
HOUSE BILL 2118

State of Washington

53rd Legislature

1993 Regular Session

By Representatives Wolfe, Kessler and Karahalios; by request of Office of Financial Management

Read first time 4/02/93. Referred to Committee on APPROPRIATIONS.

1 AN ACT Relating to the budgeting, accounting, and reporting system;
2 amending RCW 43.79.280, 43.88.020, 43.88.120, 43.88.122, 43.88.160, and
3 43.88.265; and reenacting and amending RCW 43.88.030 and 43.88.110.

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

5 **Sec. 1.** RCW 43.79.280 and 1973 c 144 s 3 are each amended to read
6 as follows:

7 ~~((If the governor approves such estimate in whole or part, he shall
8 endorse on each copy of the statement his approval, together with a
9 statement of the amount approved in the form of an allotment amendment,
10 and transmit one copy to the head of the department, agency, board, or
11 commission authorizing the expenditure. An identical copy of the
12 governor's statement of approval and a statement of the amount approved
13 for expenditure shall be transmitted simultaneously to the legislative
14 budget committee and also to the standing committee on ways and means
15 of the house and senate of all executive approvals of proposals to
16 expend money in excess of appropriations provided by law.))~~
17 Notification of executive approval of an unanticipated receipt shall be
18 provided to the agency submitting the request, the legislative budget

1 committee, and the standing fiscal committees of the house of
2 representatives and the senate.

3 **Sec. 2.** RCW 43.88.020 and 1991 c 358 s 6 are each amended to read
4 as follows:

5 (1) "Budget" means a proposed plan of expenditures for a given
6 period or purpose and the proposed means for financing these
7 expenditures.

8 (2) "Budget document" means a formal, written statement offered by
9 the governor to the legislature, as provided in RCW 43.88.030.

10 (3) "Supplementary detail" means data supporting the governor's
11 budget recommendation. This data is to be available in either paper or
12 electronic form after submittal of the governor's budget document.

13 (4) "Director of financial management" means the official appointed
14 by the governor to serve at the governor's pleasure and to whom the
15 governor may delegate necessary authority to carry out the governor's
16 duties as provided in this chapter. The director of financial
17 management shall be head of the office of financial management which
18 shall be in the office of the governor.

19 (~~(4)~~) (5) "Agency" means and includes every state office,
20 officer, each institution, whether educational, correctional or other,
21 and every department, division, board and commission, except as
22 otherwise provided in this chapter.

23 (~~(5)~~) (6) "Public funds", for purposes of this chapter, means all
24 moneys, including cash, checks, bills, notes, drafts, stocks, and
25 bonds, whether held in trust, for operating purposes, or for capital
26 purposes, and collected or disbursed under law, whether or not such
27 funds are otherwise subject to legislative appropriation, including
28 funds maintained outside the state treasury.

29 (~~(6)~~) (7) "Regulations" means the policies, standards, and
30 requirements, stated in writing, designed to carry out the purposes of
31 this chapter, as issued by the governor or the governor's designated
32 agent, and which shall have the force and effect of law.

33 (~~(7)~~) (8) "Ensuing biennium" means the fiscal biennium beginning
34 on July 1st of the same year in which a regular session of the
35 legislature is held during an odd-numbered year pursuant to Article II,
36 section 12 of the Constitution and which biennium next succeeds the
37 current biennium.

1 (~~(8)~~) (9) "Dedicated fund" means a fund in the state treasury, or
2 a separate account or fund in the general fund in the state treasury,
3 that by law is dedicated, appropriated or set aside for a limited
4 object or purpose; but "dedicated fund" does not include a revolving
5 fund or a trust fund.

6 (~~(9)~~) (10) "Revolving fund" means a fund in the state treasury,
7 established by law, from which is paid the cost of goods or services
8 furnished to or by a state agency, and which is replenished through
9 charges made for such goods or services or through transfers from other
10 accounts or funds.

11 (~~(10)~~) (11) "Trust fund" means a fund in the state treasury in
12 which designated persons or classes of persons have a vested beneficial
13 interest or equitable ownership, or which was created or established by
14 a gift, grant, contribution, devise, or bequest that limits the use of
15 the fund to designated objects or purposes.

