
SUBSTITUTE SENATE BILL 5702

State of Washington

52nd Legislature

1991 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators McDonald, Talmadge, Craswell, McMullen, Anderson, Rasmussen, Bluechel and Thorsness).

Read first time February 27, 1991.

1 AN ACT Relating to fiscal matters; amending RCW 82.33.010,
2 82.33.020, 82.33.030, 82.33.040, 41.06.087, 41.45.020, 41.45.030,
3 43.88.020, 43.88.030, and 43.88.120; and reenacting and amending RCW
4 43.88.160.

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

6 **Sec. 1.** RCW 82.33.010 and 1990 c 229 s 1 are each amended to read
7 as follows:

8 (1) The economic ((and)), revenue, and caseload forecast council is
9 hereby created. The council shall consist of two individuals appointed
10 by the governor and four individuals, one of whom is appointed by the
11 chairperson of each of the two largest political caucuses in the senate
12 and house of representatives. In making the two appointments to the
13 council, the governor may designate two other persons to serve as
14 members, in lieu of the two primary appointees, when the council is
15 dealing with issues directly related to caseload forecasts.

1 The chair of the council shall be selected from among the four
2 caucus appointees. The council may select such other officers as the
3 members deem necessary.

4 (2) The council shall employ an economic and revenue forecast
5 supervisor to supervise the preparation of all economic and revenue
6 forecasts. (~~As used in this chapter, "supervisor" means the economic
7 and revenue forecast supervisor.~~) Approval by an affirmative vote of
8 at least five members of the council is required for any decisions
9 regarding employment of the economic and revenue forecast supervisor.
10 Employment of the economic and revenue forecast supervisor shall
11 terminate after each term of three years. At the end of the first year
12 of each three-year term the council shall consider extension of the
13 economic and revenue forecast supervisor's term by one year. The
14 council may fix the compensation of the economic and revenue forecast
15 supervisor. The economic and revenue forecast supervisor shall employ
16 staff sufficient to accomplish the purposes of this section.

17 (3) The council shall employ a caseload forecast supervisor to
18 supervise the preparation of all state caseload forecasts. The
19 caseload forecast supervisor should possess broad training and
20 experience in the social sciences, which may include, but need not be
21 limited or restricted to, quantitative analysis and forecasting
22 methods, economics, labor market economics, sociology, and social
23 psychology.

24 (4) The economic (~~and~~), revenue, and caseload forecast council
25 shall oversee the preparation of and approve, by an affirmative vote of
26 at least four members, the official, optimistic, and pessimistic state
27 economic (~~and~~), revenue, and caseload forecasts prepared under RCW
28 82.33.020. If the council is unable to approve a forecast before a
29 date required in RCW 82.33.020, the supervisors shall submit the
30 forecast without approval and the forecast shall have the same effect

1 as if approved by the council. Economic, revenue, and caseload
2 forecasts adopted by the council shall indicate whenever the official
3 forecast differs from staff recommendations.

4 ~~((4))~~ (5) A council member who does not cast an affirmative vote
5 for approval of the official economic ~~((and))~~, revenue, and caseload
6 forecast may request, and the supervisors shall provide, an alternative
7 economic ~~((and))~~, revenue, and caseload forecast based on assumptions
8 specified by the member.

9 ~~((5))~~ (6) Members of the economic ~~((and))~~, revenue, and caseload
10 forecast council shall serve without additional compensation but shall
11 be reimbursed for travel expenses in accordance with RCW 44.04.120
12 while attending sessions of the council or on official business
13 authorized by the council. Nonlegislative members of the council shall
14 be reimbursed for travel expenses in accordance with RCW 43.03.050 and
15 43.03.060.

16 (7) "Caseload," as used in this chapter, means the number of
17 persons expected to meet eligibility requirements or require services
18 from the aid to families with dependent children program, the community
19 mental health and involuntary treatment program, the medicaid program,
20 the nursing home program, state correctional institutions, state
21 institutions for the mentally ill, developmentally disabled, and
22 juvenile offenders, and other state-funded programs as determined by
23 the council.

