

HOUSE BILL REPORT

HB 1889

As Reported By House Committee On:
Government Operations

Title: An act relating to the internal organization and administration of the office of the state auditor.

Brief Description: Administering the office of the state auditor.

Sponsors: Representatives L. Thomas, Backlund, Huff and Chappell; by request of State Auditor.

Brief History:

Committee Activity:

Government Operations: 3/1/95 [DPA].

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass as amended. Signed by 13 members: Representatives Reams, Chairman; Goldsmith, Vice Chairman; L. Thomas, Vice Chairman; Rust, Ranking Minority Member; Scott, Assistant Ranking Minority Member; Chopp; R. Fisher; Honeyford; Mulliken; D. Schmidt; Sommers; Van Luven and Wolfe.

Minority Report: Do not pass. Signed by 2 members: Representatives Hargrove and Hymes.

Staff: Bill Lynch (786-7092).

Background: Current statutes require the State Auditor's Office to establish a Division of Municipal Corporations and a Division of Departmental Audits. The Auditor is also authorized to appoint one assistant state auditor and such deputies and assistants as deemed necessary. The State Auditor has suggested that more flexibility is needed to organize and administer the office in order to keep it operating efficiently.

The Municipal Revolving Fund is created in the custody of the State Treasurer for the purposes of centralized funding, accounting, and distribution of the costs of audits performed by the State Auditor.

Moneys in this fund may only be spent after an appropriation by the Legislature.

There is no statutory requirement for public officials to report the actual or suspected loss of public funds to the State Auditor.

The Governor may from time to time provide for a post-audit of the accounts and records of the State Auditor's Office, as well as any funds under the auditor's control. The audit must be performed by independent qualified public accountants or the director of the Office of Financial Management. There is no requirement that the State Auditor's Office be audited on a regular basis.

Many statutes requiring audits of local governments refer to taxing districts. A number of units of local governments do not have taxing authority.

Summary of Amended Bill: References to the Division of Municipal Corporations and the Division of Departmental Audits are deleted. The State Auditor may appoint such deputies and assistant directors as deemed necessary. Deputies and assistant directors appointed by the auditor are exempt from civil service laws. The auditor may also employ other assistants and personnel necessary to carry out the work of the office.

The Municipal Revolving Fund is reconstituted as an account, and no legislative appropriation is required to spend the moneys in the account. Only the State Auditor or the auditor's designee may authorize expenditures from the Municipal Revolving Account.

State agencies and local governments must immediately report any known or suspected loss of public funds or assets, or other illegal activity to the State Auditor's office.

The Governor must provide for an audit of the State Auditor's Office at least once every two years.

References to local governments are standardized and other technical amendments are made.

Amended Bill Compared to Original Bill: A technical amendment is made to ensure that counties still send copies of their budgets to the State Auditor.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill reflects two years worth of work to clean-up the statutes. This modernizes the State Auditor's Office and gives it needed flexibility.

Testimony Against: The Municipal Revolving Account should still be appropriated by the Legislature.

Testified: Representative Les Thomas, prime sponsor; Brian Sonntag, State Auditor; and Jim Justice, Association of Washington Cities.