16 (~~(11)~~) (12) "Administrative expenses" means expenditures for:
17 (a) Salaries, wages, and related costs of personnel and (b) operations
18 and maintenance including but not limited to costs of supplies,
19 materials, services, and equipment.

20 (~~(12)~~) (13) "Fiscal year" means the year beginning July 1st and
21 ending the following June 30th.

22 (~~(13)~~) (14) "Lapse" means the termination of authority to expend
23 an appropriation.

24 (~~(14)~~) (15) "Legislative fiscal committees" means the legislative
25 budget committee, the legislative evaluation and accountability program
26 committee, the ways and means committees of the senate and house of
27 representatives, and, where appropriate, the legislative transportation
28 committee.

29 (~~(15)~~) (16) "Fiscal period" means the period for which an
30 appropriation is made as specified within the act making the
31 appropriation.

32 (~~(16)~~) (17) "Primary budget driver" means the primary determinant
33 of a budget level, other than a price variable, which causes or is
34 associated with the major expenditure of an agency or budget unit
35 within an agency, such as a caseload, enrollment, workload, or
36 population statistic.

37 (~~(17)~~) (18) "Stabilization account" means the budget
38 stabilization account created under RCW 43.88.525 as an account in the
39 general fund of the state treasury.

1 (~~(18)~~) (19) "State tax revenue limit" means the limitation
2 created by chapter 43.135 RCW.

3 (~~(19)~~) (20) "General state revenues" means the revenues defined
4 by Article VIII, section 1(c) of the state Constitution.

5 (~~(20)~~) (21) "Annual growth rate in real personal income" means
6 the estimated percentage growth in personal income for the state during
7 the current fiscal year, expressed in constant value dollars, as
8 published by the office of financial management or its successor
9 agency.

10 (~~(21)~~) (22) "Estimated revenues" means estimates of revenue in
11 the most recent official economic and revenue forecast prepared under
12 RCW 82.33.020, and prepared by the office of financial management for
13 those funds, accounts, and sources for which the office of the economic
14 and revenue forecast council does not prepare an official forecast
15 including estimates of revenues to support financial plans under RCW
16 44.40.070, that are prepared by the office of financial management in
17 consultation with the interagency transportation revenue task force.

18 (~~(22)~~) (23) "Estimated receipts" means the estimated receipt of
19 cash in the most recent official economic and revenue forecast prepared
20 under RCW 82.33.020, and prepared by the office of financial management
21 for those funds, accounts, and sources for which the office of the
22 economic and revenue forecast council does not prepare an official
23 forecast.

24 (~~(23)~~) (24) "State budgeting, accounting, and reporting system"
25 means a system that gathers, maintains, and communicates fiscal and
26 statistical information. The system links fiscal information beginning
27 with development of agency budget requests through adoption of
28 legislative appropriations to tracking actual (~~(receipts)~~) revenues and
29 expenditures against approved plans.

30 (~~(24)~~) (25) "Allotment of appropriation" means the agency's
31 statement of proposed expenditures, the director of financial
32 management's review of that statement, and the placement of the
33 approved statement into the state budgeting, accounting, and reporting
34 system.

35 (~~(25)~~) (26) "Statement of proposed expenditures" means a plan
36 prepared by each agency that breaks each appropriation out into monthly
37 detail representing the best estimate of how the appropriation will be
38 expended.

1 (~~(26)~~) (27) "Undesignated fund balance (or deficit)" means
2 unreserved and undesignated current assets or other resources available
3 for expenditure over and above any current liabilities which are
4 expected to be incurred by the close of the fiscal period.

5 (28) "Interagency transportation revenue task force" means an
6 interagency advisory committee chaired by the director of financial
7 management, or the director's designee, and including representatives
8 of the office of the forecast council, the department of
9 transportation, and the department of licensing that prepares an
10 estimated forecast for transportation revenues taking into
11 consideration the same general economic factors as the revenue forecast
12 council.