24 **Sec. 2.** RCW 82.33.020 and 1990 c 229 s 2 are each amended to read
25 as follows:

26 (1) Four times each year, the economic and revenue forecast
27 supervisor shall prepare, subject to the approval of the economic
28 ~~((and))~~, revenue, and caseload forecast council under RCW 82.33.010:

29 (a) An official state economic and revenue forecast;

1 (b) An unofficial state economic and revenue forecast based on
2 optimistic economic and revenue projections; and

3 (c) An unofficial state economic and revenue forecast based on
4 pessimistic economic and revenue projections.

5 (2) Four times each year, the caseload forecast supervisor shall
6 prepare, subject to the approval of the economic, revenue, and caseload
7 forecast council under RCW 82.33.010:

8 (a) An official state caseload forecast;

9 (b) An unofficial state caseload forecast based on optimistic
10 caseload projections; and

11 (c) An unofficial state caseload forecast based on pessimistic
12 caseload projections.

13 (3) The supervisors shall submit forecasts prepared under this
14 section, along with any unofficial forecasts provided under RCW
15 82.33.010, to the governor and the members of the committees on ways
16 and means and the chairs of the committees on transportation of the
17 senate and house of representatives and the chair of the legislative
18 transportation committee, including one copy to the staff of each of
19 the committees, on or before November 20th, February 20th in the even-
20 numbered years, March 20th in the odd-numbered years, June 20th, and
21 September 20th. All economic and revenue forecasts shall include both
22 estimated receipts and estimated revenues in conformance with generally
23 accepted accounting principles as provided by RCW 43.88.037.

24 ~~((+3))~~ (4) All agencies of state government shall provide to the
25 economic and revenue forecast supervisor immediate access to all
26 information relating to economic and revenue forecasts. Revenue
27 collection information shall be available to the economic and revenue
28 forecast supervisor the first business day following the conclusion of
29 each collection period.

1 (~~(4)~~) (5) The economic and revenue forecast supervisor and staff
2 shall co-locate and share information, data, and files with the tax
3 research section of the department of revenue but shall not duplicate
4 the duties and functions of one another.

5 **Sec. 3.** RCW 82.33.030 and 1984 c 138 s 3 are each amended to read
6 as follows:

7 The administrator of the legislative evaluation and accountability
8 program committee may request, and the supervisors shall provide,
9 alternative economic (~~and~~), revenue, and caseload forecasts based on
10 assumptions specified by the administrator.

11 **Sec. 4.** RCW 82.33.040 and 1986 c 158 s 23 are each amended to read
12 as follows:

13 (1) To promote the free flow of information and to promote
14 legislative input in the preparation of forecasts, immediate access to
15 all information relating to economic (~~and~~), revenue, and caseload
16 forecasts shall be available to the economic (~~and~~), revenue, and
17 caseload forecast work group, hereby created. Revenue collection
18 information shall be available to the economic (~~and~~), revenue, and
19 caseload forecast work group the first business day following the
20 conclusion of each collection period. Each state agency affected by
21 caseloads shall submit caseload reports and data to the council as soon
22 as the reports and data are available and shall provide to the council
23 and the caseload forecast supervisor such additional raw, program-level
24 data or information as may be necessary for discharge of their
25 respective duties. The economic (~~and~~), revenue, and caseload
26 forecast work group shall consist of one staff member selected by the
27 executive head or chairperson of each of the following agencies or
28 committees:

- 1 (a) Department of revenue;
- 2 (b) Office of financial management;
- 3 (c) Legislative evaluation and accountability program committee;
- 4 (d) Ways and means committee of the senate; and
- 5 (e) Ways and means committee of the house of representatives.

6 (2) The economic ~~((and))~~, revenue, and caseload forecast work group
7 shall provide technical support to the economic ~~((and))~~, revenue, and
8 caseload forecast council. Meetings of the economic ~~((and))~~, revenue,
9 and caseload forecast work group may be called by any member of the
10 group for the purpose of assisting the ~~((economic and revenue~~
11 ~~forecast))~~ council, reviewing ~~((the state economic and revenue))~~
12 forecasts, or reviewing monthly revenue collection data or for any
13 other purpose which may assist the ~~((economic and revenue forecast))~~
14 council.

