

2 **2SHB 2222 - H AMD 170 ADOPTED 2-10-96**

3 By Representatives Backlund, Lambert and L. Thomas

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** The public expects the legislature to
8 address citizens' increasing demand for the basic services of state
9 government, while limiting the growth in spending. The public demands
10 that public officials and state employees be accountable to provide
11 maximum value for every dollar entrusted to state government. The
12 public believes that it is possible to improve the responsiveness of
13 state government and to save the taxpayers' money, and that efficiency
14 and effectiveness should result in savings.

15 The legislature, public officials, state employees, and citizens
16 need to know the extent to which state agencies, programs, and
17 activities are achieving the purposes for which they were created. It
18 is essential to compare the conditions, problems, and priorities that
19 led to the creation of government programs with current conditions,
20 problems, and priorities, and to examine the need for and performance
21 of those programs in the current environment.

22 Along with examining the performance of state agencies and
23 programs, the legislature, public officials, state employees, and
24 citizens must also consider the effect that state government programs
25 can reasonably expect to have on citizens' lives, how the level of
26 programs and services of Washington state government compares with that
27 of other states, and alternatives for service delivery, including other
28 levels of government and the private sector including not-for-profit
29 organizations. It is essential that the legislature, public officials,
30 state employees, and citizens share a common understanding of the role
31 of state government. The performance and relative priority of state
32 agency programs and activities must be the basis for managing and
33 allocating resources within Washington state government.

34 It is the intent of the legislature to strengthen the role of the
35 current legislative budget committee and the state auditor so that they
36 may more effectively examine how efficiently state agencies perform
37 their responsibilities and whether the agencies are achieving their

1 goals, and whether units of local government are using state funds for
2 their intended purpose in an efficient and effective manner. It is
3 also the intent of the legislature to enact a clear set of definitions
4 for different types of audits in order to eliminate confusion with
5 regard to government reviews.

6 NEW SECTION. **Sec. 2.** Unless the context clearly requires
7 otherwise, the definitions in this section apply throughout this
8 chapter.

9 (1) "Director" means the director of the office of the joint
10 legislative audit and review committee.

11 (2) "Economy and efficiency audits" means performance audits that
12 establish: (a) Whether a state agency or unit of local government
13 receiving state funds is acquiring, protecting, and using its resources
14 such as personnel, property, and space economically and efficiently;
15 (b) the causes of inefficiencies or uneconomical practices; and (c)
16 whether the state agency or local government has complied with
17 significant laws and rules in acquiring, protecting, and using its
18 resources.

19 (3) "Final compliance report" means a written document, as approved
20 by the joint committee, that states the specific actions a state agency
21 or unit of local government receiving state funds has taken to
22 implement recommendations contained in the final performance audit
23 report and the preliminary compliance report. Any recommendations,
24 including proposed legislation and changes in the agency's rules and
25 practices or the local government's practices, based on testimony
26 received, must be included in the final compliance report.

27 (4) "Final performance audit report" means a written document
28 adopted by the joint legislative audit and review committee that
29 contains the findings and proposed recommendations made in the
30 preliminary performance audit report, the final recommendations adopted
31 by the joint committee, any comments to the preliminary performance
32 audit report by the joint committee, and any comments to the
33 preliminary performance audit report by the state agency or local
34 government that was audited.

35 (5) "Joint committee" means the joint legislative audit and review
36 committee.

37 (6) "Local government" means a city, town, county, special purpose
38 district, political subdivision, municipal corporation, or quasi-

1 municipal corporation, including a public corporation created by such
2 an entity.

3 (7) "Performance audit" means an objective and systematic
4 assessment of a state agency or any of its programs, functions, or
5 activities, or a unit of local government receiving state funds, by an
6 independent evaluator in order to help public officials improve
7 efficiency, effectiveness, and accountability. Performance audits
8 include economy and efficiency audits, program audits, and performance
9 verifications. A performance audit of a local government may only be
10 made to determine whether the local government is using state funds for
11 their intended purpose in an efficient and effective manner.

12 (8) "Performance measures" means realistic estimates, generally in
13 quantifiable terms, of what a state agency or a unit of local
14 government receiving state funds is expected to achieve in a program,
15 function, or activity.

16 (9) "Performance verification" means an analysis that verifies: (a)
17 The accuracy of data used by a state agency or a unit of local
18 government receiving state funds in quantifying intended results and
19 measuring performance toward those results; and (b) whether the
20 reported results were achieved.

21 (10) "Preliminary compliance report" means a written document that
22 states the specific actions a state agency or unit of local government
23 receiving state funds has taken to implement any recommendations
24 contained in the final performance audit report.

25 (11) "Preliminary performance audit report" means a written
26 document prepared for review and comment by the joint legislative audit
27 and review committee after the completion of a performance audit. The
28 preliminary performance audit report must contain the audit findings
29 and any proposed recommendations to improve the efficiency,
30 effectiveness, or accountability of the state agency or local
31 government audited.

32 (12) "Program audits" means performance audits that determine: (a)
33 The extent to which desired outcomes or results are being achieved; (b)
34 the causes for not achieving intended outcomes or results; and (c)
35 compliance with significant laws and rules applicable to the program.

36 (13) "State agency" or "agency" means a state agency, department,
37 office, officer, board, commission, bureau, division, institution, or
38 institution of higher education. "State agency" includes all elective
39 offices in the executive branch of state government.

1 **Sec. 3.** RCW 44.28.010 and 1983 c 52 s 1 are each amended to read
2 as follows:

3 (~~There is hereby created a~~) (1) The joint legislative ((budget))
4 audit and review committee is created, which shall consist of eight
5 senators and eight representatives from the legislature, and two
6 nonvoting members of the general public appointed under subsection (2)
7 of this section. The senate members of the committee shall be
8 appointed by the president of the senate, and the house members of the
9 committee shall be appointed by the speaker of the house. Not more
10 than four members from each house shall be from the same political
11 party. Members shall be appointed before the close of each regular
12 session of the legislature during an odd-numbered year(~~(:—PROVIDED,~~
13 ~~That if prior to))~~). If before the close of a regular session during an
14 odd-numbered year, the governor issues a proclamation convening the
15 legislature into special session, or the legislature by resolution
16 convenes the legislature into special session, following such regular
17 session, then such appointments shall be made as a matter of closing
18 business of such special session. Members shall be subject to
19 confirmation, as to the senate members by the senate, and as to the
20 house members by the house. In the event of a failure to appoint or
21 confirm joint committee members, ((either on the part of the president
22 of the senate or on the part of the speaker of the house, or in the
23 event of a refusal by either the senate or the house to confirm
24 appointments on the committee, then)) the members of the joint
25 committee from either house in which there is a failure to appoint or
26 confirm shall be elected ((forthwith)) by the members of such house.

27 (2) The speaker of the house shall appoint one of the members
28 representing the general public, and the president of the senate shall
29 appoint the other member representing the general public. The general
30 public members must be appointed before the close of each regular
31 session of the legislature during an odd-numbered year. The term for
32 the general public members commences upon appointment and expires at
33 the close of session in the next odd-numbered year and continues until
34 a successor is appointed. The speaker of the house or the president of
35 the senate, as appropriate, shall make an appointment to fill a vacancy
36 in the general public member positions for the unexpired term.

37 **Sec. 4.** RCW 44.28.020 and 1980 c 87 s 31 are each amended to read
38 as follows:

1 The term of office of the members of the joint committee who
2 continue to be members of the senate and house shall be from the close
3 of the session in which they were appointed or elected as provided in
4 RCW 44.28.010 until the close of the next regular session during an
5 odd-numbered year or special session following such regular session,
6 or, in the event that such appointments or elections are not made,
7 until the close of the next regular session during an odd-numbered year
8 during which successors are appointed or elected. The term of office
9 of ~~((such))~~ joint committee members ~~((as shall))~~ who do not continue to
10 be members of the senate and house ~~((shall))~~ ceases upon the convening
11 of the next regular session of the legislature during an odd-numbered
12 year after their confirmation, election or appointment. Vacancies on
13 the joint committee, except for vacancies in the positions designated
14 for members of the general public, shall be filled by appointment by
15 the remaining members. All such vacancies shall be filled from the
16 same political party and from the same house as the member whose seat
17 was vacated.

