
ENGROSSED SUBSTITUTE HOUSE BILL 1372

State of Washington

53rd Legislature

1993 Regular Session

By House Committee on State Government (originally sponsored by Representatives Pruitt, R. Fisher, Mielke, Sheldon, Dorn, Long, Veloria, Roland, Romero, Shin, R. Meyers, Finkbeiner, Jones, Dunshee, Jacobsen, Riley, Holm, Mastin, Kessler, Linville, Springer, Wolfe, Franklin, Kremen, Johanson, Karahalios, Flemming, Tate, L. Johnson, J. Kohl, Dellwo, G. Cole and Anderson; by request of State Auditor)

Read first time 03/03/93.

1 AN ACT Relating to accountability in state government; amending RCW
2 43.88.090, 43.09.050, 43.88.160, and 44.28.085; adding a new chapter to
3 Title 43 RCW; and creating new sections.

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

5 **PART I - STATE GOVERNMENT PERFORMANCE PLAN**

6 NEW SECTION. **Sec. 1.** By July 1, 1994, each state agency shall
7 define its mission or missions and establish measurable goals for
8 achieving desirable results or outcomes for its customers. Agency
9 customers shall include, but not be limited to, service recipients,
10 regulated entities, and the public at large. This section shall not be
11 construed to require an agency to develop a new mission or goals in
12 place of existing identifiable missions or goals which meet the intent
13 of this provision. Each state agency should involve affected
14 stakeholders in planning its missions and goals. By January 1, 1995,
15 each state agency shall submit its missions and goals to the
16 legislature for review and approval.

1 **Sec. 2.** RCW 43.88.090 and 1989 c 273 s 26 are each amended to read
2 as follows:

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

14 (2) (~~Estimates from each agency shall include goals and objectives~~
15 ~~for each program administered by the agency. The goals and objectives~~
16 ~~shall, whenever possible, be stated in terms of objective measurable~~
17 ~~results.)) For the purpose of assessing program performance, each
18 state agency shall establish program objectives for each major program
19 in its budget. The objectives shall be consistent with the missions
20 and goals developed under section 1 of this act. These objectives
21 shall be established for the biennium and for a six-year planning
22 cycle. Each agency shall express the objectives in an outcome based,
23 objective, quantifiable, and measurable form unless permitted by the
24 office of financial management to adopt a different standard.~~

25 The estimates shall include statements or tables which indicate, by
26 agency, the state funds which are required for the receipt of federal
27 matching revenues. The estimates shall be revised as necessary to
28 reflect legislative enactments and adopted appropriations and shall be
29 included with the initial biennial allotment submitted under RCW
30 43.88.110.

31 (3) In the year of the gubernatorial election, the governor shall
32 invite the governor-elect or the governor-elect's designee to attend
33 all hearings provided in RCW 43.88.100; and the governor shall furnish
34 the governor-elect or the governor-elect's designee with such
35 information as will enable the governor-elect or the governor-elect's
36 designee to gain an understanding of the state's budget requirements.
37 The governor-elect or the governor-elect's designee may ask such
38 questions during the hearings and require such information as the
39 governor-elect or the governor-elect's designee deems necessary and may

1 make recommendations in connection with any item of the budget which,
2 with the governor-elect's reasons therefor, shall be presented to the
3 legislature in writing with the budget document. Copies of all such
4 estimates and other required information shall also be submitted to the
5 standing committees on ways and means of the house and senate.

6 **PART II - GOVERNMENT ACCOUNTABILITY TASK FORCE**

7 NEW SECTION. **Sec. 3.** There is created a government accountability
8 task force to advise the legislature on establishing a comprehensive,
9 integrated program accountability system for state government. The
10 composition of the task force shall be as follows:

11 (1) Four members to be appointed by the governor, with at least one
12 representative each from private sector business and industry, state
13 employee labor unions, and public interest organizations;

14 (2) One representative from each of the four legislative caucuses,
15 to be appointed by the president of the senate and the speaker of the
16 house of representatives;

17 (3) The state auditor;

18 (4) The chair of the legislative budget committee;

19 (5) The director of the office of financial management;

20 (6) The superintendent of public instruction; and

21 (7) The chair of the higher education coordinating board.

22 The chair of the task force shall be selected by its members. Staffing
23 for the task force shall be provided by the legislative budget
24 committee.

25 This section shall expire December 31, 1995.

26 NEW SECTION. **Sec. 4.** The government accountability task force
27 shall develop recommendations to improve the accountability of state
28 government including recommendations that address compliance with the
29 law in the use of resources, efficiency in the use of resources,
30 effectiveness in meeting program goals and targets, and appropriateness
31 of program activity in fulfilling the identified public need. The task
32 force shall address the following issues:

33 (1) The development of a plan for performance audits of state
34 agencies in the executive branch of state government. This plan shall
35 include identification of the proper roles for state agencies, the
36 state auditor, the legislative budget committee, and the commission for

1 efficiency and accountability in government in conducting these
2 performance audits. The plan shall designate the scope and type of
3 audits to be performed.

4 (2) The development of a plan for a state-wide performance-based
5 evaluations system that addresses:

6 (a) The development of standard program evaluation definitions and
7 suggested guidelines for conducting program evaluations;

8 (b) The provision of technical assistance and training programs to
9 agencies in conducting evaluations and using the results of evaluations
10 to improve programs;

11 (c) The establishment of automated data systems for streamlining
12 the program evaluation process and for tracking results;

13 (d) The establishment of a clearinghouse for program evaluation
14 results and information from other states and the federal government;
15 and

16 (e) How to develop indicators of performance for the measurable
17 goals established under section 1 of this act.

