

CERTIFICATION OF ENROLLMENT  
**SUBSTITUTE SENATE BILL 5472**

Chapter 168, Laws of 1997

55th Legislature  
1997 Regular Session

CASELOAD FORECAST COUNCIL

EFFECTIVE DATE: 7/1/97

Passed by the Senate March 6, 1997  
YEAS 47 NAYS 0

BRAD OWEN

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**President of the Senate**

Passed by the House April 14, 1997  
YEAS 82 NAYS 8

CLYDE BALLARD

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**Speaker of the  
House of Representatives**

Approved April 23, 1997

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5472** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

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**Secretary**

FILED

April 23, 1997 - 4:38 p.m.

GARY LOCKE

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**Governor of the State of Washington**

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 5472**

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Passed Legislature - 1997 Regular Session

**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators West, Spanel, McDonald, Kohl, Long, Sheldon, Strannigan, Oke and Winsley)

Read first time 02/17/97.

1       AN ACT Relating to state caseload forecasts; amending RCW 41.06.087  
2 and 43.88.160; reenacting and amending RCW 43.88.030; adding a new  
3 chapter to Title 43 RCW; providing an effective date; and declaring an  
4 emergency.

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

6       NEW SECTION.   **Sec. 1.** (1) The caseload forecast council is hereby  
7 created. The council shall consist of two individuals appointed by the  
8 governor and four individuals, one of whom is appointed by the  
9 chairperson of each of the two largest political caucuses in the senate  
10 and house of representatives. The chair of the council shall be  
11 selected from among the four caucus appointees. The council may select  
12 such other officers as the members deem necessary.

13       (2) The council shall employ a caseload forecast supervisor to  
14 supervise the preparation of all caseload forecasts. As used in this  
15 chapter, "supervisor" means the caseload forecast supervisor.

16       (3) Approval by an affirmative vote of at least five members of the  
17 council is required for any decisions regarding employment of the  
18 supervisor. Employment of the supervisor shall terminate after each  
19 term of three years. At the end of the first year of each three-year

1 term the council shall consider extension of the supervisor's term by  
2 one year. The council may fix the compensation of the supervisor. The  
3 supervisor shall employ staff sufficient to accomplish the purposes of  
4 this section.

5 (4) The caseload forecast council shall oversee the preparation of  
6 and approve, by an affirmative vote of at least four members, the  
7 official state caseload forecasts prepared under section 2 of this act.  
8 If the council is unable to approve a forecast before a date required  
9 in section 2 of this act, the supervisor shall submit the forecast  
10 without approval and the forecast shall have the same effect as if  
11 approved by the council.

12 (5) A council member who does not cast an affirmative vote for  
13 approval of the official caseload forecast may request, and the  
14 supervisor shall provide, an alternative forecast based on assumptions  
15 specified by the member.

16 (6) Members of the caseload forecast council shall serve without  
17 additional compensation but shall be reimbursed for travel expenses in  
18 accordance with RCW 44.04.120 while attending sessions of the council  
19 or on official business authorized by the council. Nonlegislative  
20 members of the council shall be reimbursed for travel expenses in  
21 accordance with RCW 43.03.050 and 43.03.060.

22 (7) "Caseload," as used in this chapter, means the number of  
23 persons expected to meet entitlement requirements and require the  
24 services of public assistance programs, state correctional  
25 institutions, state institutions for juvenile offenders, the common  
26 school system, long-term care, medical assistance, foster care, and  
27 adoption support.

28 (8) Unless the context clearly requires otherwise, the definitions  
29 provided in RCW 43.88.020 apply to this chapter.

30 NEW SECTION. **Sec. 2.** (1) In consultation with the caseload  
31 forecast work group established under section 3 of this act, and  
32 subject to the approval of the caseload forecast council under section  
33 1 of this act, the supervisor shall prepare:

34 (a) An official state caseload forecast; and

35 (b) Other caseload forecasts based on alternative assumptions as  
36 the council may determine.

37 (2) The supervisor shall submit caseload forecasts prepared under  
38 this section, along with any unofficial forecasts provided under

1 section 1 of this act, to the governor and the members of the  
2 legislative fiscal committees, including one copy to the staff of each  
3 of the committees. The forecasts shall be submitted at least three  
4 times each year and on such dates as the council determines will  
5 facilitate the development of budget proposals by the governor and the  
6 legislature.