18 **Sec. 5.** RCW 44.28.030 and 1955 c 206 s 6 are each amended to read
19 as follows:

20 On and after the commencement of a succeeding general session of
21 the legislature, those members of the joint committee who continue to
22 be members of the senate and house, respectively, shall continue as
23 members of the joint committee as indicated in RCW 44.28.020 and the
24 joint committee shall continue with all its powers, duties,
25 authorities, records, papers, personnel and staff, and all funds made
26 available for its use.

27 **Sec. 6.** RCW 44.28.040 and 1975-'76 2nd ex.s. c 34 s 134 are each
28 amended to read as follows:

29 The legislative members of the joint committee shall serve without
30 additional compensation, but shall be reimbursed for their travel
31 expenses~~((,))~~ in accordance with RCW 44.04.120 ~~((as now existing or~~
32 ~~hereafter amended, incurred while))~~ for attending ~~((sessions))~~ meetings
33 of the joint committee or ~~((meetings of any))~~ a subcommittee of the
34 joint committee, or while engaged on other ~~((committee))~~ business
35 authorized by the joint committee~~((, and while going to and coming from~~
36 ~~committee sessions or committee meetings))~~. The general public members
37 of the joint committee shall serve without compensation but shall be

1 reimbursed for their travel expenses in accordance with RCW 43.03.050
2 and 43.03.060.

3 **Sec. 7.** RCW 44.28.060 and 1975 1st ex.s. c 293 s 13 are each
4 amended to read as follows:

5 The members of the joint committee shall ((have the power and duty
6 to appoint its own chairman, vice chairman, and other officers; to make
7 rules and regulations for orderly procedure; to perform, either through
8 the legislative budget committee or through subcommittees of the
9 legislative budget committee, all duties and functions relating to
10 improving the economy, efficiency, and effectiveness of state agency
11 management by performance audits and other staff studies of state
12 government, its officers, boards, committees, commissions,
13 institutions, and other state agencies)) form an executive committee
14 consisting of one member from each of the four major political
15 caucuses, which shall include a chair and a vice-chair. The chair and
16 vice-chair shall serve for a period not to exceed one year. The chair
17 and the vice-chair may not be members of the same political party. The
18 chair shall alternate between the members of the senate and the house
19 of representatives, and between each political party. The general
20 public members of the joint committee may not serve as chair or vice-
21 chair.

22 The executive committee is responsible for performing all general
23 administrative and personnel duties assigned to it in the rules and
24 procedures adopted by the joint committee, as well as other duties
25 delegated to it by the joint committee. The executive committee shall
26 recommend applicants for the position of the director to the membership
27 of the joint committee. The director shall be hired with the approval
28 of a majority of the membership of the joint committee. The executive
29 committee shall set the salary of the director.

30 The joint committee shall adopt rules and procedures for its
31 orderly operation. The joint committee may create subcommittees to
32 perform duties under this chapter.

33 **Sec. 8.** RCW 44.28.140 and 1975 1st ex.s. c 293 s 17 are each
34 amended to read as follows:

35 ((The committee is hereby authorized and empowered to appoint an
36 officer to be known as the legislative auditor, and to fix his
37 compensation, who shall be the executive officer of the committee and

1 assist in its duties and shall compile information for the committee.
2 The committee is hereby authorized and empowered to select and employ
3 other clerical, legal, accounting, research and other personnel that it
4 may deem desirable in the performance of its duties, and the
5 compensation and salaries shall be fixed by the legislative budget
6 committee.))

7 The ((duties of the legislative auditor)) director shall ((be as
8 follows)):

9 (1) ((To ascertain the facts and make recommendations to the
10 committee and under their direction to the committees of the state
11 legislature concerning

12 (a) revenues and expenditures of the state; and

13 (b) the organization and functions of the state, its departments,
14 subdivisions and agencies.

15 (2) To)) Establish and manage the office of the joint legislative
16 audit and review committee to carry out the functions of this chapter;

17 (2) Direct the audit and review functions described in this chapter
18 and ensure that all audits are performed in accordance with the
19 "Government Auditing Standards" published by the comptroller general of
20 the United States;

21 (3) Make findings and recommendations to the joint committee and
22 under its direction to the committees of the state legislature
23 concerning the organization and operation of state agencies and the
24 expenditure of state funds by units of local government;

25 (4) In consultation with and with the approval of the executive
26 committee, hire staff necessary to carry out the purposes of this
27 chapter. Employee salaries, other than the director, shall be set by
28 the director with the approval of the executive committee, the
29 secretary of the senate, and the chief clerk of the house of
30 representatives;

31 (5) Assist the several standing committees of the house and senate
32 in consideration of legislation affecting state departments and their
33 efficiency; ((to)) appear before other legislative committees; and
34 ((to)) assist any other legislative committee upon instruction by the
35 joint legislative ((budget)) audit and review committee.

36 ((+3) To)) (6) Provide the legislature with information obtained
37 under the direction of the joint legislative ((budget)) audit and
38 review committee((-));

1 (~~(4) To~~) (7) Maintain a record of all work performed by the
2 (~~legislative auditor~~) director under the direction of the joint
3 legislative (~~budget~~) audit and review committee and (~~to~~) keep and
4 make available all documents, data, and reports submitted to (~~him~~)
5 the director by any legislative committee.

6 NEW SECTION. Sec. 9. (1) In conducting performance audits, the
7 director may work in consultation with the state auditor and the
8 director of financial management. The director shall also work closely
9 with the chairs and staff of standing committees of the senate and
10 house of representatives.

11 (2) The director shall contract with and consult with public and
12 private independent professional and technical experts as necessary in
13 conducting the performance audits. The director shall also involve
14 front-line employees and internal auditors in the performance audit
15 process to the highest possible degree.

16 (3) The director shall work with the legislative evaluation and
17 accountability program committee and the office of financial management
18 to develop information system capabilities necessary for the
19 performance audit requirements of this chapter.

20 (4) The director shall work with the Washington performance
21 partnership and the office of financial management to facilitate the
22 implementation of effective performance measures throughout state
23 government. In agencies and programs where effective systems for
24 performance measurement exist, the measurements incorporated into those
25 systems must be the basis for performance audits conducted under this
26 chapter.

27 NEW SECTION. Sec. 10. (1) Subject to the requirements of the
28 performance audit work plan approved by the joint committee under RCW
29 44.28.180, as recodified by this act, performance audits may, in
30 addition to the determinations that may be made in such an audit as
31 specified in section 2 of this act, include the following:

32 (a) An examination of the costs and benefits of agency programs,
33 functions, and activities;

34 (b) Identification of viable alternatives for reducing costs or
35 improving service delivery;

36 (c) Identification of gaps and overlaps in service delivery, along
37 with corrective action;

1 (d) Comparison with other states whose agencies perform similar
2 functions, as well as their relative funding levels and performance;

3 (e) A determination of the existence and utility of an agency or
4 program strategic plan that includes the agency's or program's mission,
5 measurable goals, and clear strategies with timelines to achieve those
6 goals; and

7 (f) A determination as to the potential for a workable, affordable
8 plan to improve performance in the event an agency or program is
9 ineffective.

10 (2) As part of a performance audit, the director may review the
11 costs of programs recently implemented by the legislature to compare
12 actual agency costs with the appropriations provided and the cost
13 estimates that were included in the fiscal note for the program at the
14 time the program was enacted.