15 **Sec. 5.** RCW 41.06.087 and 1990 c 229 s 3 are each amended to read
16 as follows:

17 In addition to the exemptions set forth in RCW 41.06.070, this
18 chapter does not apply to the economic and revenue forecast and
19 caseload forecast supervisors and staff employed under RCW 82.33.010.

20 **Sec. 6.** RCW 41.45.020 and 1989 c 273 s 2 are each amended to read
21 as follows:

22 As used in this chapter, the following terms have the meanings
23 indicated unless the context clearly requires otherwise.

24 (1) "Council" means the economic ~~((and))~~, revenue, and caseload
25 forecast council created in RCW ~~((82.01.130))~~ 82.33.010.

26 (2) "Department" means the department of retirement systems.

27 (3) "Law enforcement officers' and fire fighters' retirement system
28 plan I" means the benefits and funding provisions covering persons who

1 first became members of the law enforcement officers' and fire
2 fighters' retirement system prior to October 1, 1977.

3 (4) "Law enforcement officers' and fire fighters' retirement system
4 plan II" means the benefits and funding provisions covering persons who
5 first became members of the law enforcement officers' and fire
6 fighters' retirement system on or after October 1, 1977.

7 (5) "Public employees' retirement system plan I" means the benefits
8 and funding provisions covering persons who first became members of the
9 public employees' retirement system prior to October 1, 1977.

10 (6) "Public employees' retirement system plan II" means the
11 benefits and funding provisions covering persons who first became
12 members of the public employees' retirement system on or after October
13 1, 1977.

14 (7) "Teachers' retirement system plan I" means the benefits and
15 funding provisions covering persons who first became members of the
16 teachers' retirement system prior to October 1, 1977.

17 (8) "Teachers' retirement system plan II" means the benefits and
18 funding provisions covering persons who first became members of the
19 teachers' retirement system on or after October 1, 1977.

20 (9) "Unfunded liability" means the unfunded actuarial accrued
21 liability of a retirement system.

22 (10) "Actuary" or "state actuary" means the state actuary employed
23 under chapter 44.44 RCW.

24 (11) "State retirement systems" means the retirement systems listed
25 in RCW 41.50.030.

26 **Sec. 7.** RCW 41.45.030 and 1989 c 273 s 3 are each amended to read
27 as follows:

1 (1) The ((~~economic and revenue forecast~~)) council shall adopt the
2 economic assumptions used by the state actuary in conducting valuation
3 studies of the state retirement systems.

4 (2) Beginning September 1, 1989, and every six years thereafter,
5 the state actuary shall submit to the council information regarding the
6 experience and financial condition of each state retirement system.
7 The council shall review the information submitted by the state actuary
8 and shall recommend any adjustments which may be needed to the state or
9 employer contribution rates contained in RCW 41.45.060 and 41.45.070
10 for the public employees' retirement system; the teachers' retirement
11 system; the law enforcement officers' and fire fighters' retirement
12 system; and the Washington state patrol retirement system.

13 (3) The council may utilize information provided by the state
14 actuary and such other information as it may request.

15 **Sec. 8.** RCW 43.88.020 and 1990 c 229 s 4 are each amended to read
16 as follows:

17 (1) "Budget" shall mean a proposed plan of expenditures for a given
18 period or purpose and the proposed means for financing these
19 expenditures.

20 (2) "Budget document" shall mean a formal, written statement
21 offered by the governor to the legislature, as provided in RCW
22 43.88.030.

23 (3) "Director of financial management" shall mean the official
24 appointed by the governor to serve at the governor's pleasure and to
25 whom the governor may delegate necessary authority to carry out the
26 governor's duties as provided in this chapter. The director of
27 financial management shall be head of the office of financial
28 management which shall be in the office of the governor.

1 (4) "Agency" shall mean and include every state office, officer,
2 each institution, whether educational, correctional or other, and every
3 department, division, board and commission, except as otherwise
4 provided in this chapter.

5 (5) "Public funds", for purposes of this chapter, shall mean all
6 moneys, including cash, checks, bills, notes, drafts, stocks and bonds,
7 whether held in trust, for operating purposes, or for capital purposes,
8 and collected or disbursed under law, whether or not such funds are
9 otherwise subject to legislative appropriation, including funds
10 maintained outside the state treasury.