13 **Sec. 3.** RCW 43.88.030 and 1991 c 358 s 1 and 1991 c 284 s 1 are
14 each reenacted and amended to read as follows:

15 (1) The director of financial management shall provide all agencies
16 with a complete set of instructions for submitting biennial budget
17 requests to the director at least three months before agency budget
18 documents are due into the office of financial management. The
19 director shall provide agencies that are required under RCW 44.40.070
20 to develop comprehensive six-year program and financial plans with a
21 complete set of instructions for submitting these program and financial
22 plans at the same time that instructions for submitting other budget
23 requests are provided. The budget document or documents shall consist
24 of the governor's budget message which shall be explanatory of the
25 budget and shall contain an outline of the proposed financial policies
26 of the state for the ensuing fiscal period, as well as an outline of
27 the proposed six-year financial policies where applicable, and shall
28 describe in connection therewith the important features of the budget.
29 The message shall set forth the reasons for salient changes from the
30 previous fiscal period in expenditure and revenue items and shall
31 explain any major changes in financial policy. Attached to the budget
32 message shall be such supporting schedules, exhibits and other
33 explanatory material in respect to both current operations and capital
34 improvements as the governor shall deem to be useful to the
35 legislature. The budget document or documents shall set forth a
36 proposal for expenditures in the ensuing fiscal period, or six-year
37 period where applicable, based upon the estimated revenues as approved
38 by the economic and revenue forecast council or upon the estimated

1 revenues of the office of financial management for those funds,
2 accounts, and sources for which the office of the economic and revenue
3 forecast council does not prepare an official forecast, including those
4 revenues anticipated to support the six-year programs and financial
5 plans under RCW 44.40.070. In estimating revenues to support financial
6 plans under RCW 44.40.070, the office of financial management (~~shall~~)
7 may rely on information and advice from the interagency transportation
8 revenue task force. Revenues shall be estimated for such fiscal period
9 from the source and at the rates existing by law at the time of
10 submission of the budget document, including the supplemental budgets
11 submitted in the even-numbered years of a biennium. However, the
12 estimated revenues for use in the governor's budget document may be
13 adjusted to reflect budgetary revenue transfers and revenue estimates
14 dependent upon budgetary assumptions of enrollments, workloads, and
15 caseloads. All adjustments to the approved estimated revenues must be
16 set forth in the budget document. The governor may additionally
17 submit, as an appendix to each supplemental, biennial, or six-year
18 agency budget or to the budget document or documents, a proposal for
19 expenditures in the ensuing fiscal period from revenue sources derived
20 from proposed changes in existing statutes.

21 Supplemental and biennial documents shall reflect a six-year
22 expenditure plan consistent with estimated revenues from existing
23 sources and at existing rates for those agencies required to submit
24 six-year program and financial plans under RCW 44.40.070. Any
25 additional revenue resulting from proposed changes to existing statutes
26 shall be separately identified within the document as well as related
27 expenditures for the six-year period.

28 The budget document or (~~documents~~) supplementary detail shall
29 also contain:

30 (a) Revenues classified by fund and source for the immediately past
31 fiscal period, those received or anticipated for the current fiscal
32 period, those anticipated for the ensuing biennium, and those
33 anticipated for the ensuing six-year period to support the six-year
34 programs and financial plans required under RCW 44.40.070;

35 (b) The undesignated fund balance or deficit, by fund;

36 (c) Such additional information dealing with expenditures,
37 revenues, workload, performance, and personnel as the legislature may
38 direct by law or concurrent resolution;

1 (d) Such additional information dealing with revenues and
2 expenditures as the governor shall deem pertinent and useful to the
3 legislature;

4 (e) Tabulations showing expenditures classified by fund, function,
5 activity and object;

6 (f) A delineation of each agency's activities, including those
7 activities funded from nonbudgeted, nonappropriated sources, including
8 funds maintained outside the state treasury; and

9 (g) Identification of all proposed direct expenditures to implement
10 the Puget Sound water quality plan under chapter 90.70 RCW, shown by
11 agency and in total.

12 (2) The budget document or documents shall include detailed
13 estimates of all anticipated revenues applicable to proposed operating
14 or capital expenditures and shall also include all proposed operating
15 or capital expenditures. The total of beginning undesignated fund
16 balance and estimated revenues less working capital and other reserves
17 shall equal or exceed the total of proposed applicable expenditures.
18 The budget document or documents shall further include:

19 (a) Interest, amortization and redemption charges on the state
20 debt;

21 (b) Payments of all reliefs, judgments and claims;

22 (c) Other statutory expenditures;

23 (d) Expenditures incident to the operation for each agency;

24 (e) Revenues derived from agency operations;

25 (f) Expenditures and revenues shall be given in comparative form
26 showing those incurred or received for the immediately past fiscal
27 period and those anticipated for the current biennium and next ensuing
28 biennium, as well as those required to support the six-year programs
29 and financial plans required under RCW 44.40.070;

30 (g) A showing and explanation of amounts of general fund and other
31 funds obligations for debt service and any transfers of moneys that
32 otherwise would have been available for appropriation;

33 (h) Common school expenditures on a fiscal-year basis;

34 (i) A showing, by agency, of the value and purpose of financing
35 contracts for the lease/purchase or acquisition of personal or real
36 property for the current and ensuing fiscal periods.