15 **Sec. 11.** RCW 44.28.080 and 1975 1st ex.s. c 293 s 14 are each
16 amended to read as follows:

17 The joint committee (~~((shall have))~~) has the following powers:

18 (1) To make examinations and reports concerning whether or not
19 appropriations are being expended for the purposes and within the
20 statutory restrictions provided by the legislature; (~~((concerning the
21 economic outlook and estimates of revenue to meet expenditures;))~~) and
22 concerning the organization and operation of procedures necessary or
23 desirable to promote economy, efficiency, and effectiveness in state
24 government, its officers, boards, committees, commissions,
25 institutions, and other state agencies, and to make recommendations and
26 reports to the legislature.

27 (2) To make such other studies and examinations of economy,
28 efficiency, and effectiveness of state government and its state
29 agencies as it may find advisable, and to hear complaints, hold
30 hearings, gather information, and make findings of fact with respect
31 thereto.

32 (3) (~~((The committee shall have the power))~~) To conduct program and
33 fiscal reviews of any state agency or program scheduled for termination
34 under the process provided under chapter 43.131 RCW.

35 (4) To perform other legislative staff studies of state government
36 or the use of state funds as directed by the legislature.

37 (5) To receive a copy of each report of examination or audit issued
38 by the state auditor for examinations or audits that were conducted at

1 the request of the joint committee, to review the report or audit, and
2 make recommendations to the legislature and the state auditor as it
3 deems appropriate as a separate addendum to the report or audit.

4 (6) To develop internal tracking procedures that will allow the
5 legislature to measure the effectiveness of performance audits
6 conducted by the joint committee. At a minimum, the procedures must
7 measure cost-savings and increases in efficiency and effectiveness in
8 how state agencies deliver their services.

9 (7) To receive messages and reports in person or in writing from
10 the governor or any other state officials and to study generally any
11 and all business relating to economy, efficiency, and effectiveness in
12 state government and state agencies.

13 **Sec. 12.** RCW 44.28.180 and 1993 c 406 s 5 are each amended to read
14 as follows:

15 ~~(1) ((In conducting program evaluations as defined in RCW~~
16 ~~43.88.020, the legislative budget committee may establish a biennial~~
17 ~~work plan)) During the regular legislative session of each odd-numbered~~
18 ~~year, beginning with 1997, the joint legislative audit and review~~
19 ~~committee shall develop and approve a performance audit work plan for~~
20 ~~the subsequent sixteen to twenty-four-month period that identifies~~
21 ~~state agency programs for which formal evaluation appears necessary.~~
22 Among the factors to be considered in preparing the work plan are:

23 (a) Whether a program newly created or significantly altered by the
24 legislature warrants continued oversight because (i) the fiscal impact
25 of the program is significant, or (ii) the program represents a
26 relatively high degree of risk in terms of reaching the stated goals
27 and objectives for that program;

28 (b) Whether implementation of an existing program has failed to
29 meet its goals and objectives by any significant degree; and

30 (c) Whether a follow-up audit would help ensure that previously
31 identified recommendations for improvements were being implemented.

32 (2) The project description for each ((program evaluation shall))
33 performance audit must include start and completion dates, the proposed
34 ((research)) approach, and cost estimates.

35 (3) The director shall consult with the state auditor, the director
36 of financial management, and the chairs and staff of appropriate
37 legislative committees in developing the work plan. The work plan must
38 identify the role of the joint committee, the state auditor, and public

1 and private sector experts necessary to complete each performance
2 audit.

3 (4) The overall work plan may include proposals to employ contract
4 ~~((evaluators))~~ resources. As conditions warrant, the ~~((program~~
5 ~~evaluation))~~ performance audit work plan may be amended from time to
6 time. All ~~((biennial))~~ performance audit work plans shall be
7 transmitted to the appropriate fiscal and policy committees of the
8 senate and the house of representatives no later than the sixtieth day
9 of the regular legislative session of each odd-numbered year, beginning
10 with 1997.

11 NEW SECTION. Sec. 13. (1) When the director has completed a
12 performance audit authorized in the performance audit work plan, the
13 director shall transmit the preliminary performance audit report to the
14 affected state agency or local government and the office of financial
15 management for its comments. The agency or local government and the
16 office of financial management shall provide any response to the
17 director within thirty days after receipt of the preliminary
18 performance audit report. The director shall incorporate the response
19 of the agency or local government and the office of financial
20 management into the final performance audit report.

21 (2) Before releasing the results of a performance audit to the
22 legislature or the public, the director shall submit the preliminary
23 performance audit report to the joint committee for its review,
24 comments, and final recommendations. Any comments by the joint
25 committee must be included as a separate addendum to the final
26 performance audit report. Upon consideration and incorporation of the
27 review, comments, and recommendations of the joint committee, the
28 director shall transmit the final performance audit report to the
29 affected agency or local government, the director of financial
30 management, the leadership of the senate and the house of
31 representatives, and the appropriate standing committees of the house
32 of representatives and the senate and shall publish the results and
33 make the report available to the public. For purposes of this section,
34 "leadership of the senate and the house of representatives" means the
35 speaker of the house, the majority leaders of the senate and the house
36 of representatives, the minority leaders of the senate and the house of
37 representatives, the caucus chairs of both major political parties of
38 the senate and the house of representatives, and the floor leaders of

1 both major political parties of the senate and the house of
2 representatives.

3 NEW SECTION. **Sec. 14.** (1) No later than nine months after the
4 final performance audit has been transmitted by the joint committee to
5 the appropriate standing committees of the house of representatives and
6 the senate, the joint committee in consultation with the standing
7 committees shall produce a preliminary compliance report on the
8 agency's or local government's compliance with the final performance
9 audit recommendations. The agency or local government may attach its
10 comments to the joint committee's preliminary compliance report as a
11 separate addendum.

12 (2) Within three months after the issuance of the preliminary
13 compliance report, the joint committee must hold at least one public
14 hearing and receive public testimony regarding the findings and
15 recommendations contained in the preliminary compliance report. The
16 joint committee may waive the public hearing requirement if the
17 preliminary compliance report demonstrates that the agency or local
18 government is in compliance with the audit recommendations. The joint
19 committee shall issue a final compliance report within four weeks after
20 the public hearing or hearings. The director shall transmit the final
21 compliance report in the same manner as a final performance audit is
22 transmitted under section 13 of this act.

23 NEW SECTION. **Sec. 15.** The joint committee shall undergo a quality
24 control review at least once every three years. The review must be
25 conducted by an organization that has experience in conducting
26 performance audits but that is not affiliated with Washington state
27 government. The quality control review must include, at a minimum, an
28 evaluation of the quality of the audits conducted by the joint
29 committee, an assessment of the audit procedures used by the joint
30 committee, and an assessment of the qualifications of the joint
31 committee staff to conduct performance audits.

32 NEW SECTION. **Sec. 16.** (1) The performance audit revolving fund is
33 established in the state treasury. Expenditures from the fund may only
34 be used for payment of the costs of performance audits performed
35 pursuant to the performance audit work plan approved by the joint
36 legislative audit and review committee under RCW 44.28.180. The costs

1 of a performance audit shall include all direct and indirect costs.
2 Moneys in the fund may only be spent after appropriation.

3 (2) The director shall assess state agencies all or a portion of
4 the costs of a performance audit from funds appropriated to the
5 agencies for administrative expenses. Agencies operating in whole or
6 in part from nonappropriated funds must pay into the revolving fund
7 such funds as will fully reimburse for the costs of a performance
8 audit.

9 (3) The costs of performance audits may also be paid from
10 appropriations made for that purpose.

11 NEW SECTION. **Sec. 17.** To ensure the accuracy and timeliness of
12 information used as the basis for performance audits and other
13 responsibilities of the legislature, the director or the director's
14 staff must be provided direct access to information held by any state
15 agency. Agencies shall submit directly to the joint legislative audit
16 and review committee all data and other information requested,
17 including tax records and client data. Any confidential data or
18 information provided to the committee must be kept confidential by the
19 joint committee.

