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**SENATE BILL 6412**

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**State of Washington**

**52nd Legislature**

**1992 Regular Session**

**By** Senators Madsen, McCaslin, Sutherland and Thorsness

Read first time 01/29/92. Referred to Committee on Governmental Operations.

1 AN ACT Relating to accountability in state government; amending RCW  
2 43.09.050, 43.88.160, 44.28.085, 43.88.010, and 43.88.090; amending  
3 1987 c 480 s 3 (uncodified); adding a new section to chapter 43.06 RCW;  
4 adding a new section to chapter 43.88 RCW; adding a new chapter to  
5 Title 43 RCW; creating new sections; and providing an effective date.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that demand is  
8 growing for a new level of accountability in government. The public is  
9 asking its government whether desired results are actually  
10 accomplished, not just what volume of services is provided. Taxpayers  
11 want to know what value they are receiving for their money.  
12 Policymakers need more accurate information for setting policy and  
13 allocating scarce resources. Agency directors need better information  
14 on whether new and existing programs are effective. Mid-level managers

1 must be able to determine how efficiently they administer programs.  
2 Front-line employees must be given the necessary data and opportunity  
3 to suggest creative ways to improve program operations.

4 The legislature finds that ensuring accountability in government is  
5 a long-term process that will require a sustained and collaborative  
6 effort directed at developing an integrated, comprehensive  
7 accountability system that incorporates an ongoing cycle of policy  
8 planning, quality management, and program evaluation. It is the intent  
9 of the legislature that the state auditor, the legislative budget  
10 committee, and the commission for efficiency and accountability in  
11 government continue to perform responsibilities as currently defined in  
12 state law, except as amended by this act. However, establishing an  
13 integrated accountability system will require a collaborative effort  
14 between these existing evaluative entities and the public, the  
15 legislature, the governor, the office of financial management, and  
16 state agencies.

17 NEW SECTION. **Sec. 2.** For the purposes of this chapter, the  
18 following terms shall have the following meanings:

19 (1) "Performance audit" means an audit which determines the  
20 following: (a) Whether a government entity is acquiring, protecting,  
21 and using its resources economically and efficiently; (b) the causes of  
22 inefficiencies or uneconomical practices; (c) whether the entity has  
23 complied with laws and regulations applicable to the program; (d) the  
24 extent to which the desired results or benefits established by the  
25 legislature are being achieved; and (e) the effectiveness of  
26 organizations, programs, activities or functions;

27 (2) "Program evaluation" means the use of scientific research  
28 methods to determine the extent to which a program is achieving its  
29 legislative intent in terms of producing the effects expected. Program

1 evaluation seeks to make an objective judgment of the efficiency and  
2 effectiveness of programs in the context of their goals and objectives,  
3 with respect to their implementation, outcomes, and net impact. It  
4 includes the application of systematic methods to estimate the extent  
5 to which observed results, intended or unintended, are caused by  
6 program activities.

7 (3) "Success measures" means at least each of the following three  
8 different categories of indicators: (a) Indicators of service efforts,  
9 which include dollar cost inputs and nonmonetary resource inputs  
10 expended on a service during a particular period; (b) indicators of  
11 service accomplishments, which include outputs such as the amount of  
12 workload accomplished, and outcomes, including numeric indicators of  
13 program results and indicators of service quality; and (c) indicators  
14 that relate service efforts to service accomplishments, such as inputs  
15 divided by outputs or outcomes, and indexes of productivity or  
16 efficiency.

17 **Sec. 3.** 1987 c 480 s 3 (uncodified) is amended to read as follows:

18 To carry out the provisions of section 2, chapter 480, Laws of  
19 1987, the commission shall:

20 (1) (~~Prepare a list of~~) Identify selected programs funded by the  
21 state that will be subject to review by the commission(~~(. The list~~  
22 ~~shall include)~~) including programs that have a major fiscal impact on  
23 the state and where the commission determines that operational and  
24 organizational improvements are feasible. The reviews shall concentrate  
25 on identifying improvements that will result in increased program  
26 efficiency and effectiveness and reduced costs, greater accountability  
27 to the general public, increased information and data relative to  
28 governmental expenditures, and increased managerial competence and  
29 workforce productivity.

1       (2) ~~((Develop a four year plan for the orderly review of each~~  
2 ~~program identified under subsection (1) of this section. The plan~~  
3 ~~shall contain a timetable for the completion of each program review and~~  
4 ~~an estimate of the resources needed to carry out the reviews. The plan~~  
5 ~~shall be updated annually.~~

6       ~~(3) Secure private sector financial and other support for the~~  
7 ~~conduct of the reviews.~~

8       ~~(4))~~ Establish the scope of program reviews, select review teams  
9 and direct those teams to conduct the program reviews identified by the  
10 commission. The review teams shall report to the commission their  
11 findings and recommendations for organizational and operational  
12 improvements.