37 (3) A separate capital budget document or schedule shall be
38 submitted that will contain the following:

- 1 (a) A capital plan consisting of proposed capital spending for at
2 least four fiscal periods succeeding the next fiscal period;
- 3 (b) A capital program consisting of proposed capital projects for
4 at least the two fiscal periods succeeding the next fiscal period;
- 5 (c) A capital plan consisting of proposed capital spending for at
6 least four fiscal periods succeeding the next fiscal period;
- 7 (d) A statement of the reason or purpose for a project;
- 8 (e) Verification that a project is consistent with the provisions
9 set forth in chapter 36.70A RCW;
- 10 (f) A statement about the proposed site, size, and estimated life
11 of the project, if applicable;
- 12 (g) Estimated total project cost;
- 13 (h) Estimated total project cost for each phase of the project as
14 defined by the office of financial management;
- 15 (i) Estimated ensuing biennium costs;
- 16 (j) Estimated costs beyond the ensuing biennium;
- 17 (k) Estimated construction start and completion dates;
- 18 (l) Source and type of funds proposed;
- 19 (m) Such other information bearing upon capital projects as the
20 governor deems to be useful;
- 21 (n) Standard terms, including a standard and uniform definition of
22 maintenance for all capital projects;
- 23 (o) Such other information as the legislature may direct by law or
24 concurrent resolution.

25 For purposes of this subsection (3), the term "capital project"
26 shall be defined subsequent to the analysis, findings, and
27 recommendations of a joint committee comprised of representatives from
28 the house capital appropriations committee, senate ways and means
29 committee, legislative transportation committee, legislative evaluation
30 and accountability program committee, and office of financial
31 management.

32 (4) No change affecting the comparability of agency or program
33 information relating to expenditures, revenues, workload, performance
34 and personnel shall be made in the format of any budget document or
35 report presented to the legislature under this section or RCW
36 43.88.160(1) relative to the format of the budget document or report
37 which was presented to the previous regular session of the legislature
38 during an odd-numbered year without prior legislative concurrence.
39 Prior legislative concurrence shall consist of (a) a favorable majority

1 vote on the proposal by the standing committees on ways and means of
2 both houses if the legislature is in session or (b) a favorable
3 majority vote on the proposal by members of the legislative evaluation
4 and accountability program committee if the legislature is not in
5 session.

6 **Sec. 4.** RCW 43.88.110 and 1991 sp.s. c 32 s 27 and 1991 c 358 s 2
7 are each reenacted and amended to read as follows:

8 This section sets forth the expenditure programs and the allotment
9 and reserve procedures to be followed by the executive branch for
10 public funds.

11 (1) Allotments of an appropriation for any fiscal period shall
12 conform to the terms, limits, or conditions of the appropriation.

13 (2) The director of financial management shall provide all agencies
14 with a complete set of operating and capital instructions for preparing
15 a statement of proposed expenditures at least thirty days before the
16 beginning of a fiscal period. The set of instructions need not include
17 specific appropriation amounts for the agency.

18 (3) Within forty-five days after the beginning of the fiscal period
19 or within forty-five days after the governor signs the omnibus biennial
20 appropriations act, whichever is later, all agencies shall submit to
21 the governor ((a)) an initial statement of proposed expenditures ((at
22 such times and in such form as may be required by the governor))
23 conforming to a date and format provided by the office of financial
24 management.

25 (4) The office of financial management shall develop a method for
26 monitoring capital appropriations and expenditures that will capture at
27 least the following elements:

28 (a) Appropriations made for capital projects including
29 transportation projects;

30 (b) Estimates of total project costs including past, current,
31 ensuing, and future biennial costs;

32 (c) Comparisons of actual costs to estimated costs;

33 (d) Comparisons of estimated construction start and completion
34 dates with actual dates;

35 (e) Documentation of fund shifts between projects.