20 **Sec. 18.** RCW 44.28.087 and 1973 1st ex.s. c 197 s 2 are each
21 amended to read as follows:

22 All agency reports concerning program performance, including
23 administrative review, quality control, and other internal audit or
24 performance reports, as requested by the (~~legislative budget~~) joint
25 committee, shall be furnished by the agency requested to provide such
26 report.

27 **Sec. 19.** RCW 44.28.100 and 1987 c 505 s 45 are each amended to
28 read as follows:

29 The joint committee (~~shall have the power to~~) may make reports
30 from time to time to the members of the legislature and to the public
31 with respect to any of its findings or recommendations. The joint
32 committee shall keep complete minutes of its meetings.

33 **Sec. 20.** RCW 44.28.120 and 1951 c 43 s 9 are each amended to read
34 as follows:

1 In case of the failure on the part of any person to comply with any
2 subpoena issued in behalf of the joint committee, or on the refusal of
3 any witness to testify to any matters regarding which he or she may be
4 lawfully interrogated, it shall be the duty of the superior court of
5 any county, or of the judge thereof, on application of the joint
6 committee, to compel obedience by proceedings for contempt, as in the
7 case of disobedience of the requirements of a subpoena issued from such
8 court or a refusal to testify therein.

9 **Sec. 21.** RCW 44.28.130 and 1951 c 43 s 10 are each amended to read
10 as follows:

11 Each witness who appears before the joint committee by its order,
12 other than a state official or employee, shall receive for his or her
13 attendance the fees and mileage provided for witnesses in civil cases
14 in courts of record, which shall be audited and paid upon the
15 presentation of proper vouchers signed by such witness and approved by
16 the ((~~secretary and chairman~~)) chair of the joint committee.

17 **Sec. 22.** RCW 44.28.150 and 1975 1st ex.s. c 293 s 18 are each
18 amended to read as follows:

19 The joint committee shall cooperate, act, and function with
20 legislative committees and with the councils or committees of other
21 states similar to this joint committee and with other interstate
22 research organizations.

23 **Sec. 23.** RCW 43.88.020 and 1995 c 155 s 1 are each amended to read
24 as follows:

25 (1) "Budget" means a proposed plan of expenditures for a given
26 period or purpose and the proposed means for financing these
27 expenditures.

28 (2) "Budget document" means a formal statement, either written or
29 provided on any electronic media or both, offered by the governor to
30 the legislature, as provided in RCW 43.88.030.

31 (3) "Director of financial management" means the official appointed
32 by the governor to serve at the governor's pleasure and to whom the
33 governor may delegate necessary authority to carry out the governor's
34 duties as provided in this chapter. The director of financial
35 management shall be head of the office of financial management which
36 shall be in the office of the governor.

1 (4) "Agency" means and includes every state office, officer, each
2 institution, whether educational, correctional, or other, and every
3 department, division, board, and commission, except as otherwise
4 provided in this chapter.

5 (5) "Public funds", for purposes of this chapter, means all moneys,
6 including cash, checks, bills, notes, drafts, stocks, and bonds,
7 whether held in trust, for operating purposes, or for capital purposes,
8 and collected or disbursed under law, whether or not such funds are
9 otherwise subject to legislative appropriation, including funds
10 maintained outside the state treasury.

11 (6) "Regulations" means the policies, standards, and requirements,
12 stated in writing, designed to carry out the purposes of this chapter,
13 as issued by the governor or the governor's designated agent, and which
14 shall have the force and effect of law.

15 (7) "Ensuing biennium" means the fiscal biennium beginning on July
16 1st of the same year in which a regular session of the legislature is
17 held during an odd-numbered year pursuant to Article II, section 12 of
18 the Constitution and which biennium next succeeds the current biennium.

19 (8) "Dedicated fund" means a fund in the state treasury, or a
20 separate account or fund in the general fund in the state treasury,
21 that by law is dedicated, appropriated, or set aside for a limited
22 object or purpose; but "dedicated fund" does not include a revolving
23 fund or a trust fund.

24 (9) "Revolving fund" means a fund in the state treasury,
25 established by law, from which is paid the cost of goods or services
26 furnished to or by a state agency, and which is replenished through
27 charges made for such goods or services or through transfers from other
28 accounts or funds.

29 (10) "Trust fund" means a fund in the state treasury in which
30 designated persons or classes of persons have a vested beneficial
31 interest or equitable ownership, or which was created or established by
32 a gift, grant, contribution, devise, or bequest that limits the use of
33 the fund to designated objects or purposes.

34 (11) "Administrative expenses" means expenditures for: (a)
35 Salaries, wages, and related costs of personnel and (b) operations and
36 maintenance including but not limited to costs of supplies, materials,
37 services, and equipment.

38 (12) "Fiscal year" means the year beginning July 1st and ending the
39 following June 30th.

1 (13) "Lapse" means the termination of authority to expend an
2 appropriation.

3 (14) "Legislative fiscal committees" means the joint legislative
4 (~~budget~~) audit and review committee, the legislative evaluation and
5 accountability program committee, the ways and means committees of the
6 senate and house of representatives, and, where appropriate, the
7 legislative transportation committee.

8 (15) "Fiscal period" means the period for which an appropriation is
9 made as specified within the act making the appropriation.

10 (16) "Primary budget driver" means the primary determinant of a
11 budget level, other than a price variable, which causes or is
12 associated with the major expenditure of an agency or budget unit
13 within an agency, such as a caseload, enrollment, workload, or
14 population statistic.

15 (~~(17) ("Stabilization account" means the budget stabilization~~
16 ~~account created under RCW 43.88.525 as an account in the general fund~~
17 ~~of the state treasury.~~

18 (~~18~~)) "State tax revenue limit" means the limitation created by
19 chapter 43.135 RCW.

20 (~~(19)~~) (18) "General state revenues" means the revenues defined
21 by Article VIII, section 1(c) of the state Constitution.

22 (~~(20)~~) (19) "Annual growth rate in real personal income" means
23 the estimated percentage growth in personal income for the state during
24 the current fiscal year, expressed in constant value dollars, as
25 published by the office of financial management or its successor
26 agency.

27 (~~(21)~~) (20) "Estimated revenues" means estimates of revenue in
28 the most recent official economic and revenue forecast prepared under
29 RCW 82.33.020, and prepared by the office of financial management for
30 those funds, accounts, and sources for which the office of the economic
31 and revenue forecast council does not prepare an official forecast
32 including estimates of revenues to support financial plans under RCW
33 44.40.070, that are prepared by the office of financial management in
34 consultation with the interagency task force.

35 (~~(22)~~) (21) "Estimated receipts" means the estimated receipt of
36 cash in the most recent official economic and revenue forecast prepared
37 under RCW 82.33.020, and prepared by the office of financial management
38 for those funds, accounts, and sources for which the office of the

1 economic and revenue forecast council does not prepare an official
2 forecast.

3 ~~((23))~~ (22) "State budgeting, accounting, and reporting system"
4 means a system that gathers, maintains, and communicates fiscal
5 information. The system links fiscal information beginning with
6 development of agency budget requests through adoption of legislative
7 appropriations to tracking actual receipts and expenditures against
8 approved plans.

9 ~~((24))~~ (23) "Allotment of appropriation" means the agency's
10 statement of proposed expenditures, the director of financial
11 management's review of that statement, and the placement of the
12 approved statement into the state budgeting, accounting, and reporting
13 system.

14 ~~((25))~~ (24) "Statement of proposed expenditures" means a plan
15 prepared by each agency that breaks each appropriation out into monthly
16 detail representing the best estimate of how the appropriation will be
17 expended.