13       ~~((5))~~ (3) Decide upon recommendations for executive action or  
14 legislation necessary to implement the operational or organizational  
15 improvements developed by program review teams.

16       ~~((6) Submit the following reports to the legislature:~~

17       ~~(a) By December 31, 1987, a four year plan required by subsection~~  
18 ~~(2) of this section;~~

19       ~~(b))~~ (4) Provide to the legislature, upon completion of each  
20 program review, its recommendations for operational and organizational  
21 improvements for the program reviewed. The report shall include  
22 estimates of savings which may result from recommended legislative or  
23 executive action.

24       ~~((c) By December 31, 1988, a report summarizing recommendations of~~  
25 ~~the commission for legislative and executive actions to accomplish~~  
26 ~~operational and organizational improvements identified in completed~~  
27 ~~program reviews and any executive action initiated as a result of~~  
28 ~~findings of a program review. Thereafter,))~~ The commission shall  
29 report to the legislature annually, no later than December 31, on its  
30 progress ~~((toward completing the four year review plan))~~ and on its

1 recommendations for operational and organizational improvements in  
2 state government.

3 NEW SECTION. **Sec. 4.** The office of financial management shall  
4 facilitate and coordinate the development of a state-wide program  
5 evaluation system. Toward this end, the office of financial management  
6 shall at a minimum:

7 (1) Provide technical assistance to agencies in initiating,  
8 conducting, and using the results of evaluations to improve programs;

9 (2) Share evaluation information and results;

10 (3) Develop standard definitions of commonly used program  
11 evaluation terms;

12 (4) Develop suggested guidelines for conducting program  
13 evaluations, including standards of practices and standards for  
14 evaluative tools;

15 (5) Assist in developing training programs in evaluation  
16 methodologies for state employees;

17 (6) Work toward establishing automated data systems that are  
18 readily accessible for evaluation purposes;

19 (7) Develop methods of tracking performance measures and report to  
20 the legislature by January, 1993; and

21 (8) Establish a clearinghouse for program evaluation results and  
22 information from other states and the federal government.

23 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.06 RCW  
24 to read as follows:

25 The governor shall prepare a plan for the establishment of a  
26 strategic planning process for the key functional areas of state  
27 government. The key functional areas that must be accounted for in the  
28 governor's strategic planning process are general government, health

1 and human services, community and economic development, the environment  
2 and natural resources, transportation, K-12 education, and higher  
3 education. The strategic planning processes must include (1) the  
4 identification of key stakeholders and a means to involve them actively  
5 in the planning process; (2) the establishment of results-oriented  
6 goals and objectives for the biennium and for a six-year planning  
7 cycle; and (3) the development of indicators of success measures based  
8 on the identified goals and objectives, for each key functional area of  
9 state government. The plan shall provide for implementing the  
10 strategic planning process in July 1993, with specific results-oriented  
11 goals and objectives for each functional area to be adopted by January  
12 1995. The governor shall report to the legislature on the status of  
13 the strategic planning process in January 1994 and invite the  
14 legislature to approve the plan by resolution. In developing this  
15 plan, the governor shall consult with the commissioner of public lands,  
16 the transportation commission, the superintendent of public  
17 instruction, and the higher education coordinating board.

18 **Sec. 6.** RCW 43.09.050 and 1979 c 151 s 91 are each amended to read  
19 as follows:

20 The auditor shall:

21 (1) Except as otherwise specifically provided by law, audit the  
22 accounts of all collectors of the revenue and other holders of public  
23 money required by law to pay the same into the treasury;

24 (2) In his or her discretion, inspect the books of any person  
25 charged with the receipt, safekeeping, and disbursement of public  
26 moneys;

27 (3) Inform the attorney general in writing of the necessity for  
28 (~~him~~) the attorney general to direct prosecutions in the name of the  
29 state for all official delinquencies in relation to the assessment,

1 collection, and payment of the revenue, against all persons who, by any  
2 means, become possessed of public money or property, and fail to pay  
3 over or deliver the same, and against all debtors of the state;

4 (4) Give information in writing to the legislature, whenever  
5 required, upon any subject relating to the financial affairs of the  
6 state, or touching any duties of his or her office;

7 (5) Report to the director of financial management in writing the  
8 names of all persons who have received any moneys belonging to the  
9 state, and have not accounted therefor;

10 (6) Authenticate with his or her official seal papers issued from  
11 his or her office;

12 (7) Make his or her official report annually on or before the 31st  
13 of December((-))i

14 (8) Conduct performance audits of state agency programs.

