
SENATE BILL 5643

State of Washington

52nd Legislature

1991 Regular Session

By Senator McCaslin. Read first time February 12, 1991. Referred to Committee on Governmental Operations.

1 AN ACT Relating to internal audits by state agencies and
2 institutions; and adding a new chapter to Title 43 RCW.

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

4 NEW SECTION. **Sec. 1.** The purpose of this chapter is to
5 strengthen the internal control of state agencies by establishing a
6 program of internal auditing. Such a function will furnish independent
7 analyses, assessment, and recommendations concerning the adequacy and
8 effectiveness of an agency's systems of internal control, and provide
9 for evaluation of the economy and efficiency by which the agencies
10 carry out their assigned responsibilities.

11 NEW SECTION. **Sec. 2.** Unless the context clearly requires
12 otherwise, the definitions in this section apply throughout this
13 chapter.

1 (1) "State agency" means any department, agency, commission,
2 bureau, office, or any other entity or authority of the state
3 government that:

4 (a) Has an operating budget exceeding fifty million dollars
5 biennially;

6 (b) Has a staff or more than three hundred employees; or

7 (c) Receives and processes cash items in excess of thirty million
8 dollars biennially.

9 (2) "Agency administrator" means the executive head of an agency.

10 (3) "Internal audit" means an independent appraisal activity within
11 an agency for the review of operations as a service to management.

12 NEW SECTION. **Sec. 3.** Each internal audit program shall
13 conform to the standards for the professional practice of internal
14 auditing, the certified internal auditor code of professional ethics,
15 and the statement of responsibilities of internal auditing, as
16 promulgated by the institute of internal auditors. It shall also
17 conform to policies and manuals of the office of financial management
18 and government auditing standards issued by the comptroller general of
19 the United States, as appropriate.

20 NEW SECTION. **Sec. 4.** (1) The scope and assignment of internal
21 audits for each agency shall be determined by the internal audit
22 manager and the agency administrator or designee. The internal audit
23 manager and staff shall have access to any and all records, and other
24 information of the state agency they deem necessary to carry out their
25 duties.

26 (2) Each agency administrator and internal audit manager, for the
27 purpose of making internal audits, may issue subpoenas and compulsory
28 process and direct the service thereof by any constable or sheriff to

1 compel the attendance of witnesses and the production of books and
2 papers at any designated time and place, and may administer oaths.

3 If any person summoned neglects or refuses to appear, or neglects
4 or refuses to answer any question that may be put to him or her
5 touching any matter under audit, or to produce any books or papers
6 required, the person making such audit shall apply to a superior court
7 judge of the county where the hearing arose to issue a subpoena for the
8 appearance of such person before the judge, and the judge shall order
9 the issuance of a subpoena for the appearance of such person to give
10 testimony; and if any person so summoned fails to appear, or appearing
11 refuses to testify or to produce any books or papers required, the
12 person shall be subject to like proceedings and penalties for contempt
13 as witnesses in the superior court. Willful false swearing in any such
14 examination shall be perjury and punishable as such.

15 If any audit discloses malfeasance, misfeasance, or nonfeasance in
16 office on the part of any public officer or employee, the agency
17 administrator or internal audit manager shall make a report of such
18 activity to the state auditor for review and possible further action
19 under RCW 43.09.330.

20 (3) Internal audits shall be performed in compliance with
21 requirements established by the office of financial management.

22 NEW SECTION. **Sec. 5.** Each agency administrator shall ensure
23 that the internal audit program includes the following at a minimum:

24 (1) A biennial plan, identifying the time period in which the
25 audits will be conducted subject to revision as needed.

26 (2) A review of the agency's internal control structure at least
27 once every three years.

28 (3) Review of the design of major new electronic data processing
29 systems and major modifications of existing systems before their

1 installation to ensure the systems provide for adequate audit trails
2 and internal control accountability. Such review shall conform to the
3 standards adopted by the department of information systems.

4 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act shall
5 constitute a new chapter in Title 43 RCW.