
HOUSE BILL 1506

State of Washington

53rd Legislature

1993 Regular Session

By Representatives Silver, Talcott, Mielke, Brumsickle, Dyer, Morton, Ballasiotes, Forner, Casada and Foreman

Read first time 01/29/93. Referred to Committee on State Government.

1 AN ACT Relating to the legislative budget committee; and amending
2 RCW 43.88.160.

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

4 **Sec. 1.** RCW 43.88.160 and 1992 c 118 s 8 are each amended to read
5 as follows:

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

14 (1) Governor; director of financial management. The governor,
15 through the director of financial management, shall devise and
16 supervise a modern and complete accounting system for each agency to
17 the end that all revenues, expenditures, receipts, disbursements,
18 resources, and obligations of the state shall be properly and
19 systematically accounted for. The accounting system shall include the

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

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

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

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

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

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

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

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

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

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

31 (5) The treasurer shall:

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

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

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

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

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

38 (6) The state auditor shall:

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

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

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

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

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

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

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

36 (7) The legislative budget committee may:

37 (a) Make post audits of the financial transactions of any agency
38 and management surveys (~~and~~), program reviews, and performance audits
39 as provided for in RCW 44.28.085 and 44.28.086. To this end the

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

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

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

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

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

16 (8) In addition, the legislative budget committee shall establish
17 a biennial work plan, before each biennium, that includes in order of
18 priority a list of state agency programs for which formal evaluations
19 appear warranted. Criteria for establishing priorities include, but
20 are not limited to, (a) major fiscal and policy impact on the state and
21 (b) programs that represent relatively high degrees of risk in terms of
22 reaching stated goals and objectives. Toward the end of promoting a
23 collaborative effort in developing its work plan the legislative budget
24 committee shall:

25 (a) Coordinate with the fiscal and policy committees of the senate
26 and the house of representatives, the state auditor, the office of
27 financial management, the commission for efficiency and accountability
28 in government, and other evaluative entities as the legislative budget
29 committee deems appropriate, by means of soliciting proposals, with
30 accompanying justification, for performance audits. The design of the
31 solicitation process, and requirements concerning responses, are at the
32 discretion of the legislative budget committee.

33 (b) Transmit the biennial work plans to the senate and the house of
34 representatives before each biennium.

35 (9) The legislative budget committee may amend the biennial work
36 plan from time to time as conditions warrant.

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