7 (3) All agencies of state government shall provide to the  
8 supervisor immediate access to all information relating to caseload  
9 forecasts.

10 (4) The administrator of the legislative evaluation and  
11 accountability program committee may request, and the supervisor shall  
12 provide, alternative caseload forecasts based on assumptions specified  
13 by the administrator.

14 (5) The official state caseload forecast under this section shall  
15 be the basis of the governor's budget document as provided in RCW  
16 43.88.030 and utilized by the legislature in the development of the  
17 omnibus biennial appropriations act.

18 NEW SECTION. **Sec. 3.** (1) To promote the free flow of information  
19 and to promote legislative and executive input in the development of  
20 assumptions and preparation of forecasts, immediate access to all  
21 information and statistical models relating to caseload forecasts shall  
22 be available to the caseload forecast work group, hereby created. Each  
23 state agency affected by caseloads shall submit caseload reports and  
24 data to the council as soon as the reports and data are available and  
25 shall provide to the council and the supervisor such additional raw,  
26 program-level data or information as may be necessary for discharge of  
27 their respective duties.

28 (2) The caseload forecast work group shall consist of one staff  
29 member selected by the executive head or chairperson of each of the  
30 following agencies, programs, or committees:

31 (a) Office of financial management;

32 (b) Ways and means committee, or its successor, of the senate;

33 (c) Appropriations committee, or its successor, of the house of  
34 representatives;

35 (d) Legislative evaluation and accountability program committee;  
36 and

37 (e) Each state program for which the council forecasts the  
38 caseload.

1 (3) The caseload forecast work group shall provide technical  
2 support to the caseload forecast council. Meetings of the caseload  
3 forecast work group may be called by any member of the group for the  
4 purpose of assisting the council, reviewing forecasts, or for any other  
5 purpose that may assist the council.

6 **Sec. 4.** RCW 41.06.087 and 1990 c 229 s 3 are each amended to read  
7 as follows:

8 In addition to the exemptions set forth in RCW 41.06.070, this  
9 chapter does not apply to the economic and revenue forecast supervisor  
10 and staff employed under RCW 82.33.010 or the caseload forecast  
11 supervisor and staff employed under section 1 of this act.

12 **Sec. 5.** RCW 43.88.030 and 1994 c 247 s 7 and 1994 c 219 s 2 are  
13 each reenacted and amended to read as follows:

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

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

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

31 The budget document or documents shall also contain:

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

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

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

4 (d) Such additional information dealing with revenues and  
5 expenditures as the governor shall deem pertinent and useful to the  
6 legislature;

7 (e) Tabulations showing expenditures classified by fund, function,  
8 activity and object;

9 (f) A delineation of each agency's activities, including those  
10 activities funded from nonbudgeted, nonappropriated sources, including  
11 funds maintained outside the state treasury;

12 (g) Identification of all proposed direct expenditures to implement  
13 the Puget Sound water quality plan under chapter ((90.70)) 90.71 RCW,  
14 shown by agency and in total; and

15 (h) Tabulations showing each postretirement adjustment by  
16 retirement system established after fiscal year 1991, to include, but  
17 not be limited to, estimated total payments made to the end of the  
18 previous biennial period, estimated payments for the present biennium,  
19 and estimated payments for the ensuing biennium.

20 (2) The budget document or documents shall include detailed  
21 estimates of all anticipated revenues applicable to proposed operating  
22 or capital expenditures and shall also include all proposed operating  
23 or capital expenditures. The total of beginning undesignated fund  
24 balance and estimated revenues less working capital and other reserves  
25 shall equal or exceed the total of proposed applicable expenditures.  
26 The budget document or documents shall further include:

27 (a) Interest, amortization and redemption charges on the state  
28 debt;

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

30 (c) Other statutory expenditures;

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

32 (e) Revenues derived from agency operations;

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

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

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

5 (i) A showing, by agency, of the value and purpose of financing  
6 contracts for the lease/purchase or acquisition of personal or real  
7 property for the current and ensuing fiscal periods; and

8 (j) A showing and explanation of anticipated amounts of general  
9 fund and other funds required to amortize the unfunded actuarial  
10 accrued liability of the retirement system specified under chapter  
11 41.45 RCW, and the contributions to meet such amortization, stated in  
12 total dollars and as a level percentage of total compensation.