11 (6) "Regulations" shall mean the policies, standards and
12 requirements, stated in writing, designed to carry out the purposes of
13 this chapter, as issued by the governor or the governor's designated
14 agent, and which shall have the force and effect of law.

15 (7) "Ensuing biennium" shall mean the fiscal biennium beginning on
16 July 1st of the same year in which a regular session of the legislature
17 is held during an odd-numbered year pursuant to Article II, section 12
18 of the Constitution and which biennium next succeeds the current
19 biennium.

20 (8) "Dedicated fund" means a fund in the state treasury, or a
21 separate account or fund in the general fund in the state treasury,
22 that by law is dedicated, appropriated or set aside for a limited
23 object or purpose; but "dedicated fund" shall not include a revolving
24 fund or a trust fund.

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

1 (10) "Trust fund" means a fund in the state treasury in which
2 designated persons or classes of persons have a vested beneficial
3 interest or equitable ownership, or which was created or established by
4 a gift, grant, contribution, devise, or bequest that limits the use of
5 the fund to designated objects or purposes.

6 (11) "Administrative expenses" means expenditures for: (a)
7 Salaries, wages, and related costs of personnel and (b) operations and
8 maintenance including but not limited to costs of supplies, materials,
9 services, and equipment.

10 (12) "Fiscal year" means the year beginning July 1st and ending the
11 following June 30th.

12 (13) "Lapse" means the termination of authority to expend an
13 appropriation.

14 (14) "Legislative fiscal committees" means the legislative budget
15 committee, the legislative evaluation and accountability program
16 committee, the ways and means committees of the senate and house of
17 representatives, and, where appropriate, the legislative transportation
18 committee.

19 (15) "Fiscal period" means the period for which an appropriation is
20 made as specified within the act making the appropriation.

21 (16) "Primary budget driver" means the primary determinant of a
22 budget level, other than a price variable, which causes or is
23 associated with the major expenditure of an agency or budget unit
24 within an agency, such as a caseload, enrollment, workload, or
25 population statistic.

26 (17) "Stabilization account" means the budget stabilization account
27 created under RCW 43.88.525 as an account in the general fund of the
28 state treasury.

29 (18) "State tax revenue limit" means the limitation created by
30 chapter 43.135 RCW.

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

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

7 (21) "Estimated revenues" means estimates of revenue in the most
8 recent official economic and revenue forecast prepared under RCW
9 82.33.020, and prepared by the office of financial management for those
10 funds, accounts, and sources for which the office of the economic
11 ~~((and))~~, revenue, and caseload forecast council does not prepare an
12 official forecast.

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

19 (23) "State budgeting, accounting, and reporting system" means a
20 system that gathers, maintains, and communicates fiscal information.
21 The system links fiscal information beginning with development of
22 agency budget requests through adoption of legislative appropriations
23 to tracking actual receipts and expenditures against approved plans.

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

28 (25) "Statement of proposed expenditures" means a plan prepared by
29 each agency that breaks each appropriation out into monthly detail

1 representing the best estimate of how the appropriation will be
2 expended.

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

7 **Sec. 9.** RCW 43.88.030 and 1990 c 115 s 1 are each amended to read
8 as follows:

9 (1) The director of financial management shall provide all agencies
10 with a complete set of instructions for submitting biennial budget
11 requests to the director at least three months before agency budget
12 documents are due into the office of financial management. The budget
13 document or documents shall consist of the governor's budget message
14 which shall be explanatory of the budget and shall contain an outline
15 of the proposed financial policies of the state for the ensuing fiscal
16 period and shall describe in connection therewith the important
17 features of the budget. The message shall set forth the reasons for
18 salient changes from the previous fiscal period in expenditure and
19 revenue items and shall explain any major changes in financial policy.
20 Attached to the budget message shall be such supporting schedules,
21 exhibits and other explanatory material in respect to both current
22 operations and capital improvements as the governor shall deem to be
23 useful to the legislature. The budget document or documents shall set
24 forth a proposal for expenditures in the ensuing fiscal period based
25 upon the estimated revenues and caseloads as approved by the economic
26 ~~((and))~~, revenue, and caseload forecast council for such fiscal period
27 from the source and at the rates existing by law at the time of
28 submission of the budget document. However, the estimated revenues or
29 caseloads for use in the governor's budget document may be adjusted to