15 **Sec. 7.** RCW 43.88.160 and 1991 c 358 s 4 are each amended to read  
16 as follows:

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

25 (1) Governor; director of financial management. The governor,  
26 through the director of financial management, shall devise and  
27 supervise a modern and complete accounting system for each agency to  
28 the end that all revenues, expenditures, receipts, disbursements,  
29 resources, and obligations of the state shall be properly and

1 systematically accounted for. The accounting system shall include the  
2 development of accurate, timely records and reports of all financial  
3 affairs of the state. The system shall also provide for central  
4 accounts in the office of financial management at the level of detail  
5 deemed necessary by the director to perform central financial  
6 management. The director of financial management shall adopt and  
7 periodically update an accounting procedures manual. Any agency  
8 maintaining its own accounting and reporting system shall comply with  
9 the updated accounting procedures manual and the rules of the director  
10 adopted under this chapter. An agency may receive a waiver from  
11 complying with this requirement if the waiver is approved by the  
12 director. Waivers expire at the end of the fiscal biennium for which  
13 they are granted. The director shall forward notice of waivers granted  
14 to the appropriate legislative fiscal committees. The director of  
15 financial management may require such financial, statistical, and other  
16 reports as the director deems necessary from all agencies covering any  
17 period.

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

27 (3) The director of financial management shall report at least  
28 annually to the appropriate legislative committees regarding the status  
29 of all appropriated capital projects, including transportation  
30 projects, showing significant cost overruns or underruns. If funds are



1 shifted from one project to another, the office of financial management  
2 shall also reflect this in the annual variance report. Once a project  
3 is complete, the report shall provide a final summary showing estimated  
4 start and completion dates of each project phase compared to actual  
5 dates, estimated costs of each project phase compared to actual costs,  
6 and whether or not there are any outstanding liabilities or unsettled  
7 claims at the time of completion.

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

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

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

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

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

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

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

11 (5) The treasurer shall:

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

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

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

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

23 It shall be unlawful for the treasurer to issue any warrant or  
24 check for public funds in the treasury except upon forms duly  
25 prescribed by the director of financial management. Said forms shall  
26 provide for authentication and certification by the agency head or the  
27 agency head's designee that the services have been rendered or the  
28 materials have been furnished; or, in the case of loans or grants, that  
29 the loans or grants are authorized by law; or, in the case of payments  
30 for periodic maintenance services to be performed on state owned

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

26 (6) The state auditor shall:

27 (a) Report to the legislature the results of current post audits  
28 that have been made of the financial transactions of each agency; to  
29 this end the auditor may, in the auditor's discretion, examine the  
30 books and accounts of any agency, official or employee charged with the

1 receipt, custody or safekeeping of public funds. The current post  
2 audit of each agency may include a section on recommendations to the  
3 legislature as provided in (c) of this subsection.

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

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

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

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

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

30 (7) The legislative budget committee may:

1 (a) Make post audits of the financial transactions of any agency  
2 and management surveys and program reviews as provided for in RCW  
3 44.28.085. To this end the committee may in its discretion examine the  
4 books, accounts, and other records of any agency, official, or  
5 employee.

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

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

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

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

19 **Sec. 8.** RCW 44.28.085 and 1975 1st ex.s. c 293 s 15 are each  
20 amended to read as follows:

21 The legislative budget committee shall make management surveys and  
22 program reviews as to every public body, officer or employee subject to  
23 the provisions of RCW 43.09.290 through 43.09.340. The legislative  
24 budget committee may also make management surveys and program reviews  
25 of local school districts, intermediate school districts, and other  
26 units of local government receiving state funds as grants-in-aid or as  
27 shared revenues. Management surveys for the purposes of this section  
28 shall be an independent examination for the purpose of providing the  
29 legislature with an evaluation and report of the manner in which any

1 public agency, officer, administrator, or employee has discharged the  
2 responsibility to faithfully, efficiently, and effectively administer  
3 any legislative purpose of the state. Program reviews for the purpose  
4 of this section shall be an examination of state or local government  
5 programs to ascertain whether or not such programs continue to serve  
6 their intended purposes, are conducted in an efficient and effective  
7 manner, or require modification or elimination: PROVIDED, That nothing  
8 in this section shall limit the power or duty of the state auditor to  
9 report to the legislature as directed by subsection (3) of RCW  
10 43.88.160 (~~as now or hereafter amended. The authority in this section~~  
11 ~~conferred excludes a like authority in the state auditor~~)).