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

15 (a) A statement setting forth a long-range facilities plan for the  
16 state that identifies and includes the highest priority needs within  
17 affordable spending levels;

18 (b) A capital program consisting of proposed capital projects for  
19 the next biennium and the two biennia succeeding the next biennium  
20 consistent with the long-range facilities plan. Inasmuch as is  
21 practical, and recognizing emergent needs, the capital program shall  
22 reflect the priorities, projects, and spending levels proposed in  
23 previously submitted capital budget documents in order to provide a  
24 reliable long-range planning tool for the legislature and state  
25 agencies;

26 (c) A capital plan consisting of proposed capital spending for at  
27 least four biennia succeeding the next biennium;

28 (d) A statement of the reason or purpose for a project;

29 (e) Verification that a project is consistent with the provisions  
30 set forth in chapter 36.70A RCW;

31 (f) A statement about the proposed site, size, and estimated life  
32 of the project, if applicable;

33 (g) Estimated total project cost;

34 (h) For major projects valued over five million dollars, estimated  
35 costs for the following project components: Acquisition, consultant  
36 services, construction, equipment, project management, and other costs  
37 included as part of the project. Project component costs shall be  
38 displayed in a standard format defined by the office of financial  
39 management to allow comparisons between projects;



1 (i) Estimated total project cost for each phase of the project as  
2 defined by the office of financial management;

3 (j) Estimated ensuing biennium costs;

4 (k) Estimated costs beyond the ensuing biennium;

5 (l) Estimated construction start and completion dates;

6 (m) Source and type of funds proposed;

7 (n) Estimated ongoing operating budget costs or savings resulting  
8 from the project, including staffing and maintenance costs;

9 (o) For any capital appropriation requested for a state agency for  
10 the acquisition of land or the capital improvement of land in which the  
11 primary purpose of the acquisition or improvement is recreation or  
12 wildlife habitat conservation, the capital budget document, or an  
13 omnibus list of recreation and habitat acquisitions provided with the  
14 governor's budget document, shall identify the projected costs of  
15 operation and maintenance for at least the two biennia succeeding the  
16 next biennium. Omnibus lists of habitat and recreation land  
17 acquisitions shall include individual project cost estimates for  
18 operation and maintenance as well as a total for all state projects  
19 included in the list. The document shall identify the source of funds  
20 from which the operation and maintenance costs are proposed to be  
21 funded;

22 (p) Such other information bearing upon capital projects as the  
23 governor deems to be useful;

24 (q) Standard terms, including a standard and uniform definition of  
25 maintenance for all capital projects;

26 (r) Such other information as the legislature may direct by law or  
27 concurrent resolution.

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

35 (4) No change affecting the comparability of agency or program  
36 information relating to expenditures, revenues, workload, performance  
37 and personnel shall be made in the format of any budget document or  
38 report presented to the legislature under this section or RCW  
39 43.88.160(1) relative to the format of the budget document or report

1 which was presented to the previous regular session of the legislature  
2 during an odd-numbered year without prior legislative concurrence.  
3 Prior legislative concurrence shall consist of (a) a favorable majority  
4 vote on the proposal by the standing committees on ways and means of  
5 both houses if the legislature is in session or (b) a favorable  
6 majority vote on the proposal by members of the legislative evaluation  
7 and accountability program committee if the legislature is not in  
8 session.

9       **Sec. 6.** RCW 43.88.160 and 1996 c 288 s 25 are each amended to read  
10 as follows:

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

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

1 reports as the director deems necessary from all agencies covering any  
2 period.

3 (2) Except as provided in chapter 43.--- RCW (sections 1 through 3  
4 of this act), the director of financial management is responsible for  
5 quarterly reporting of primary operating budget drivers such as  
6 applicable workloads, caseload estimates, and appropriate unit cost  
7 data. These reports shall be transmitted to the legislative fiscal  
8 committees or by electronic means to the legislative evaluation and  
9 accountability program committee. Quarterly reports shall include  
10 actual monthly data and the variance between actual and estimated data  
11 to date. The reports shall also include estimates of these items for  
12 the remainder of the budget period.

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

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

26 (a) Develop and maintain a system of internal controls and internal  
27 audits comprising methods and procedures to be adopted by each agency  
28 that will safeguard its assets, check the accuracy and reliability of  
29 its accounting data, promote operational efficiency, and encourage  
30 adherence to prescribed managerial policies for accounting and  
31 financial controls. The system developed by the director shall include  
32 criteria for determining the scope and comprehensiveness of internal  
33 controls required by classes of agencies, depending on the level of  
34 resources at risk.