18 ~~((26))~~ (25) "Undesignated fund balance (or deficit)" means
19 unreserved and undesignated current assets or other resources available
20 for expenditure over and above any current liabilities which are
21 expected to be incurred by the close of the fiscal period.

22 ~~((27))~~ (26) "Internal audit" means an independent appraisal
23 activity within an agency for the review of operations as a service to
24 management, including a systematic examination of accounting and fiscal
25 controls to assure that human and material resources are guarded
26 against waste, loss, or misuse; and that reliable data are gathered,
27 maintained, and fairly disclosed in a written report of the audit
28 findings.

29 ~~((28))~~ "Performance verification" means an analysis that (a)
30 verifies the accuracy of data used by state agencies in quantifying
31 intended results and measuring performance toward those results, and
32 (b) verifies whether or not the reported results were achieved.

33 ~~(29)~~ "Program evaluation" means the use of a variety of policy and
34 fiscal research methods to (a) determine the extent to which a program
35 is achieving its legislative intent in terms of producing the effects
36 expected, and (b) make an objective judgment of the implementation,
37 outcomes, and net cost or benefit impact of programs in the context of
38 their goals and objectives. It includes the application of systematic

1 ~~methods to measure the results, intended or unintended, of program~~
2 ~~activities.))~~

3 (27) "Performance audit" has the same meaning as it is defined in
4 section 2 of this act.

5 **Sec. 24.** RCW 43.88.090 and 1994 c 184 s 10 are each amended to
6 read as follows:

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

18 The estimates shall include statements or tables which indicate, by
19 agency, the state funds which are required for the receipt of federal
20 matching revenues. The estimates shall be revised as necessary to
21 reflect legislative enactments and adopted appropriations and shall be
22 included with the initial biennial allotment submitted under RCW
23 43.88.110. The estimates must include consideration of findings made
24 by the director of the office of the joint legislative audit and review
25 committee under a performance audit of the agency.

26 (2) In the year of the gubernatorial election, the governor shall
27 invite the governor-elect or the governor-elect's designee to attend
28 all hearings provided in RCW 43.88.100; and the governor shall furnish
29 the governor-elect or the governor-elect's designee with such
30 information as will enable the governor-elect or the governor-elect's
31 designee to gain an understanding of the state's budget requirements.
32 The governor-elect or the governor-elect's designee may ask such
33 questions during the hearings and require such information as the
34 governor-elect or the governor-elect's designee deems necessary and may
35 make recommendations in connection with any item of the budget which,
36 with the governor-elect's reasons therefor, shall be presented to the
37 legislature in writing with the budget document. Copies of all such

1 estimates and other required information shall also be submitted to the
2 standing committees on ways and means of the house and senate.

3 **Sec. 25.** RCW 43.88.160 and 1994 c 184 s 11 are each amended to
4 read as follows:

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

13 (1) Governor; director of financial management. The governor,
14 through the director of financial management, shall devise and
15 supervise a modern and complete accounting system for each agency to
16 the end that all revenues, expenditures, receipts, disbursements,
17 resources, and obligations of the state shall be properly and
18 systematically accounted for. The accounting system shall include the
19 development of accurate, timely records and reports of all financial
20 affairs of the state. The system shall also provide for central
21 accounts in the office of financial management at the level of detail
22 deemed necessary by the director to perform central financial
23 management. The director of financial management shall adopt and
24 periodically update an accounting procedures manual. Any agency
25 maintaining its own accounting and reporting system shall comply with
26 the updated accounting procedures manual and the rules of the director
27 adopted under this chapter. An agency may receive a waiver from
28 complying with this requirement if the waiver is approved by the
29 director. Waivers expire at the end of the fiscal biennium for which
30 they are granted. The director shall forward notice of waivers granted
31 to the appropriate legislative fiscal committees. The director of
32 financial management may require such financial, statistical, and other
33 reports as the director deems necessary from all agencies covering any
34 period.

35 (2) The director of financial management is responsible for
36 quarterly reporting of primary operating budget drivers such as
37 applicable workloads, caseload estimates, and appropriate unit cost
38 data. These reports shall be transmitted to the legislative fiscal

1 committees or by electronic means to the legislative evaluation and
2 accountability program committee. Quarterly reports shall include
3 actual monthly data and the variance between actual and estimated data
4 to date. The reports shall also include estimates of these items for
5 the remainder of the budget period.

6 (3) The director of financial management shall report at least
7 annually to the appropriate legislative committees regarding the status
8 of all appropriated capital projects, including transportation
9 projects, showing significant cost overruns or underruns. If funds are
10 shifted from one project to another, the office of financial management
11 shall also reflect this in the annual variance report. Once a project
12 is complete, the report shall provide a final summary showing estimated
13 start and completion dates of each project phase compared to actual
14 dates, estimated costs of each project phase compared to actual costs,
15 and whether or not there are any outstanding liabilities or unsettled
16 claims at the time of completion.

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

19 (a) Develop and maintain a system of internal controls and internal
20 audits comprising methods and procedures to be adopted by each agency
21 that will safeguard its assets, check the accuracy and reliability of
22 its accounting data, promote operational efficiency, and encourage
23 adherence to prescribed managerial policies for accounting and
24 financial controls. The system developed by the director shall include
25 criteria for determining the scope and comprehensiveness of internal
26 controls required by classes of agencies, depending on the level of
27 resources at risk.

28 Each agency head or authorized designee shall be assigned the
29 responsibility and authority for establishing and maintaining internal
30 audits following the standards of internal auditing of the institute of
31 internal auditors;

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

37 (c) Establish policies for allowing the contracting of child care
38 services;

1 (d) Report to the governor with regard to duplication of effort or
2 lack of coordination among agencies;

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

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

21 ~~(g) ((Provide for transfers and repayments between the budget
22 stabilization account and the general fund as directed by appropriation
23 and RCW 43.88.525 through 43.88.540;~~

24 ~~(h))~~ Adopt rules to effectuate provisions contained in (a) through
25 ~~((g))~~ (f) of this subsection.

26 (5) The treasurer shall:

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

32 (b) Receive, disburse, or transfer public funds under the
33 treasurer's supervision or custody;

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

36 (d) Coordinate agencies' acceptance and use of credit cards and
37 other payment methods, if the agencies have received authorization
38 under RCW 43.41.180;

1 (e) Perform such other duties as may be required by law or by
2 regulations issued pursuant to this law.

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

36 (6) The state auditor shall:

37 (a) Report to the legislature the results of current post audits
38 that have been made of the financial transactions of each agency; to
39 this end the auditor may, in the auditor's discretion, examine the

1 books and accounts of any agency, official, or employee charged with
2 the receipt, custody, or safekeeping of public funds. Where feasible
3 in conducting examinations, the auditor shall utilize data and findings
4 from the internal control system prescribed by the office of financial
5 management. The current post audit of each agency may include a
6 section on recommendations to the legislature as provided in (c) of
7 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 determinations as to whether agencies, in making expenditures, complied
14 with the laws of this state. The state auditor is authorized to
15 perform or participate in performance (~~(verifications only)~~) audits as
16 expressly authorized by the legislature in the omnibus biennial
17 appropriations acts or in the performance audit work plan approved by
18 the joint legislative audit and review committee. The state auditor,
19 upon completing an audit for legal and financial compliance under
20 chapter 43.09 RCW (~~(or a performance verification)~~), may report to the
21 joint legislative ((budget)) audit and review committee or other
22 appropriate committees of the legislature, in a manner prescribed by
23 the joint legislative ((budget)) audit and review committee, on facts
24 relating to the management or performance of governmental programs
25 where such facts are discovered incidental to the legal and financial
26 audit (~~(or performance verification)~~). The auditor may make such a
27 report to a legislative committee only if the auditor has determined
28 that the agency has been given an opportunity and has failed to resolve
29 the management or performance issues raised by the auditor. If the
30 auditor makes a report to a legislative committee, the agency may
31 submit to the committee a response to the report. (~~(This subsection~~
32 ~~(6) shall not be construed to authorize the auditor to allocate other~~
33 ~~than de minimis resources to performance audits except as expressly~~
34 ~~authorized in the appropriations acts.)) The results of a performance
35 audit conducted by the state auditor must be transmitted to the joint
36 legislative audit and review committee and the affected state agency or
37 local government and the office of financial management for review and
38 comment in the same manner as a performance audit conducted under
39 section 13 of this act. The auditor shall incorporate any comments and~~

1 recommendations into a final performance audit report, publish the
2 results, and make the report available to the public.

