
19 reasonable and do not exceed the costs, rate, or fees that would have
20 been charged had the contract been competitively bid.

21 NEW SECTION. **Sec. 3.** A new section is added to chapter 39.29 RCW
22 to read as follows:

23 Personal services may be procured only to resolve a particular
24 agency problem or issue or to expedite a specific project, the duration
25 of which is short term. An agency may not procure personal services
26 from private sources or other public agencies if it cannot demonstrate
27 need and is unable to document insufficient staffing or expertise
28 within the agency to perform the service.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 39.29 RCW
2 to read as follows:

3 (1) Personal service contracts subject to competitive solicitation,
4 and modifications thereto, shall be filed with the office of financial
5 management and the legislative evaluation and accountability program
6 committee and made available for public inspection at least ten working
7 days before the proposed starting date of the contract. Each agency
8 filing a personal service contract pursuant to this section shall
9 include certification that the procedures and requirements adopted by
10 the office of financial management pursuant to RCW 39.29.065 have been
11 met, and that the process used by the agency to competitively solicit
12 potential consultants has been documented.

13 (2) The legislative evaluation and accountability program committee
14 shall review competitively bid personal service contracts, and
15 modifications thereto, subject to solicitation of ten thousand dollars
16 or more before any such contract becomes binding and before any
17 services may be performed under the contract. The legislative
18 evaluation and accountability program committee may, at its discretion,
19 conduct performance audits on contracts or forward questionable
20 contracts to the fiscal committees of the legislature for further
21 review.

22 NEW SECTION. **Sec. 5.** A new section is added to chapter 39.29 RCW
23 to read as follows:

24 The office of financial management shall maintain a list of all
25 personal service contracts entered into by state agencies during each
26 fiscal year. The list shall identify the contracting agency, the
27 contractor, the purpose of the contract, effective dates and periods of
28 performance, and whether the contract, including amendments, was
29 competitively procured or awarded on a sole source basis. The office

1 of financial management shall also ensure that state accounting
2 definitions and procedures are consistent with RCW 39.29.006 and permit
3 the reporting of personal services expenditures by agency and by type
4 of service. Designations of type of services shall include, but not be
5 limited to, management and organizational services, legal services,
6 financial services, social or technical research, marketing, and
7 employee training or recruiting services.

8 NEW SECTION. **Sec. 6.** (1) The legislative evaluation and
9 accountability program committee shall conduct a performance audit of
10 agency expenditures for personal services incurred during the 1989-91
11 biennium. The performance audit shall:

12 (a) Review all contracts for personal services and their
13 amendments, including emergency contracts and contracts for services
14 exempted by RCW 39.29.040 except architectural and engineering
15 contracts;

16 (b) Determine whether contracts for personal services have met the
17 requirements of chapter 39.29 RCW and have complied with the office of
18 financial management's requirements for using outside consultants; and

19 (c) Determine the extent and use of contract amendments and the
20 need for improvements to state accounting procedures, definitions, and
21 controls relating to personal services expenditures.

22 (2) The legislative evaluation and accountability program committee
23 may limit its review to the ten agencies that incurred the most
24 expenditures for personal services during the biennium.

25 (3) The legislative evaluation and accountability program committee
26 shall report its findings and make recommendations for improvements to
27 the fiscal committees of the legislature on or before December 1, 1991.

1 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and shall take
4 effect immediately.