35 Each agency head or authorized designee shall be assigned the  
36 responsibility and authority for establishing and maintaining internal  
37 audits following the standards of internal auditing of the institute of  
38 internal auditors;

1 (b) Make surveys and analyses of agencies with the object of  
2 determining better methods and increased effectiveness in the use of  
3 manpower and materials; and the director shall authorize expenditures  
4 for employee training to the end that the state may benefit from  
5 training facilities made available to state employees;

6 (c) Establish policies for allowing the contracting of child care  
7 services;

8 (d) Report to the governor with regard to duplication of effort or  
9 lack of coordination among agencies;

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

23 (f) Fix the number and classes of positions or authorized man years  
24 of employment for each agency and during the fiscal period amend the  
25 determinations previously fixed by the director except that the  
26 director shall not be empowered to fix said number or said classes for  
27 the following: Agencies headed by elective officials;

28 (g) Adopt rules to effectuate provisions contained in (a) through  
29 (f) of this subsection.

30 (5) The treasurer shall:

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

36 (b) Receive, disburse, or transfer public funds under the  
37 treasurer's supervision or custody;

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

1 (d) Coordinate agencies' acceptance and use of credit cards and  
2 other payment methods, if the agencies have received authorization  
3 under RCW 43.41.180;

4 (e) Perform such other duties as may be required by law or by  
5 regulations issued pursuant to this law.

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

39 (6) The state auditor shall:

1 (a) Report to the legislature the results of current post audits  
2 that have been made of the financial transactions of each agency; to  
3 this end the auditor may, in the auditor's discretion, examine the  
4 books and accounts of any agency, official, or employee charged with  
5 the receipt, custody, or safekeeping of public funds. Where feasible  
6 in conducting examinations, the auditor shall utilize data and findings  
7 from the internal control system prescribed by the office of financial  
8 management. The current post audit of each agency may include a  
9 section on recommendations to the legislature as provided in (c) of  
10 this subsection.

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

13 (c) Make the auditor's official report on or before the thirty-  
14 first of December which precedes the meeting of the legislature. The  
15 report shall be for the last complete fiscal period and shall include  
16 determinations as to whether agencies, in making expenditures, complied  
17 with the laws of this state. The state auditor is authorized to  
18 perform or participate in performance verifications and performance  
19 audits as expressly authorized by the legislature in the omnibus  
20 biennial appropriations acts or in the performance audit work plan  
21 approved by the joint legislative audit and review committee. The  
22 state auditor, upon completing an audit for legal and financial  
23 compliance under chapter 43.09 RCW or a performance verification, may  
24 report to the joint legislative audit and review committee or other  
25 appropriate committees of the legislature, in a manner prescribed by  
26 the joint legislative audit and review committee, on facts relating to  
27 the management or performance of governmental programs where such facts  
28 are discovered incidental to the legal and financial audit or  
29 performance verification. The auditor may make such a report to a  
30 legislative committee only if the auditor has determined that the  
31 agency has been given an opportunity and has failed to resolve the  
32 management or performance issues raised by the auditor. If the auditor  
33 makes a report to a legislative committee, the agency may submit to the  
34 committee a response to the report. This subsection (6) shall not be  
35 construed to authorize the auditor to allocate other than de minimis  
36 resources to performance audits except as expressly authorized in the  
37 appropriations acts or in the performance audit work plan. The results  
38 of a performance audit conducted by the state auditor that has been

1 requested by the joint legislative audit and review committee must only  
2 be transmitted to the joint legislative audit and review committee.

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 joint legislative audit and review 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 chapter  
18 44.28 RCW as well as performance audits and program evaluations. To  
19 this end the joint committee may in its discretion examine the books,  
20 accounts, and other records of any agency, official, or 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  
33 fiscal management.

34 NEW SECTION. **Sec. 7.** Sections 1 through 3 of this act constitute  
35 a new chapter in Title 43 RCW.

36 NEW SECTION. **Sec. 8.** This act is necessary for the immediate  
37 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and takes effect  
2 July 1, 1997.

Passed the Senate March 6, 1997.

Passed the House April 14, 1997.

Approved by the Governor April 23, 1997.

Filed in Office of Secretary of State April 23, 1997.