3 (d) Be empowered to take exception to specific expenditures that
4 have been incurred by any agency or to take exception to other
5 practices related in any way to the agency's financial transactions and
6 to cause such exceptions to be made a matter of public record,
7 including disclosure to the agency concerned and to the director of
8 financial management. It shall be the duty of the director of
9 financial management to cause corrective action to be taken promptly,
10 such action to include, as appropriate, the withholding of funds as
11 provided in RCW 43.88.110.

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

13 (f) Investigate improper governmental activity under chapter 42.40
14 RCW.

15 (7) The joint legislative (~~(budget)~~) audit and review committee
16 may:

17 (a) Make post audits of the financial transactions of any agency
18 and management surveys and program reviews as provided for in chapter
19 44.28 RCW (~~(44.28.085)~~) as well as performance audits and program
20 evaluations. To this end the joint committee may in its discretion
21 examine the books, accounts, and other records of any agency, official,
22 or employee.

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

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

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

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

36 **Sec. 26.** RCW 28A.630.830 and 1994 c 13 s 5 are each amended to
37 read as follows:

1 (1) The selection advisory committee is created. The committee
2 shall be composed of up to three members from the house of
3 representatives, up to three members from the senate, up to two members
4 from the office of the superintendent of public instruction, and one
5 member from each of the following: The office of financial management,
6 Washington state special education coalition, transitional bilingual
7 instruction educators, and Washington education association.

8 (2) The joint legislative (~~(budget)~~) audit and review committee and
9 the superintendent of public instruction shall provide staff for the
10 selection advisory committee.

11 (3) The selection advisory committee shall:

12 (a) Develop appropriate criteria for selecting demonstration
13 projects;

14 (b) Issue requests for proposals in accordance with RCW 28A.630.820
15 through 28A.630.845 for demonstration projects;

16 (c) Review proposals and recommend demonstration projects for
17 approval by the superintendent of public instruction; and

18 (d) Advise the superintendent of public instruction on the
19 evaluation design.

20 **Sec. 27.** RCW 28B.20.382 and 1987 c 505 s 13 are each amended to
21 read as follows:

22 Until authorized and empowered to do so by statute of the
23 legislature, the board of regents of the university, with respect to
24 that certain tract of land in the city of Seattle originally known as
25 the "old university grounds" and more recently known as the
26 "Metropolitan Tract" and any land contiguous thereto, shall not sell
27 (~~(said)~~) the land or any part thereof or any improvement thereon, or
28 lease (~~(said)~~) the land or any part thereof or any improvement thereon
29 or renew or extend any lease thereof for a term ending more than sixty
30 years beyond midnight, December 31, 1980. Any sale of (~~(said)~~) the
31 land or any part thereof or any improvement thereon, or any lease or
32 renewal or extension of any lease of (~~(said)~~) the land or any part
33 thereof or any improvement thereon for a term ending more than sixty
34 years after midnight, December 31, 1980, made or attempted to be made
35 by the board of regents shall be null and void unless and until the
36 same has been approved or ratified and confirmed by legislative act.

37 The board of regents shall have power from time to time to lease
38 (~~(said)~~) the land, or any part thereof or any improvement thereon for

1 a term ending not more than sixty years beyond midnight, December 31,
2 1980: PROVIDED, That the board of regents shall make a full, detailed
3 report of all leases and transactions pertaining to (~~said~~) the land
4 or any part thereof or any improvement thereon to the joint legislative
5 (~~budget~~) audit and review committee, including one copy to the staff
6 of the committee, during an odd-numbered year: PROVIDED FURTHER, That
7 any and all records, books, accounts (~~and/or~~), and agreements of any
8 lessee or sublessee under this section, pertaining to compliance with
9 the terms and conditions of such lease or sublease, shall be open to
10 inspection by the board of regents (~~and/or~~), the ways and means
11 committee(~~s~~) of the senate (~~or~~), the appropriations committee of
12 the house of representatives (~~or~~), and the joint legislative
13 (~~budget~~) audit and review committee or any successor committees. It
14 is not intended by this proviso that unrelated records, books, accounts
15 (~~and/or~~), and agreements of lessees, sublessees, or related companies
16 be open to such inspection.

17 **Sec. 28.** RCW 39.19.060 and 1993 c 512 s 9 are each amended to read
18 as follows:

19 Each state agency and educational institution shall comply with the
20 annual goals established for that agency or institution under this
21 chapter for public works and procuring goods or services. This chapter
22 applies to all public works and procurement by state agencies and
23 educational institutions, including all contracts and other procurement
24 under chapters 28B.10, 39.04, 39.29, 43.19, and 47.28 RCW. Each state
25 agency shall adopt a plan, developed in consultation with the director
26 and the advisory committee, to insure that minority and women-owned
27 businesses are afforded the maximum practicable opportunity to directly
28 and meaningfully participate in the execution of public contracts for
29 public works and goods and services. The plan shall include specific
30 measures the agency will undertake to increase the participation of
31 certified minority and women-owned businesses. The office shall
32 annually notify the governor, the state auditor, and the joint
33 legislative (~~budget~~) audit and review committee of all agencies and
34 educational institutions not in compliance with this chapter.

35 **Sec. 29.** RCW 39.29.016 and 1987 c 414 s 4 are each amended to read
36 as follows:

1 Emergency contracts shall be filed with the office of financial
2 management and the joint legislative (~~(budget)~~) audit and review
3 committee and made available for public inspection within three working
4 days following the commencement of work or execution of the contract,
5 whichever occurs first. Documented justification for emergency
6 contracts shall be provided to the office of financial management and
7 the joint legislative (~~(budget)~~) audit and review committee when the
8 contract is filed.

9 **Sec. 30.** RCW 39.29.018 and 1993 c 433 s 5 are each amended to read
10 as follows:

11 (1) Sole source contracts shall be filed with the office of
12 financial management and the joint legislative (~~(budget)~~) audit and
13 review committee and made available for public inspection at least ten
14 working days prior to the proposed starting date of the contract.
15 Documented justification for sole source contracts shall be provided to
16 the office of financial management and the joint legislative (~~(budget)~~)
17 audit and review committee when the contract is filed. For sole source
18 contracts of ten thousand dollars or more that are state funded,
19 documented justification shall include evidence that the agency
20 attempted to identify potential consultants by advertising through
21 state-wide or regional newspapers.

22 (2) The office of financial management shall approve sole source
23 contracts of ten thousand dollars or more that are state funded, before
24 any such contract becomes binding and before any services may be
25 performed under the contract. These requirements shall also apply to
26 sole source contracts of less than ten thousand dollars if the total
27 amount of such contracts between an agency and the same consultant is
28 ten thousand dollars or more within a fiscal year. Agencies shall
29 ensure that the costs, fees, or rates negotiated in filed sole source
30 contracts of ten thousand dollars or more are reasonable.

31 **Sec. 31.** RCW 39.29.025 and 1993 c 433 s 3 are each amended to read
32 as follows:

33 (1) Substantial changes in either the scope of work specified in
34 the contract or in the scope of work specified in the formal
35 solicitation document must generally be awarded as new contracts.
36 Substantial changes executed by contract amendments must be submitted
37 to the office of financial management and the joint legislative

1 ((~~budget~~)) audit and review committee, and are subject to approval by
2 the office of financial management.