18 (3) Recommendations regarding a plan for a state reporting process
19 on program accountability that addresses to what extent agencies are
20 meeting the goals established in section 1 of this act.

21 The task force shall present this system to the legislature by
22 December 31, 1995.

23

PART III - STATE AUDITOR

24 **Sec. 5.** RCW 43.09.050 and 1992 c 118 s 6 are each amended to read
25 as follows:

26 The auditor shall:

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

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

33 (3) Investigate improper governmental activity under chapter 42.40
34 RCW;

35 (4) Inform the attorney general in writing of the necessity for the
36 attorney general to direct prosecutions in the name of the state for
37 all official delinquencies in relation to the assessment, collection,

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

4 (5) 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 (6) 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 (7) Authenticate with his or her official seal papers issued from
11 his or her office;

12 (8) Make his or her official report annually on or before the 31st
13 of December;

14 (9) Conduct performance audits of state agency programs recommended
15 by the government accountability task force if these recommendations
16 are adopted by the legislature.

17 **Sec. 6.** RCW 43.88.160 and 1992 c 118 s 8 are each amended to read
18 as follows:

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

27 (1) Governor; director of financial management. The governor,
28 through the director of financial management, shall devise and
29 supervise a modern and complete accounting system for each agency to
30 the end that all revenues, expenditures, receipts, disbursements,
31 resources, and obligations of the state shall be properly and
32 systematically accounted for. The accounting system shall include the
33 development of accurate, timely records and reports of all financial
34 affairs of the state. The system shall also provide for central
35 accounts in the office of financial management at the level of detail
36 deemed necessary by the director to perform central financial
37 management. The director of financial management shall adopt and
38 periodically update an accounting procedures manual. Any agency

1 maintaining its own accounting and reporting system shall comply with
2 the updated accounting procedures manual and the rules of the director
3 adopted under this chapter. An agency may receive a waiver from
4 complying with this requirement if the waiver is approved by the
5 director. Waivers expire at the end of the fiscal biennium for which
6 they are granted. The director shall forward notice of waivers granted
7 to the appropriate legislative fiscal committees. The director of
8 financial management may require such financial, statistical, and other
9 reports as the director deems necessary from all agencies covering any
10 period.

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

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

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

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

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

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

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

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

22 (f) Promulgate regulations to effectuate provisions contained in
23 (a) through (e) of this subsection.

24 (5) The treasurer shall:

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

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

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

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

36 It shall be unlawful for the treasurer to issue any warrant or
37 check for public funds in the treasury except upon forms duly
38 prescribed by the director of financial management. Said forms shall
39 provide for authentication and certification by the agency head or the

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

30 (6) The state auditor shall:

31 (a) Report to the legislature the results of current post audits
32 that have been made of the financial transactions of each agency; to
33 this end the auditor may, in the auditor's discretion, examine the
34 books and accounts of any agency, official or employee charged with the
35 receipt, custody or safekeeping of public funds. The current post
36 audit of each agency may include a section on recommendations to the
37 legislature as provided in (c) of this subsection.

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

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

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

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

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

25 (f) Investigate improper governmental activity under chapter 42.40
26 RCW.

27 (7) The legislative budget committee may:

28 (a) Make post audits of the financial transactions of any agency
29 and management surveys and program reviews as provided for in RCW
30 44.28.085. To this end the committee may in its discretion examine the
31 books, accounts, and other records of any agency, official, or
32 employee.

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

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

38 (i) Determinations as to the extent to which agencies in making
39 expenditures have complied with the will of the legislature and in this

1 connection, may take exception to specific expenditures or financial
2 practices of any agencies; and

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

7 **Sec. 7.** RCW 44.28.085 and 1975 1st ex.s. c 293 s 15 are each
8 amended to read as follows:

9 The legislative budget committee shall make management surveys and
10 program reviews as to every public body, officer or employee subject to
11 the provisions of RCW 43.09.290 through 43.09.340. The legislative
12 budget committee may also make management surveys and program reviews
13 of local school districts, intermediate school districts, and other
14 units of local government receiving state funds as grants-in-aid or as
15 shared revenues. Management surveys for the purposes of this section
16 shall be an independent examination for the purpose of providing the
17 legislature with an evaluation and report of the manner in which any
18 public agency, officer, administrator, or employee has discharged the
19 responsibility to faithfully, efficiently, and effectively administer
20 any legislative purpose of the state. Program reviews for the purpose
21 of this section shall be an examination of state or local government
22 programs to ascertain whether or not such programs continue to serve
23 their intended purposes, are conducted in an efficient and effective
24 manner, or require modification or elimination: PROVIDED, That nothing
25 in this section shall limit the power or duty of the state auditor to
26 report to the legislature as directed by subsection (3) of RCW
27 43.88.160 (~~as now or hereafter amended. The authority in this section~~
28 ~~conferred excludes a like authority in the state auditor~~)).

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

33 **PART IV - MISCELLANEOUS**

34 NEW SECTION. **Sec. 8.** This act may be known and cited as the
35 performance-based government act of 1993.

1 NEW SECTION. **Sec. 9.** Sections 3 and 4 of this act shall
2 constitute a new chapter in Title 43 RCW.

3 NEW SECTION. **Sec. 10.** CAPTIONS. Captions and part headings as
4 used in this act constitute no part of the law.

5 NEW SECTION. **Sec. 11.** NULL AND VOID. If specific funding for the
6 purposes of this act, referencing this act by bill number, is not
7 provided by June 30, 1993, in the omnibus appropriations act, this act
8 shall be null and void.

--- END ---