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2 **SHB 1372 - H AMD 000190 WITHDRAWN 3-15-93**

3 By Representatives Pruitt, Wolfe, Reams, Linville, Dunshee, Eide,
4 Veloria, Dyer, and Vance
5

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

8 **"PART I - STATE GOVERNMENT PERFORMANCE PLAN**

9 NEW SECTION. **Sec. 1.** By July 1, 1994, each state agency shall
10 define its mission or missions and establish measurable goals for
11 achieving desirable results or outcomes for its customers. Agency
12 customers shall include, but not be limited to, service recipients,
13 regulated entities, and the public at large. This section shall not be
14 construed to require an agency to develop a new mission or goals in
15 place of existing identifiable missions or goals which meet the intent
16 of this provision. Each state agency should involve affected
17 stakeholders in planning its missions and goals. By January 1, 1995,
18 each state agency shall submit its missions and goals to the
19 legislature for review and approval.

20 **Sec. 2.** RCW 43.88.090 and 1989 c 273 s 26 are each amended to read
21 as follows:

22 (1) For purposes of developing budget proposals to the legislature,
23 the governor shall have the power, and it shall be the governor's duty,
24 to require from proper agency officials such detailed estimates and
25 other information in such form and at such times as the governor shall
26 direct. The estimates for the legislature and the judiciary shall be
27 transmitted to the governor and shall be included in the budget without
28 revision. The estimates for state pension contributions shall be based
29 on the rates provided in chapter 41.45 RCW. Copies of all such
30 estimates shall be transmitted to the standing committees on ways and
31 means of the house and senate at the same time as they are filed with
32 the governor and the office of financial management.

33 ~~(2) ((Estimates from each agency shall include goals and objectives~~
34 ~~for each program administered by the agency. The goals and objectives~~
35 ~~shall, whenever possible, be stated in terms of objective measurable~~

1 ~~results.))~~ For the purpose of assessing program performance, each
2 state agency shall establish program objectives for each major program
3 in its budget. The objectives shall be consistent with the missions
4 and goals developed under section 1 of this act. These objectives
5 shall be established for the biennium and for a six-year planning
6 cycle. Each agency shall express the objectives in an outcome based,
7 objective, quantifiable, and measurable form unless permitted by the
8 office of financial management to adopt a different standard.

9 The estimates shall include statements or tables which indicate, by
10 agency, the state funds which are required for the receipt of federal
11 matching revenues. The estimates shall be revised as necessary to
12 reflect legislative enactments and adopted appropriations and shall be
13 included with the initial biennial allotment submitted under RCW
14 43.88.110.

15 (3) In the year of the gubernatorial election, the governor shall
16 invite the governor-elect or the governor-elect's designee to attend
17 all hearings provided in RCW 43.88.100; and the governor shall furnish
18 the governor-elect or the governor-elect's designee with such
19 information as will enable the governor-elect or the governor-elect's
20 designee to gain an understanding of the state's budget requirements.
21 The governor-elect or the governor-elect's designee may ask such
22 questions during the hearings and require such information as the
23 governor-elect or the governor-elect's designee deems necessary and may
24 make recommendations in connection with any item of the budget which,
25 with the governor-elect's reasons therefor, shall be presented to the
26 legislature in writing with the budget document. Copies of all such
27 estimates and other required information shall also be submitted to the
28 standing committees on ways and means of the house and senate.

29 **PART II - GOVERNMENT ACCOUNTABILITY TASK FORCE**

30 NEW SECTION. Sec. 3. There is created a government accountability
31 task force to advise the legislature on establishing a comprehensive,
32 integrated program accountability system for state government. The
33 composition of the task force shall be as follows:

34 (1) Four members to be appointed by the governor, with at least one
35 representative each from private sector business and industry, state
36 employee labor unions, and public interest organizations;

1 (2) One representative from each of the four legislative caucuses,
2 to be appointed by the president of the senate and the speaker of the
3 house of representatives;

4 (3) The state auditor;

5 (4) The chair of the legislative budget committee;

6 (5) The director of the office of financial management;

7 (6) The superintendent of public instruction; and

8 (7) The chair of the higher education coordinating board.

9 The chair of the task force shall be selected by its members. Staffing
10 for the task force shall be provided by the legislative budget
11 committee.