3 (2) An amendment or amendments to personal service contracts, if
4 the value of the amendment or amendments, whether singly or
5 cumulatively, exceeds fifty percent of the value of the original
6 contract must be provided to the office of financial management and the
7 joint legislative ((~~budget~~)) audit and review committee.

8 (3) The office of financial management shall approve amendments
9 provided to it under this section before the amendments become binding
10 and before services may be performed under the amendments.

11 (4) The amendments must be filed with the office of financial
12 management and made available for public inspection at least ten
13 working days prior to the proposed starting date of services under the
14 amendments.

15 (5) The office of financial management shall approve amendments
16 provided to it under this section only if they meet the criteria for
17 approval of the amendments established by the director of the office of
18 financial management.

19 **Sec. 32.** RCW 39.29.055 and 1993 c 433 s 7 are each amended to read
20 as follows:

21 (1) State-funded personal service contracts subject to competitive
22 solicitation shall be filed with the office of financial management and
23 the joint legislative ((~~budget~~)) audit and review committee and made
24 available for public inspection at least ten working days before the
25 proposed starting date of the contract.

26 (2) The office of financial management shall review and approve
27 state-funded personal service contracts subject to competitive
28 solicitation that provide services relating to management consulting,
29 organizational development, marketing, communications, employee
30 training, or employee recruiting.

31 **Sec. 33.** RCW 41.06.070 and 1995 c 163 s 1 are each amended to read
32 as follows:

33 (1) The provisions of this chapter do not apply to:

34 (a) The members of the legislature or to any employee of, or
35 position in, the legislative branch of the state government including
36 members, officers, and employees of the legislative council, joint

1 legislative (~~budget~~) audit and review committee, statute law
2 committee, and any interim committee of the legislature;

3 (b) The justices of the supreme court, judges of the court of
4 appeals, judges of the superior courts or of the inferior courts, or to
5 any employee of, or position in the judicial branch of state
6 government;

7 (c) Officers, academic personnel, and employees of technical
8 colleges;

9 (d) The officers of the Washington state patrol;

10 (e) Elective officers of the state;

11 (f) The chief executive officer of each agency;

12 (g) In the departments of employment security and social and health
13 services, the director and the director's confidential secretary; in
14 all other departments, the executive head of which is an individual
15 appointed by the governor, the director, his or her confidential
16 secretary, and his or her statutory assistant directors;

17 (h) In the case of a multimember board, commission, or committee,
18 whether the members thereof are elected, appointed by the governor or
19 other authority, serve ex officio, or are otherwise chosen:

20 (i) All members of such boards, commissions, or committees;

21 (ii) If the members of the board, commission, or committee serve on
22 a part-time basis and there is a statutory executive officer: The
23 secretary of the board, commission, or committee; the chief executive
24 officer of the board, commission, or committee; and the confidential
25 secretary of the chief executive officer of the board, commission, or
26 committee;

27 (iii) If the members of the board, commission, or committee serve
28 on a full-time basis: The chief executive officer or administrative
29 officer as designated by the board, commission, or committee; and a
30 confidential secretary to the chair of the board, commission, or
31 committee;

32 (iv) If all members of the board, commission, or committee serve ex
33 officio: The chief executive officer; and the confidential secretary
34 of such chief executive officer;

35 (i) The confidential secretaries and administrative assistants in
36 the immediate offices of the elective officers of the state;

37 (j) Assistant attorneys general;

38 (k) Commissioned and enlisted personnel in the military service of
39 the state;

1 (l) Inmate, student, part-time, or temporary employees, and part-
2 time professional consultants, as defined by the Washington personnel
3 resources board;

4 (m) The public printer or to any employees of or positions in the
5 state printing plant;

6 (n) Officers and employees of the Washington state fruit
7 commission;

8 (o) Officers and employees of the Washington state apple
9 advertising commission;

10 (p) Officers and employees of the Washington state dairy products
11 commission;

12 (q) Officers and employees of the Washington tree fruit research
13 commission;

14 (r) Officers and employees of the Washington state beef commission;

15 (s) Officers and employees of any commission formed under chapter
16 15.66 RCW;

17 (t) Officers and employees of the state wheat commission formed
18 under chapter 15.63 RCW;

19 (u) Officers and employees of agricultural commissions formed under
20 chapter 15.65 RCW;

21 (v) Officers and employees of the nonprofit corporation formed
22 under chapter 67.40 RCW;

23 (w) Executive assistants for personnel administration and labor
24 relations in all state agencies employing such executive assistants
25 including but not limited to all departments, offices, commissions,
26 committees, boards, or other bodies subject to the provisions of this
27 chapter and this subsection shall prevail over any provision of law
28 inconsistent herewith unless specific exception is made in such law;

29 (x) In each agency with fifty or more employees: Deputy agency
30 heads, assistant directors or division directors, and not more than
31 three principal policy assistants who report directly to the agency
32 head or deputy agency heads;

33 (y) All employees of the marine employees' commission;

34 (z) Up to a total of five senior staff positions of the western
35 library network under chapter 27.26 RCW responsible for formulating
36 policy or for directing program management of a major administrative
37 unit. This subsection (1)(z) shall expire on June 30, 1997.

1 (2) The following classifications, positions, and employees of
2 institutions of higher education and related boards are hereby exempted
3 from coverage of this chapter:

4 (a) Members of the governing board of each institution of higher
5 education and related boards, all presidents, vice-presidents, and
6 their confidential secretaries, administrative, and personal
7 assistants; deans, directors, and chairs; academic personnel; and
8 executive heads of major administrative or academic divisions employed
9 by institutions of higher education; principal assistants to executive
10 heads of major administrative or academic divisions; other managerial
11 or professional employees in an institution or related board having
12 substantial responsibility for directing or controlling program
13 operations and accountable for allocation of resources and program
14 results, or for the formulation of institutional policy, or for
15 carrying out personnel administration or labor relations functions,
16 legislative relations, public information, development, senior computer
17 systems and network programming, or internal audits and investigations;
18 and any employee of a community college district whose place of work is
19 one which is physically located outside the state of Washington and who
20 is employed pursuant to RCW 28B.50.092 and assigned to an educational
21 program operating outside of the state of Washington;

22 (b) Student, part-time, or temporary employees, and part-time
23 professional consultants, as defined by the Washington personnel
24 resources board, employed by institutions of higher education and
25 related boards;

26 (c) The governing board of each institution, and related boards,
27 may also exempt from this chapter classifications involving research
28 activities, counseling of students, extension or continuing education
29 activities, graphic arts or publications activities requiring
30 prescribed academic preparation or special training as determined by
31 the board: PROVIDED, That no nonacademic employee engaged in office,
32 clerical, maintenance, or food and trade services may be exempted by
33 the board under this provision;

34 (d) Printing craft employees in the department of printing at the
35 University of Washington.

36 (3) In addition to the exemptions specifically provided by this
37 chapter, the Washington personnel resources board may provide for
38 further exemptions pursuant to the following procedures. The governor
39 or other appropriate elected official may submit requests for exemption

1 to the Washington personnel resources board stating the reasons for
2 requesting such exemptions. The Washington personnel resources board
3 shall hold a public hearing, after proper notice, on requests submitted
4 pursuant to this subsection. If the board determines that the position
5 for which exemption is requested is one involving substantial
6 responsibility for the formulation of basic agency or executive policy
7 or one involving directing and controlling program operations of an
8 agency or a major administrative division thereof, the Washington
9 personnel resources board shall grant the request and such
10 determination shall be final as to any decision made before July 1,
11 1993. The total number of additional exemptions permitted under this
12 subsection shall not exceed one percent of the number of employees in
13 the classified service not including employees of institutions of
14 higher education and related boards for those agencies not directly
15 under the authority of any elected public official other than the
16 governor, and shall not exceed a total of twenty-five for all agencies
17 under the authority of elected public officials other than the
18 governor. The Washington personnel resources board shall report to
19 each regular session of the legislature during an odd-numbered year all
20 exemptions granted under subsections (1)(w) and (x) and (2) of this
21 section, together with the reasons for such exemptions.