1 reflect budgetary revenue transfers ~~((and))~~, revenue estimates
2 dependent upon budgetary assumptions of enrollments, workloads, and
3 caseloads, and policy and program changes. All adjustments to the
4 approved estimated revenues and caseloads must be set forth in the
5 budget document. The governor may additionally submit, as an appendix
6 to each agency budget or to the budget document or documents, a
7 proposal for expenditures in the ensuing fiscal period from revenue
8 sources derived from proposed changes in existing statutes.

9 The budget document or documents shall also contain:

10 (a) Revenues classified by fund and source for the immediately past
11 fiscal period, those received or anticipated for the current fiscal
12 period, and those anticipated for the ensuing biennium;

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

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

17 (d) Such additional information dealing with revenues and
18 expenditures as the governor shall deem pertinent and useful to the
19 legislature;

20 (e) Tabulations showing expenditures classified by fund, function,
21 activity and object;

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

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

28 (2) The budget document or documents shall include detailed
29 estimates of all anticipated revenues applicable to proposed operating
30 or capital expenditures and shall also include all proposed operating

1 or capital expenditures. The total of beginning undesignated fund
2 balance and estimated revenues less working capital and other reserves
3 shall equal or exceed the total of proposed applicable expenditures.
4 The budget document or documents shall further include:

5 (a) Interest, amortization and redemption charges on the state
6 debt;

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

8 (c) Other statutory expenditures;

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

10 (e) Revenues derived from agency operations;

11 (f) Expenditures and revenues shall be given in comparative form
12 showing those incurred or received for the immediately past fiscal
13 period and those anticipated for the current biennium and next ensuing
14 biennium;

15 (g) A showing and explanation of amounts of general fund
16 obligations for debt service and any transfers of moneys that otherwise
17 would have been available for general fund appropriations;

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

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

22 (3) A separate budget document or schedule may be submitted
23 consisting of:

24 (a) Expenditures incident to current or pending capital projects
25 and to proposed new capital projects, relating the respective amounts
26 proposed to be raised therefor by appropriations in the budget and the
27 respective amounts proposed to be raised therefor by the issuance of
28 bonds during the fiscal period;

29 (b) A capital program consisting of proposed capital projects for
30 at least the two fiscal periods succeeding the next fiscal period. The

1 capital program shall include for each proposed project a statement of
2 the reason or purpose for the project along with an estimate of its
3 cost;

4 (c) Such other information bearing upon capital projects as the
5 governor shall deem to be useful to the legislature;

6 (d) Such other information relating to capital improvement projects
7 as the legislature may direct by law or concurrent resolution.

8 (4) No change affecting the comparability of agency or program
9 information relating to expenditures, revenues, workload, performance
10 and personnel shall be made in the format of any budget document or
11 report presented to the legislature under this section or RCW
12 43.88.160(1) relative to the format of the budget document or report
13 which was presented to the previous regular session of the legislature
14 during an odd-numbered year without prior legislative concurrence.
15 Prior legislative concurrence shall consist of (a) a favorable majority
16 vote on the proposal by the standing committees on ways and means of
17 both houses if the legislature is in session or (b) a favorable
18 majority vote on the proposal by members of the legislative evaluation
19 and accountability program committee if the legislature is not in
20 session.

21 **Sec. 10.** RCW 43.88.120 and 1987 c 502 s 6 are each amended to read
22 as follows:

23 Each agency engaged in the collection of revenues shall prepare
24 estimated revenues and estimated receipts for the current and ensuing
25 biennium and shall submit the estimates to the director of financial
26 management and the director of revenue at times and in the form
27 specified by the directors, along with any other information which the
28 directors may request.