36 This data may be incorporated into the existing accounting system
37 or into a separate project management system, as deemed appropriate by
38 the office of financial management.

1 (5) If at any time during the fiscal period the governor projects
2 a cash deficit in a particular fund or account as defined by RCW
3 43.88.050, the governor shall make across-the-board reductions in
4 allotments for that particular fund or account so as to prevent a cash
5 deficit, unless the legislature has directed the liquidation of the
6 cash deficit over one or more fiscal periods. Except for the
7 legislative and judicial branches and other agencies headed by elective
8 officials, the governor shall review the statement of proposed
9 operating expenditures for reasonableness and conformance with
10 legislative intent. Once the governor approves the initial
11 ~~statement((s))~~ of proposed operating expenditures, further revisions
12 shall be made only at the beginning of ~~((the second fiscal year and~~
13 ~~must be initiated by the governor))~~ each fiscal quarter. Proposed
14 quarterly allotment revisions must include a narrative description and
15 justification of requested changes. However, the governor may
16 authorize additional revisions as necessary to reflect changes in
17 appropriation level authorized by the legislature, changes required by
18 across-the-board reductions mandated by the governor, changes caused by
19 executive increases to spending authority, and changes caused by
20 executive decreases to spending authority for failure to comply with
21 the provisions of chapter 36.70A RCW ~~((may require additional~~
22 ~~revisions))~~. Revisions shall not be made retroactively. ~~((Revisions~~
23 ~~caused by executive increases to spending authority shall not be made~~
24 ~~after June 30, 1987. However,))~~ The governor may assign to a reserve
25 status any portion of an agency appropriation withheld as part of
26 across-the-board reductions made by the governor and any portion of an
27 agency appropriation conditioned on a contingent event by the
28 appropriations act. The governor may remove these amounts from reserve
29 status if the across-the-board reductions are subsequently modified or
30 if the contingent event occurs. The director of financial management
31 shall enter approved initial statements of proposed expenditures into
32 the state budgeting, accounting, and reporting system within forty-five
33 days after receipt of the proposed statements from the agencies. If an
34 agency or the director of financial management is unable to meet these
35 requirements, the director of financial management shall provide a
36 timely explanation in writing to the legislative fiscal committees.

37 (6) It is expressly provided that all agencies shall be required to
38 maintain accounting records and to report thereon in the manner
39 prescribed in this chapter and under the regulations issued pursuant to

1 this chapter. Within ninety days of the end of the fiscal year, all
2 agencies shall submit to the director of financial management their
3 final adjustments to close their books for the fiscal year. Prior to
4 submitting fiscal data, written or oral, to committees of the
5 legislature, it is the responsibility of the agency submitting the data
6 to reconcile it with the budget and accounting data reported by the
7 agency to the director of financial management.

8 (7) The director of financial management shall monitor agency
9 operating expenditures against ~~((the))~~ approved statements of proposed
10 expenditures ~~((and shall provide the legislature with quarterly
11 explanations of major variances))~~.

12 (8) Agencies are responsible for communicating any significant
13 variance between actual operating expenditures and the revised
14 allotment to the office of financial management and the appropriate
15 legislative fiscal committees.

16 (9) The director of financial management may exempt certain public
17 funds from the allotment controls established under this chapter if it
18 is not practical or necessary to allot the funds. Allotment control
19 exemptions expire at the end of the fiscal biennium for which they are
20 granted. The director of financial management shall report any
21 exemptions granted under this subsection to the legislative fiscal
22 committees.

23 **Sec. 5.** RCW 43.88.120 and 1991 c 358 s 3 are each amended to read
24 as follows:

25 Each agency engaged in the collection of revenues shall prepare
26 estimated revenues and estimated receipts for the current and ensuing
27 biennium and shall submit the estimates to the director of financial
28 management and the director of revenue at times and in the form
29 specified by the directors, along with any other information which the
30 directors may request. For those agencies required to develop six-year
31 programs and financial plans under RCW 44.40.070, six-year revenue
32 estimates must be consistent with those adopted by the interagency
33 transportation revenue task force and shall be submitted to the
34 director of financial management and the legislative transportation
35 committee ~~((unless the responsibility for reporting these revenue~~
36 estimates is assumed elsewhere)).

