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HOUSE BILL 1437

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State of Washington                      53rd Legislature                      1993 Regular Session

By Representatives R. Meyers, Dorn, Pruitt and Campbell

Read first time 01/27/93. Referred to Committee on State Government.

1            AN ACT Relating to audits of services for veterans; amending RCW  
2 43.88.160; adding a new section to chapter 43.60A RCW; adding a new  
3 section to chapter 72.36 RCW; and creating a new section.

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

5            NEW SECTION.        **Sec. 1.**        The administration expenses of the  
6 department of veterans affairs, the Washington soldiers' home, and the  
7 Washington veterans' home have recently grown to thirty-five percent of  
8 their budget appropriation, which is not satisfactory. The purpose of  
9 this act is for the state auditor to audit the department of veterans  
10 affairs with the goal of maximizing the expenditures of tax moneys.

11           NEW SECTION.        **Sec. 2.**        A new section is added to chapter 43.60A RCW  
12 to read as follows:

13           The state auditor shall conduct policy and performance audits of  
14 the department, the Washington soldiers' home, and the Washington  
15 veterans' home. The state auditor shall conduct continuing audits of  
16 the methods, procedures, and organization used by the department, the  
17 Washington soldiers' home, and the Washington veterans' home to control  
18 costs, schedules, productivity, contract amendments, project design,

1 and any other topics the state auditor finds desirable. The state  
2 auditor shall provide advice to the director in the management of the  
3 Washington soldiers' home and the Washington veterans' home and the  
4 director's management and control of the department. At least once  
5 each year the state auditor shall prepare and furnish a report of their  
6 actions and recommendations to the director for the purpose of enabling  
7 the director to attain the highest degree of efficiency in the  
8 management and control of the department, the Washington soldiers'  
9 home, and the Washington veterans' home. The state auditor shall  
10 consult regularly with the director and furnish information or data to  
11 the director that the state auditor finds helpful in accomplishing the  
12 purposes of this section. The state auditor shall perform other duties  
13 that the director may prescribe to accomplish the purposes of this  
14 section.

15 **Sec. 3.** RCW 43.88.160 and 1992 c 118 s 8 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  
30 systematically accounted for. The accounting system shall include the  
31 development of accurate, timely records and reports of all financial  
32 affairs of the state. The system shall also provide for central  
33 accounts in the office of financial management at the level of detail  
34 deemed necessary by the director to perform central financial  
35 management. The director of financial management shall adopt and  
36 periodically update an accounting procedures manual. Any agency  
37 maintaining its own accounting and reporting system shall comply with  
38 the updated accounting procedures manual and the rules of the director

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

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

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

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

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

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

38 (c) Review any pay and classification plans, and changes  
39 thereunder, developed by any agency for their fiscal impact: PROVIDED,

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

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

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

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

22 (5) The treasurer shall:

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

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

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

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

34 It shall be unlawful for the treasurer to issue any warrant or  
35 check for public funds in the treasury except upon forms duly  
36 prescribed by the director of financial management. Said forms shall  
37 provide for authentication and certification by the agency head or the  
38 agency head's designee that the services have been rendered or the  
39 materials have been furnished; or, in the case of loans or grants, that

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

28 (6) The state auditor shall:

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

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

38 (c) Make the auditor's official report on or before the thirty-  
39 first of December which precedes the meeting of the legislature. The

1 report shall be for the last complete fiscal period and shall include  
2 at least the following:

3 Determinations as to whether agencies, in making expenditures,  
4 complied with the laws of this state: PROVIDED, That nothing in this  
5 section may be construed to grant the state auditor the right to  
6 perform performance audits except as provided under sections 1 and 2 of  
7 this act. A performance audit for the purpose of this section is the  
8 examination of the effectiveness of the administration, its efficiency,  
9 and its adequacy in terms of the programs of departments or agencies as  
10 previously approved by the legislature. The authority and  
11 responsibility to conduct such an examination shall be vested in the  
12 legislative budget committee as prescribed in RCW 44.28.085.

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

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

23 (f) Investigate improper governmental activity under chapter 42.40  
24 RCW.

25 (7) The legislative budget committee may:

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

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

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

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

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

5 NEW SECTION. **Sec. 4.** A new section is added to chapter 72.36 RCW  
6 to read as follows:

7 Policy and performance audits of the Washington soldiers' home and  
8 the Washington veterans' home must be made under section 1 of this act.

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