12 This section shall expire December 31, 1995.

13 NEW SECTION. **Sec. 4.** The government accountability task force
14 shall develop recommendations to improve the accountability of state
15 government including recommendations that address compliance with the
16 law in the use of resources, efficiency in the use of resources,
17 effectiveness in meeting program goals and targets, and appropriateness
18 of program activity in fulfilling the identified public need. The task
19 force shall address the following issues:

20 (1) The development of a plan for performance audits of state
21 agencies in the executive branch of state government. This plan shall
22 include identification of the proper roles for state agencies, the
23 state auditor, the legislative budget committee, and the commission for
24 efficiency and accountability in government in conducting these
25 performance audits. The plan shall designate the scope and type of
26 audits to be performed.

27 (2) The development of a plan for a state-wide performance-based
28 evaluations system that addresses:

29 (a) The development of standard program evaluation definitions and
30 suggested guidelines for conducting program evaluations;

31 (b) The provision of technical assistance and training programs to
32 agencies in conducting evaluations and using the results of evaluations
33 to improve programs;

34 (c) The establishment of automated data systems for streamlining
35 the program evaluation process and for tracking results;

36 (d) The establishment of a clearinghouse for program evaluation
37 results and information from other states and the federal government;
38 and

1 (e) How to develop indicators of performance for the measurable
2 goals established under section 1 of this act.

3 (3) Recommendations regarding a plan for a state reporting process
4 on program accountability that addresses to what extent agencies are
5 meeting the goals established in section 1 of this act.

6 The task force shall present this system to the legislature by
7 December 31, 1995.

8 **PART III - STATE AUDITOR**

9 **Sec. 5.** RCW 43.09.050 and 1992 c 118 s 6 are each amended to read
10 as follows:

11 The auditor shall:

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

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

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

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

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

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

32 (7) Authenticate with his or her official seal papers issued from
33 his or her office;

34 (8) Make his or her official report annually on or before the 31st
35 of December;

1 (9) Conduct performance audits of state agency programs recommended
2 by the government accountability task force if these recommendations
3 are adopted by the legislature.

4 **Sec. 6.** RCW 43.88.160 and 1992 c 118 s 8 are each amended to read
5 as follows:

6 This section sets forth the major fiscal duties and
7 responsibilities of officers and agencies of the executive branch. The
8 regulations issued by the governor pursuant to this chapter shall
9 provide for a comprehensive, orderly basis for fiscal management and
10 control, including efficient accounting and reporting therefor, for the
11 executive branch of the state government and may include, in addition,
12 such requirements as will generally promote more efficient public
13 management in the state.

14 (1) Governor; director of financial management. The governor,
15 through the director of financial management, shall devise and
16 supervise a modern and complete accounting system for each agency to
17 the end that all revenues, expenditures, receipts, disbursements,
18 resources, and obligations of the state shall be properly and
19 systematically accounted for. The accounting system shall include the
20 development of accurate, timely records and reports of all financial
21 affairs of the state. The system shall also provide for central
22 accounts in the office of financial management at the level of detail
23 deemed necessary by the director to perform central financial
24 management. The director of financial management shall adopt and
25 periodically update an accounting procedures manual. Any agency
26 maintaining its own accounting and reporting system shall comply with
27 the updated accounting procedures manual and the rules of the director
28 adopted under this chapter. An agency may receive a waiver from
29 complying with this requirement if the waiver is approved by the
30 director. Waivers expire at the end of the fiscal biennium for which
31 they are granted. The director shall forward notice of waivers granted
32 to the appropriate legislative fiscal committees. The director of
33 financial management may require such financial, statistical, and other
34 reports as the director deems necessary from all agencies covering any
35 period.

36 (2) The director of financial management is responsible for
37 quarterly reporting of primary operating budget drivers such as
38 applicable workloads, caseload estimates, and appropriate unit cost

1 data. These reports shall be transmitted to the legislative fiscal
2 committees or by electronic means to the legislative evaluation and
3 accountability program committee. Quarterly reports shall include
4 actual monthly data and the variance between actual and estimated data
5 to date. The reports shall also include estimates of these items for
6 the remainder of the budget period.

7 (3) The director of financial management shall report at least
8 annually to the appropriate legislative committees regarding the status
9 of all appropriated capital projects, including transportation
10 projects, showing significant cost overruns or underruns. If funds are
11 shifted from one project to another, the office of financial management
12 shall also reflect this in the annual variance report. Once a project
13 is complete, the report shall provide a final summary showing estimated
14 start and completion dates of each project phase compared to actual
15 dates, estimated costs of each project phase compared to actual costs,
16 and whether or not there are any outstanding liabilities or unsettled
17 claims at the time of completion.