1 A copy of such revenue estimates shall be simultaneously submitted
2 to the economic and revenue forecast work group when required by the
3 office of the economic and revenue forecast council.

4 **Sec. 6.** RCW 43.88.122 and 1991 c 358 s 7 are each amended to read
5 as follows:

6 Where there are variances of revenue forecasts between the office
7 of financial management and the interagency transportation revenue task
8 force, for those transportation agencies that are required to develop
9 plans under RCW 44.40.070, the office of financial management shall
10 submit (1) a reconciliation of the differences between the revenue
11 forecasts and (2) the assumptions used by the office of financial
12 management to the legislative transportation committee.

13 **Sec. 7.** RCW 43.88.160 and 1992 c 118 s 8 are each amended to read
14 as follows:

15 This section sets forth the major fiscal duties and
16 responsibilities of officers and agencies of the executive branch. The
17 regulations issued by the governor pursuant to this chapter shall
18 provide for a comprehensive, orderly basis for fiscal management and
19 control, including efficient accounting and reporting therefor, for the
20 executive branch of the state government and may include, in addition,
21 such requirements as will generally promote more efficient public
22 management in the state.

23 (1) Governor; director of financial management. The governor,
24 through the director of financial management, shall devise and
25 supervise a modern and complete accounting system for each agency to
26 the end that all revenues, expenditures, receipts, disbursements,
27 (~~resources~~) assets, and (~~obligations~~) liabilities of the state
28 shall be properly and systematically accounted for in conformance with
29 generally accepted accounting principles applicable to state
30 governments. The accounting system shall include the development of
31 accurate, timely records and reports of all financial affairs of the
32 state. The system shall also provide for central chart of accounts and
33 corresponding data in the office of financial management at the level
34 of detail deemed necessary by the director to perform central financial
35 management. The director of financial management shall adopt and
36 periodically update an accounting procedures manual. The director
37 shall provide training in the topics necessary to support the policies,

1 procedures, and systems mentioned in this section. Any agency
2 maintaining its own accounting and reporting system shall comply with
3 the updated accounting procedures manual and the rules of the director
4 adopted under this chapter. An agency may receive a waiver from
5 complying with this requirement if the waiver is approved by the
6 director. Waivers expire at the end of the fiscal biennium for which
7 they are granted. The director shall forward notice of waivers granted
8 to the appropriate legislative fiscal committees. The director of
9 financial management may require such financial, statistical, and other
10 data or reports as the director deems necessary from all agencies
11 covering any period.

12 (2) The director of financial management is responsible for
13 quarterly reporting of primary operating budget drivers such as
14 applicable workloads, caseload estimates, and appropriate unit cost
15 data. These reports shall be transmitted to the legislative fiscal
16 committees or by electronic means to the legislative evaluation and
17 accountability program committee. Quarterly reports shall include
18 actual monthly data and the variance between actual and estimated data
19 to date. The reports shall also include estimates of these items for
20 the remainder of the budget period.

21 (3) The director of financial management shall report at least
22 annually to the appropriate legislative committees regarding the status
23 of all appropriated capital projects, including transportation
24 projects, showing significant cost overruns or underruns. If funds are
25 shifted from one project to another, the office of financial management
26 shall also reflect this in the annual variance report. Once a project
27 is complete, the report shall provide a final summary showing estimated
28 start and completion dates of each project phase compared to actual
29 dates, estimated costs of each project phase compared to actual costs,
30 and whether or not there are any outstanding liabilities or unsettled
31 claims at the time of completion.

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

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

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

3 (c) Review any pay and classification plans, and changes
4 thereunder, developed by any agency for their fiscal impact: PROVIDED,
5 That none of the provisions of this subsection shall affect merit
6 systems of personnel management now existing or hereafter established
7 by statute relating to the fixing of qualifications requirements for
8 recruitment, appointment, or promotion of employees of any agency. The
9 director shall advise and confer with agencies including appropriate
10 standing committees of the legislature as may be designated by the
11 speaker of the house and the president of the senate regarding the
12 fiscal impact of such plans and may amend or alter said plans, except
13 that for the following agencies no amendment or alteration of said
14 plans may be made without the approval of the agency concerned:
15 Agencies headed by elective officials;

