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HOUSE BILL 1372

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State of Washington

53rd Legislature

1993 Regular Session

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 01/25/93. Referred to Committee on State Government.

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 section to  
3 chapter 43.06 RCW; adding a new section to chapter 43.88 RCW; adding a  
4 new chapter to Title 43 RCW; creating a new section; providing an  
5 effective date; and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that demand is growing  
8 for a new level of accountability in state government. The public is  
9 no longer content to know merely how much money is being spent and what  
10 level of service is being provided. Instead, the public wants to know  
11 whether program goals are actually being accomplished.

12 The legislature finds that ensuring accountability in state  
13 government is a long-term process that will require a sustained and  
14 collaborative effort. To this end, the legislature establishes a  
15 government accountability task force to develop a comprehensive,  
16 integrated program accountability system for state government. The  
17 legislature also establishes a strategic planning process for agencies  
18 of state government, coordinated by the office of financial management,

1 to establish specific goals and targets for key functional areas of  
2 state government.

3 **GOVERNMENT ACCOUNTABILITY TASK FORCE**

4 NEW SECTION. **Sec. 2.** There is created a government accountability  
5 task force to advise the legislature on establishing a comprehensive,  
6 integrated program accountability system for state government. The  
7 composition of the task force shall be as follows:

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

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

14 (3) The state auditor;

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

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

17 (6) The superintendent of public instruction; and

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

19 The chair of the task force shall be selected by its members. Staffing  
20 for the task force shall be provided by the office of financial  
21 management.

22 This section shall expire June 30, 1998.

23 NEW SECTION. **Sec. 3.** The government accountability task force  
24 shall develop an integrated, comprehensive program accountability  
25 system for state government. At a minimum, the task force shall:

26 (1) Immediately direct operational reviews of state agency  
27 programs. The task force shall establish a 1993 schedule of  
28 operational reviews and decide whether the legislative budget  
29 committee, the state auditor, or the commission for efficiency and  
30 accountability in government shall conduct each review;

31 (2) Develop a plan for performance audits of state agencies in the  
32 executive branch of state government. This plan shall include  
33 identification of the proper roles for state agencies, the state  
34 auditor, the legislative budget committee, and the commission for  
35 efficiency and accountability in government in conducting these  
36 performance audits. The plan shall designate the scope and type of

1 audits to be performed. The plan shall also establish a prioritized  
2 schedule of audits to be performed. The task force shall present this  
3 plan to the governor and to the legislature by January 1994;

4 (3) Recommend, by January 1995, accountability strategies in the  
5 following areas:

6 (a) Compliance with the law in the use of resources;

7 (b) Efficiency in the use of resources;

8 (c) Effectiveness in meeting program goals and targets; and

9 (d) Appropriateness of program activity in fulfilling the  
10 identified public need;

11 (4) Develop a state reporting process on program accountability  
12 that addresses to what extent agencies are meeting the goals and  
13 specific targets established under section 4 of this act. Reports to  
14 the governor and to the legislature shall begin by January 1997; and

15 (5) Design a state-wide program evaluation system that addresses:

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

18 (b) The provision of technical assistance and training programs to  
19 agencies in conducting evaluations and using the results of evaluations  
20 to improve programs;

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

23 (d) The establishment of a clearinghouse for program evaluation  
24 results and information from other states and the federal government.

25

#### STRATEGIC PLANNING

26 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.06 RCW  
27 to read as follows:

28 (1) The office of financial management shall develop and implement  
29 a strategic planning process for the following key functional areas of  
30 state government: General government; health and human services;  
31 community and economic development; the environment and natural  
32 resources; transportation; K-12 education; and higher education. In  
33 carrying out these responsibilities, the office of financial management  
34 shall consult with the commissioner of public lands, the transportation  
35 commission, the superintendent of public instruction, and the higher  
36 education coordinating board.

1 (2) For each key functional area of state government, the strategic  
2 planning process must include:

3 (a) The identification of key stakeholders and a means to involve  
4 them actively in the planning process;

5 (b) The establishment of specific goals for the biennium and for a  
6 six-year planning cycle; and

7 (c) The development of specific targets that will indicate the  
8 degree of success in attaining each goal.

9 (3) The strategic planning process shall be implemented in July  
10 1993, with specific goals for each key functional area to be presented  
11 to the legislature for its approval in January 1994.

12 (4) The office of financial management shall report to the  
13 legislature and to the governor:

14 (a) By January 1994 on the specific goals established for each key  
15 functional area of state government; and

16 (b) By January 1995 on the specific targets that will be used to  
17 measure the degree of success in attaining these goals.

18 **Sec. 5.** RCW 43.88.090 and 1989 c 273 s 26 are each amended to read  
19 as follows:

20 (1) For purposes of developing budget proposals to the legislature,  
21 the governor shall have the power, and it shall be the governor's duty,  
22 to require from proper agency officials such detailed estimates and  
23 other information in such form and at such times as the governor shall  
24 direct. The estimates for the legislature and the judiciary shall be  
25 transmitted to the governor and shall be included in the budget without  
26 revision. The estimates for state pension contributions shall be based  
27 on the rates provided in chapter 41.45 RCW. Copies of all such  
28 estimates shall be transmitted to the standing committees on ways and  
29 means of the house and senate at the same time as they are filed with  
30 the governor and the office of financial management.