18 (4) In addition, the director of financial management, as agent of
19 the governor, shall:

20 (a) Make surveys and analyses of agencies with the object of
21 determining better methods and increased effectiveness in the use of
22 manpower and materials; and the director shall authorize expenditures
23 for employee training to the end that the state may benefit from
24 training facilities made available to state employees;

25 (b) Report to the governor with regard to duplication of effort or
26 lack of coordination among agencies;

27 (c) Review any pay and classification plans, and changes
28 thereunder, developed by any agency for their fiscal impact: PROVIDED,
29 That none of the provisions of this subsection shall affect merit
30 systems of personnel management now existing or hereafter established
31 by statute relating to the fixing of qualifications requirements for
32 recruitment, appointment, or promotion of employees of any agency. The
33 director shall advise and confer with agencies including appropriate
34 standing committees of the legislature as may be designated by the
35 speaker of the house and the president of the senate regarding the
36 fiscal impact of such plans and may amend or alter said plans, except
37 that for the following agencies no amendment or alteration of said
38 plans may be made without the approval of the agency concerned:
39 Agencies headed by elective officials;

1 (d) Fix the number and classes of positions or authorized man years
2 of employment for each agency and during the fiscal period amend the
3 determinations previously fixed by the director except that the
4 director shall not be empowered to fix said number or said classes for
5 the following: Agencies headed by elective officials;

6 (e) Provide for transfers and repayments between the budget
7 stabilization account and the general fund as directed by appropriation
8 and RCW 43.88.525 through 43.88.540;

9 (f) Promulgate regulations to effectuate provisions contained in
10 (a) through (e) of this subsection.

11 (5) The treasurer shall:

12 (a) Receive, keep, and disburse all public funds of the state not
13 expressly required by law to be received, kept, and disbursed by some
14 other persons: PROVIDED, That this subsection shall not apply to those
15 public funds of the institutions of higher learning which are not
16 subject to appropriation;

17 (b) Disburse public funds under the treasurer's supervision or
18 custody by warrant or check;

19 (c) Keep a correct and current account of all moneys received and
20 disbursed by the treasurer, classified by fund or account;

21 (d) Perform such other duties as may be required by law or by
22 regulations issued pursuant to this law.

23 It shall be unlawful for the treasurer to issue any warrant or
24 check for public funds in the treasury except upon forms duly
25 prescribed by the director of financial management. Said forms shall
26 provide for authentication and certification by the agency head or the
27 agency head's designee that the services have been rendered or the
28 materials have been furnished; or, in the case of loans or grants, that
29 the loans or grants are authorized by law; or, in the case of payments
30 for periodic maintenance services to be performed on state owned
31 equipment, that a written contract for such periodic maintenance
32 services is currently in effect and copies thereof are on file with the
33 office of financial management; and the treasurer shall not be liable
34 under the treasurer's surety bond for erroneous or improper payments so
35 made: PROVIDED, That when services are lawfully paid for in advance of
36 full performance by any private individual or business entity other
37 than as provided for by RCW 42.24.035, such individual or entity other
38 than central stores rendering such services shall make a cash deposit
39 or furnish surety bond coverage to the state as shall be fixed in an

1 amount by law, or if not fixed by law, then in such amounts as shall be
2 fixed by the director of the department of general administration but
3 in no case shall such required cash deposit or surety bond be less than
4 an amount which will fully indemnify the state against any and all
5 losses on account of breach of promise to fully perform such services:
6 AND PROVIDED FURTHER, That no payments shall be made in advance for any
7 equipment maintenance services to be performed more than three months
8 after such payment. Any such bond so furnished shall be conditioned
9 that the person, firm or corporation receiving the advance payment will
10 apply it toward performance of the contract. The responsibility for
11 recovery of erroneous or improper payments made under this section
12 shall lie with the agency head or the agency head's designee in
13 accordance with regulations issued pursuant to this chapter. Nothing
14 in this section shall be construed to permit a public body to advance
15 funds to a private service provider pursuant to a grant or loan before
16 services have been rendered or material furnished.

17 (6) The state auditor shall:

18 (a) Report to the legislature the results of current post audits
19 that have been made of the financial transactions of each agency; to
20 this end the auditor may, in the auditor's discretion, examine the
21 books and accounts of any agency, official or employee charged with the
22 receipt, custody or safekeeping of public funds. The current post
23 audit of each agency may include a section on recommendations to the
24 legislature as provided in (c) of this subsection.

25 (b) Give information to the legislature, whenever required, upon
26 any subject relating to the financial affairs of the state.