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

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

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

26 (5) The treasurer shall:

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

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

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

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

38 It shall be unlawful for the treasurer to issue any warrant or
39 check for public funds in the treasury except upon forms duly

1 prescribed by the director of financial management. Said forms shall
2 provide for authentication and certification by the agency head or the
3 agency head's designee that the services have been rendered or the
4 materials have been furnished; or, in the case of loans or grants, that
5 the loans or grants are authorized by law; or, in the case of payments
6 for periodic maintenance services to be performed on state owned
7 equipment, that a written contract for such periodic maintenance
8 services is currently in effect and copies thereof are on file with the
9 office of financial management; and the treasurer shall not be liable
10 under the treasurer's surety bond for erroneous or improper payments so
11 made: PROVIDED, That when services are lawfully paid for in advance of
12 full performance by any private individual or business entity other
13 than as provided for by RCW 42.24.035, such individual or entity other
14 than central stores rendering such services shall make a cash deposit
15 or furnish surety bond coverage to the state as shall be fixed in an
16 amount by law, or if not fixed by law, then in such amounts as shall be
17 fixed by the director of the department of general administration but
18 in no case shall such required cash deposit or surety bond be less than
19 an amount which will fully indemnify the state against any and all
20 losses on account of breach of promise to fully perform such services:
21 AND PROVIDED FURTHER, That no payments shall be made in advance for any
22 equipment maintenance services to be performed more than three months
23 after such payment. Any such bond so furnished shall be conditioned
24 that the person, firm or corporation receiving the advance payment will
25 apply it toward performance of the contract. The responsibility for
26 recovery of erroneous or improper payments made under this section
27 shall lie with the agency head or the agency head's designee in
28 accordance with regulations issued pursuant to this chapter. Nothing
29 in this section shall be construed to permit a public body to advance
30 funds to a private service provider pursuant to a grant or loan before
31 services have been rendered or material furnished.

32 (6) The state auditor shall:

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

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

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

7 Determinations as to whether agencies, in making expenditures,
8 complied with the laws of this state: PROVIDED, That nothing in this
9 section may be construed to grant the state auditor the right to
10 perform performance audits. A performance audit for the purpose of
11 this section is the examination of the effectiveness of the
12 administration, its efficiency, and its adequacy in terms of the
13 programs of departments or agencies as previously approved by the
14 legislature. The authority and responsibility to conduct such an
15 examination shall be vested in the legislative budget committee as
16 prescribed in RCW 44.28.085.

17 (d) Be empowered to take exception to specific expenditures that
18 have been incurred by any agency or to take exception to other
19 practices related in any way to the agency's financial transactions and
20 to cause such exceptions to be made a matter of public record,
21 including disclosure to the agency concerned and to the director of
22 financial management. It shall be the duty of the director of
23 financial management to cause corrective action to be taken promptly,
24 such action to include, as appropriate, the withholding of funds as
25 provided in RCW 43.88.110.

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

27 (f) Investigate improper governmental activity under chapter 42.40
28 RCW.

29 (7) The legislative budget committee may:

30 (a) Make post audits of the financial transactions of any agency
31 and management surveys and program reviews as provided for in RCW
32 44.28.085. To this end the committee may in its discretion examine the
33 books, accounts, and other records of any agency, official, or
34 employee.

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

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

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

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

9 **Sec. 8.** RCW 43.88.265 and 1989 1st ex.s. c 14 s 18 are each
10 amended to read as follows:

11 ~~((In order to comply with the provisions of the federal tax reform
12 act of 1986, construction))~~ Accounts that receive bond proceeds for
13 capital purposes are exempt from RCW 43.88.050, 43.88.110, and
14 43.88.260 and may incur seasonal cash deficits pending the sale of
15 bonds or bond anticipation notes subject to the following conditions:

16 (1) ~~((The respective account has unexpended appropriation
17 authority.~~

18 ~~(2))~~ There are authorized unissued bonds available for sale by the
19 state finance committee under direction to deposit the proceeds of the
20 sale in the respective account.

21 ~~((3))~~ (2) The bonds are of an amount that would remedy the cash
22 deficit if the bonds were sold.

23 (3) Nothing in this section permits the expenditure of moneys in
24 excess of an applicable appropriation.

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