31 (2) (~~Estimates from each agency shall include goals and objectives~~  
32 ~~for each program administered by the agency. The goals and objectives~~  
33 ~~shall, whenever possible, be stated in terms of objective measurable~~  
34 ~~results.)) For the purpose of assessing program performance, each  
35 state agency shall establish program goals and develop specific targets  
36 based on these goals for each major program in its budget. The goals  
37 and targets shall be consistent with the goals and targets developed  
38 under section 4 of this act. Each agency shall express the targets in~~

1 an outcome based, objective, quantifiable, and measurable form unless  
2 permitted by the office of financial management to adopt a different  
3 standard.

4 The estimates shall include statements or tables which indicate, by  
5 agency, the state funds which are required for the receipt of federal  
6 matching revenues. The estimates shall be revised as necessary to  
7 reflect legislative enactments and adopted appropriations and shall be  
8 included with the initial biennial allotment submitted under RCW  
9 43.88.110.

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

24 NEW SECTION. Sec. 6. A new section is added to chapter 43.88 RCW  
25 to read as follows:

26 It shall not be in order for either house of the legislature to  
27 consider any bill or amendment that provides for the authorization of  
28 appropriation of funds unless the bill or amendment specifies goals and  
29 desired outcomes for the appropriation.

30 **STATE AUDITOR**

31 **Sec. 7.** RCW 43.09.050 and 1992 c 118 s 6 are each amended to read  
32 as follows:

33 The auditor shall:

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

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

4 (3) Investigate improper governmental activity under chapter 42.40  
5 RCW;

6 (4) Inform the attorney general in writing of the necessity for the  
7 attorney general to direct prosecutions in the name of the state for  
8 all official delinquencies in relation to the assessment, collection,  
9 and payment of the revenue, against all persons who, by any means,  
10 become possessed of public money or property, and fail to pay over or  
11 deliver the same, and against all debtors of the state;

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

15 (6) Report to the director of financial management in writing the  
16 names of all persons who have received any moneys belonging to the  
17 state, and have not accounted therefor;

18 (7) Authenticate with his or her official seal papers issued from  
19 his or her office;

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

22 (9) Conduct performance audits and operational reviews of state  
23 agency programs as directed by the government accountability task force  
24 under section 3 (1) and (2) of this act.

25 **Sec. 8.** RCW 43.88.160 and 1992 c 118 s 8 are each amended to read  
26 as follows:

27 This section sets forth the major fiscal duties and  
28 responsibilities of officers and agencies of the executive branch. The  
29 regulations issued by the governor pursuant to this chapter shall  
30 provide for a comprehensive, orderly basis for fiscal management and  
31 control, including efficient accounting and reporting therefor, for the  
32 executive branch of the state government and may include, in addition,  
33 such requirements as will generally promote more efficient public  
34 management in the state.

35 (1) Governor; director of financial management. The governor,  
36 through the director of financial management, shall devise and  
37 supervise a modern and complete accounting system for each agency to  
38 the end that all revenues, expenditures, receipts, disbursements,

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

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

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

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

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

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

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

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

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

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

33 (5) The treasurer shall:

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



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

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

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

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

1 (6) The state auditor shall:

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

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

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

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

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

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

35 (f) Investigate improper governmental activity under chapter 42.40  
36 RCW.

37 (7) The legislative budget committee may:

38 (a) Make post audits of the financial transactions of any agency  
39 and management surveys and program reviews as provided for in RCW

1 44.28.085. To this end the committee may in its discretion examine the  
2 books, accounts, and other records of any agency, official, or  
3 employee.

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

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

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

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

17 **Sec. 9.** RCW 44.28.085 and 1975 1st ex.s. c 293 s 15 are each  
18 amended to read as follows:

19 The legislative budget committee shall make management surveys and  
20 program reviews as to every public body, officer or employee subject to  
21 the provisions of RCW 43.09.290 through 43.09.340. The legislative  
22 budget committee may also make management surveys and program reviews  
23 of local school districts, intermediate school districts, and other  
24 units of local government receiving state funds as grants-in-aid or as  
25 shared revenues. Management surveys for the purposes of this section  
26 shall be an independent examination for the purpose of providing the  
27 legislature with an evaluation and report of the manner in which any  
28 public agency, officer, administrator, or employee has discharged the  
29 responsibility to faithfully, efficiently, and effectively administer  
30 any legislative purpose of the state. Program reviews for the purpose  
31 of this section shall be an examination of state or local government  
32 programs to ascertain whether or not such programs continue to serve  
33 their intended purposes, are conducted in an efficient and effective  
34 manner, or require modification or elimination: PROVIDED, That nothing  
35 in this section shall limit the power or duty of the state auditor to  
36 report to the legislature as directed by subsection (3) of RCW  
37 43.88.160 (~~as now or hereafter amended. The authority in this section~~  
38 ~~conferred excludes a like authority in the state auditor)).~~

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

5       NEW SECTION.   **Sec. 10.** This act may be known and cited as the  
6 government accountability act of 1993.

7       NEW SECTION.   **Sec. 11.** Sections 5 and 6 of this act are necessary  
8 for the immediate preservation of the public peace, health, or safety,  
9 or support of the state government and its existing public  
10 institutions, and shall take effect July 1, 1993, for the purpose of  
11 incorporating these sections into budget planning for the 1995-97  
12 biennium.

13       NEW SECTION.   **Sec. 12.** Sections 1 through 3 of this act shall  
14 constitute a new chapter in Title 43 RCW.

--- END ---