27 (c) Make the auditor's official report on or before the thirty-
28 first of December which precedes the meeting of the legislature. The
29 report shall be for the last complete fiscal period and shall include
30 at least the following:

31 Determinations as to whether agencies, in making expenditures,
32 complied with the laws of this state(~~(: PROVIDED, That nothing in this~~
33 ~~section may be construed to grant the state auditor the right to~~
34 ~~perform performance audits. A performance audit for the purpose of~~
35 ~~this section is the examination of the effectiveness of the~~
36 ~~administration, its efficiency, and its adequacy in terms of the~~
37 ~~programs of departments or agencies as previously approved by the~~
38 ~~legislature. The authority and responsibility to conduct such an~~

1 ~~examination shall be vested in the legislative budget committee as~~
2 ~~prescribed in RCW 44.28.085)).~~

3 (d) Be empowered to take exception to specific expenditures that
4 have been incurred by any agency or to take exception to other
5 practices related in any way to the agency's financial transactions and
6 to cause such exceptions to be made a matter of public record,
7 including disclosure to the agency concerned and to the director of
8 financial management. It shall be the duty of the director of
9 financial management to cause corrective action to be taken promptly,
10 such action to include, as appropriate, the withholding of funds as
11 provided in RCW 43.88.110.

12 (e) Promptly report any irregularities to the attorney general.

13 (f) Investigate improper governmental activity under chapter 42.40
14 RCW.

15 (7) The legislative budget committee may:

16 (a) Make post audits of the financial transactions of any agency
17 and management surveys and program reviews as provided for in RCW
18 44.28.085. To this end the committee may in its discretion examine the
19 books, accounts, and other records of any agency, official, or
20 employee.

21 (b) Give information to the legislature or any legislative
22 committee whenever required upon any subject relating to the
23 performance and management of state agencies.

24 (c) Make a report to the legislature which shall include at least
25 the following:

26 (i) Determinations as to the extent to which agencies in making
27 expenditures have complied with the will of the legislature and in this
28 connection, may take exception to specific expenditures or financial
29 practices of any agencies; and

30 (ii) Such plans as it deems expedient for the support of the
31 state's credit, for lessening expenditures, for promoting frugality and
32 economy in agency affairs and generally for an improved level of fiscal
33 management.

34 **Sec. 7.** RCW 44.28.085 and 1975 1st ex.s. c 293 s 15 are each
35 amended to read as follows:

36 The legislative budget committee shall make management surveys and
37 program reviews as to every public body, officer or employee subject to
38 the provisions of RCW 43.09.290 through 43.09.340. The legislative

1 budget committee may also make management surveys and program reviews
2 of local school districts, intermediate school districts, and other
3 units of local government receiving state funds as grants-in-aid or as
4 shared revenues. Management surveys for the purposes of this section
5 shall be an independent examination for the purpose of providing the
6 legislature with an evaluation and report of the manner in which any
7 public agency, officer, administrator, or employee has discharged the
8 responsibility to faithfully, efficiently, and effectively administer
9 any legislative purpose of the state. Program reviews for the purpose
10 of this section shall be an examination of state or local government
11 programs to ascertain whether or not such programs continue to serve
12 their intended purposes, are conducted in an efficient and effective
13 manner, or require modification or elimination: PROVIDED, That nothing
14 in this section shall limit the power or duty of the state auditor to
15 report to the legislature as directed by subsection (3) of RCW
16 43.88.160 (~~as now or hereafter amended. The authority in this section~~
17 ~~conferred excludes a like authority in the state auditor~~)).

18 The legislative budget committee shall receive a copy of each
19 report of examination issued by the state auditor under RCW 43.09.310,
20 shall review all such reports, and shall make such recommendations to
21 the legislature and to the state auditor as it deems appropriate.

22 **PART IV - MISCELLANEOUS**

23 NEW SECTION. **Sec. 8.** This act may be known and cited as the
24 performance-based government act of 1993.

25 NEW SECTION. **Sec. 9.** Sections 3 and 4 of this act shall
26 constitute a new chapter in Title 43 RCW.

27 NEW SECTION. **Sec. 10.** CAPTIONS. Captions and part headings as
28 used in this act constitute no part of the law.

29 NEW SECTION. **Sec. 11.** NULL AND VOID. If specific funding for the
30 purposes of this act, referencing this act by bill number, is not
31 provided by June 30, 1993, in the omnibus appropriations act, this act
32 shall be null and void."

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