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

5 **Sec. 11.** RCW 43.88.160 and 1987 c 505 s 36 and 1987 c 436 s 1 are
6 each reenacted and amended to read as follows:

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

15 (1) Governor; director of financial management. The governor,
16 through the director of financial management, shall devise and
17 supervise a modern and complete accounting system for each agency to
18 the end that all revenues, expenditures, receipts, disbursements,
19 resources and obligations of the state shall be properly and
20 systematically accounted for. The accounting system shall include the
21 development of accurate, timely records and reports of all financial
22 affairs of the state. The system shall also provide for central
23 accounts in the office of financial management at the level of detail
24 deemed necessary by the director to perform central financial
25 management. The director of financial management shall adopt and
26 periodically update an accounting procedures manual. Any agency
27 maintaining its own accounting and reporting system shall comply with
28 the updated accounting procedures manual and the rules of the director
29 adopted under this chapter. An agency may receive a waiver from

1 complying with this requirement if the waiver is approved by the
2 director. Waivers expire at the end of the fiscal biennium for which
3 they are granted. The director shall forward notice of waivers granted
4 to the legislative fiscal committees. The director of financial
5 management may require such financial, statistical, and other reports
6 as the director deems necessary from all agencies covering any period.

7 Except as provided in chapter 82.33 RCW, the director of financial
8 management is responsible for quarterly reporting of primary budget
9 drivers such as applicable workloads, caseload estimates, and
10 appropriate unit cost data. These reports shall be transmitted to the
11 legislative fiscal committees or by electronic means to the legislative
12 evaluation and accountability program committee. Quarterly reports
13 shall include actual monthly data and the variance between actual and
14 estimated data to date. The reports shall also include estimates of
15 these items for the remainder of the budget period.

16 In addition, the director of financial management, as agent of the
17 governor, shall:

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

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

25 (c) Review any pay and classification plans, and changes
26 thereunder, developed by any agency for their fiscal impact: PROVIDED,
27 That none of the provisions of this subsection shall affect merit
28 systems of personnel management now existing or hereafter established
29 by statute relating to the fixing of qualifications requirements for
30 recruitment, appointment, or promotion of employees of any agency. The

1 director shall advise and confer with agencies including appropriate
2 standing committees of the legislature as may be designated by the
3 speaker of the house and the president of the senate regarding the
4 fiscal impact of such plans and may amend or alter said plans, except
5 that for the following agencies no amendment or alteration of said
6 plans may be made without the approval of the agency concerned:
7 Agencies headed by elective officials;

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

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

16 (f) Promulgate regulations to effectuate provisions contained in
17 subsections (a) through (e) hereof.

18 (2) The treasurer shall:

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

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

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

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

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

1 in this section shall be construed to permit a public body to advance
2 funds to a private service provider pursuant to a grant or loan before
3 services have been rendered or material furnished.

4 (3) The state auditor shall:

5 (a) Report to the legislature the results of current post audits
6 that have been made of the financial transactions of each agency; to
7 this end the auditor may, in the auditor's discretion, examine the
8 books and accounts of any agency, official or employee charged with the
9 receipt, custody or safekeeping of public funds. The current post
10 audit of each agency may include a section on recommendations to the
11 legislature as provided in subsection (3)(c) of this section.

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

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

18 Determinations as to whether agencies, in making expenditures,
19 complied with the laws of this state: PROVIDED, That nothing in this
20 act shall be construed to grant the state auditor the right to perform
21 performance audits. A performance audit for the purpose of this act
22 shall be the examination of the effectiveness of the administration,
23 its efficiency and its adequacy in terms of the programs of departments
24 or agencies as previously approved by the legislature. The authority
25 and responsibility to conduct such an examination shall be vested in
26 the legislative budget committee as prescribed in RCW 44.28.085 as now
27 or hereafter amended.

28 (d) Be empowered to take exception to specific expenditures that
29 have been incurred by any agency or to take exception to other
30 practices related in any way to the agency's financial transactions and

1 to cause such exceptions to be made a matter of public record,
2 including disclosure to the agency concerned and to the director of
3 financial management. It shall be the duty of the director of
4 financial management to cause corrective action to be taken promptly,
5 such action to include, as appropriate, the withholding of funds as
6 provided in RCW 43.88.110.

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

8 (4) The legislative budget committee may:

9 (a) Make post audits of the financial transactions of any agency
10 and management surveys and program reviews as provided for in RCW
11 44.28.085 as now or hereafter amended. To this end the committee may
12 in its discretion examine the books, accounts, and other records of any
13 agency, official, or employee.

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

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

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

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