12 The legislative budget committee shall receive a copy of each  
13 report of examination issued by the state auditor under RCW 43.09.310,  
14 shall review all such reports, and shall make such recommendations to  
15 the legislature and to the state auditor as it deems appropriate.

16 **Sec. 9.** RCW 43.88.010 and 1986 c 215 s 1 are each amended to read  
17 as follows:

18 It is the purpose of this chapter to establish an effective state  
19 budgeting, accounting, and reporting system for all activities of the  
20 state government, including both capital and operating expenditures and  
21 state program performance; to prescribe the powers and duties of the  
22 governor as these relate to securing such (~~fiscal~~) controls as will  
23 promote effective program and budget administration; and to prescribe  
24 the responsibilities of agencies of the executive branch of the state  
25 government.

26 It is the intent of the legislature that the powers conferred by  
27 this chapter, as amended, shall be exercised by the executive in  
28 cooperation with the legislature and its standing, special, and interim

1 committees in its status as a separate and coequal branch of state  
2 government.

3 **Sec. 10.** RCW 43.88.090 and 1989 c 273 s 26 are each amended to  
4 read as follows:

5 (1) For purposes of developing budget proposals to the legislature,  
6 the governor shall have the power, and it shall be the governor's duty,  
7 to require from proper agency officials such detailed estimates and  
8 other information in such form and at such times as the governor shall  
9 direct. The estimates for the legislature and the judiciary shall be  
10 transmitted to the governor and shall be included in the budget without  
11 revision. The estimates for state pension contributions shall be based  
12 on the rates provided in chapter 41.45 RCW. Copies of all such  
13 estimates shall be transmitted to the standing committees on ways and  
14 means of the house and senate at the same time as they are filed with  
15 the governor and the office of financial management.

16 (2) (~~Estimates from each agency shall include goals and objectives~~  
17 ~~for each program administered by the agency. The goals and objectives~~  
18 ~~shall, whenever possible, be stated in terms of objective measurable~~  
19 ~~results.)) For the purpose of assessing program performance, each  
20 state agency shall establish results-oriented goals and objectives, and  
21 develop success measures based on these goals and objectives, for each  
22 major program in its budget. Each agency shall express the success  
23 measures in an objective, quantifiable, and measurable form unless  
24 permitted by the office of financial management to adopt a different  
25 standard.~~

26 The estimates shall include statements or tables which indicate, by  
27 agency, the state funds which are required for the receipt of federal  
28 matching revenues. The estimates shall be revised as necessary to  
29 reflect legislative enactments and adopted appropriations and shall be

1 included with the initial biennial allotment submitted under RCW  
2 43.88.110.

3 (3) In the year of the gubernatorial election, the governor shall  
4 invite the governor-elect or the governor-elect's designee to attend  
5 all hearings provided in RCW 43.88.100; and the governor shall furnish  
6 the governor-elect or the governor-elect's designee with such  
7 information as will enable the governor-elect or the governor-elect's  
8 designee to gain an understanding of the state's budget requirements.  
9 The governor-elect or the governor-elect's designee may ask such  
10 questions during the hearings and require such information as the  
11 governor-elect or the governor-elect's designee deems necessary and may  
12 make recommendations in connection with any item of the budget which,  
13 with the governor-elect's reasons therefor, shall be presented to the  
14 legislature in writing with the budget document. Copies of all such  
15 estimates and other required information shall also be submitted to the  
16 standing committees on ways and means of the house and senate.

17 NEW SECTION. **Sec. 11.** A new section is added to chapter 43.88 RCW  
18 to read as follows:

19 It shall not be in order for either house of the legislature to  
20 consider any bill or amendment that provides for the authorization of  
21 appropriation of funds unless the bill or amendment specifies goals or  
22 objectives, and desired outcomes, for the appropriation.

23 NEW SECTION. **Sec. 12.** This act may be known and cited as the  
24 government accountability act of 1992.

25 NEW SECTION. **Sec. 13.** Sections 1 and 2 of this act shall  
26 constitute a new chapter in Title 43 RCW.



1        NEW SECTION.    **Sec. 14.**        Sections 10 and 11 of this act shall  
2 take effect July 1, 1993, for the purpose of incorporating these  
3 sections into budget planning for the 1995-97 biennium.

4        NEW SECTION.    **Sec. 15.**        If specific funding for the purposes of  
5 this act, referencing this act by bill number, is not provided by June  
6 30, 1993, in the omnibus appropriations act, this act shall be null and  
7 void.