22 The salary and fringe benefits of all positions presently or
23 hereafter exempted except for the chief executive officer of each
24 agency, full-time members of boards and commissions, administrative
25 assistants and confidential secretaries in the immediate office of an
26 elected state official, and the personnel listed in subsections (1)(j)
27 through (v) and (2) of this section, shall be determined by the
28 Washington personnel resources board.

29 Any person holding a classified position subject to the provisions
30 of this chapter shall, when and if such position is subsequently
31 exempted from the application of this chapter, be afforded the
32 following rights: If such person previously held permanent status in
33 another classified position, such person shall have a right of
34 reversion to the highest class of position previously held, or to a
35 position of similar nature and salary.

36 Any classified employee having civil service status in a classified
37 position who accepts an appointment in an exempt position shall have
38 the right of reversion to the highest class of position previously
39 held, or to a position of similar nature and salary.

1 A person occupying an exempt position who is terminated from the
2 position for gross misconduct or malfeasance does not have the right of
3 reversion to a classified position as provided for in this section.

4 **Sec. 34.** RCW 42.48.060 and 1985 c 334 s 6 are each amended to read
5 as follows:

6 Nothing in this chapter is applicable to, or in any way affects,
7 the powers and duties of the state auditor or the joint legislative
8 (~~budget~~) audit and review committee.

9 **Sec. 35.** RCW 43.09.310 and 1995 c 301 s 22 are each amended to
10 read as follows:

11 The state auditor shall annually audit the state-wide combined
12 financial statements prepared by the office of financial management and
13 make post-audits of state agencies. Post-audits of state agencies
14 shall be made at such periodic intervals as is determined by the state
15 auditor. Audits of combined financial statements shall include
16 determinations as to the validity and accuracy of accounting methods,
17 procedures and standards utilized in their preparation, as well as the
18 accuracy of the financial statements themselves. A report shall be
19 made of each such audit and post-audit upon completion thereof, and one
20 copy shall be transmitted to the governor, one to the director of
21 financial management, one to the state agency audited, one to the joint
22 legislative (~~budget~~) audit and review committee, one each to the
23 standing committees on ways and means of the house and senate, one to
24 the chief clerk of the house, one to the secretary of the senate, and
25 at least one shall be kept on file in the office of the state auditor.
26 A copy of any report containing findings of noncompliance with state
27 law shall be transmitted to the attorney general.

28 **Sec. 36.** RCW 43.21J.800 and 1993 c 516 s 11 are each amended to
29 read as follows:

30 On or before June 30, 1998, the joint legislative (~~budget~~) audit
31 and review committee shall prepare a report to the legislature
32 evaluating the implementation of the environmental restoration jobs act
33 of 1993, chapter 516, Laws of 1993.

34 **Sec. 37.** RCW 43.79.270 and 1973 c 144 s 2 are each amended to read
35 as follows:

1 Whenever any money, from the federal government, or from other
2 sources, which was not anticipated in the budget approved by the
3 legislature has actually been received and is designated to be spent
4 for a specific purpose, the head of any department, agency, board, or
5 commission through which such expenditure shall be made is to submit to
6 the governor a statement which may be in the form of a request for an
7 allotment amendment setting forth the facts constituting the need for
8 such expenditure and the estimated amount to be expended: PROVIDED,
9 That no expenditure shall be made in excess of the actual amount
10 received, and no money shall be expended for any purpose except the
11 specific purpose for which it was received. A copy of any proposal
12 submitted to the governor to expend money from an appropriated fund or
13 account in excess of appropriations provided by law which is based on
14 the receipt of unanticipated revenues shall be submitted to the joint
15 legislative ((budget)) audit and review committee and also to the
16 standing committees on ways and means of the house and senate if the
17 legislature is in session at the same time as it is transmitted to the
18 governor.

19 **Sec. 38.** RCW 43.79.280 and 1973 c 144 s 3 are each amended to read
20 as follows:

21 If the governor approves such estimate in whole or part, he shall
22 endorse on each copy of the statement his approval, together with a
23 statement of the amount approved in the form of an allotment amendment,
24 and transmit one copy to the head of the department, agency, board, or
25 commission authorizing the expenditure. An identical copy of the
26 governor's statement of approval and a statement of the amount approved
27 for expenditure shall be transmitted simultaneously to the joint
28 legislative ((budget)) audit and review committee and also to the
29 standing committee on ways and means of the house and senate of all
30 executive approvals of proposals to expend money in excess of
31 appropriations provided by law.

32 **Sec. 39.** RCW 43.88.205 and 1979 c 151 s 141 are each amended to
33 read as follows:

34 (1) Whenever an agency makes application, enters into a contract or
35 agreement, or submits state plans for participation in, and for grants
36 of federal funds under any federal law, the agency making such
37 application shall at the time of such action, give notice in such form

1 and manner as the director of financial management may prescribe, or
2 the ((chairman)) chair of the joint legislative ((budget)) audit and
3 review committee, standing committees on ways and means of the house
4 and senate, the chief clerk of the house, or the secretary of the
5 senate may request.

6 (2) Whenever any such application, contract, agreement, or state
7 plan is amended, such agency shall notify each such officer of such
8 action in the same manner as prescribed or requested pursuant to
9 subsection (1) of this section.

10 (3) Such agency shall promptly furnish such progress reports in
11 relation to each such application, contract, agreement, or state plan
12 as may be requested following the date of the filing of the
13 application, contract, agreement, or state plan; and shall also file
14 with each such officer a final report as to the final disposition of
15 each such application, contract, agreement, or state plan if such is
16 requested.

17 **Sec. 40.** RCW 43.88.230 and 1981 c 270 s 12 are each amended to
18 read as follows:

19 For the purposes of this chapter, the statute law committee, the
20 joint legislative ((budget)) audit and review committee, the
21 legislative transportation committee, the legislative evaluation and
22 accountability program committee, the office of state actuary, and all
23 legislative standing committees of both houses shall be deemed a part
24 of the legislative branch of state government.

25 **Sec. 41.** RCW 43.88.310 and 1993 c 157 s 1 are each amended to read
26 as follows:

27 (1) The ((legislative auditor)) director of the office of the joint
28 legislative audit and review committee, with the concurrence of the
29 joint legislative ((budget)) audit and review committee, may file with
30 the attorney general any audit exceptions or other findings of any
31 performance audit, management study, or special report prepared for the
32 joint legislative ((budget)) audit and review committee, any standing
33 or special committees of the house or senate, or the entire legislature
34 which indicate a violation of RCW 43.88.290, or any other act of
35 malfeasance, misfeasance, or nonfeasance on the part of any state
36 officer or employee.

1 (2) The attorney general shall promptly review each filing received
2 from the (~~legislative auditor~~) director and may act thereon as
3 provided in RCW 43.88.300, or any other applicable statute authorizing
4 enforcement proceedings by the attorney general. The attorney general
5 shall advise the joint legislative (~~budget~~) audit and review
6 committee of the status of exceptions or findings referred under this
7 section.

8 **Sec. 42.** RCW 43.88.510 and 1987 c 505 s 37 are each amended to
9 read as follows:

10 Not later than ninety days after the beginning of each biennium,
11 the director of financial management shall submit the compiled list of
12 boards, commissions, councils, and committees, together with the
13 information on each such group, that is required by RCW 43.88.505 to:

14 (1) The speaker of the house and the president of the senate for
15 distribution to the appropriate standing committees, including one copy
16 to the staff of each of the committees;

17 (2) The chair of the joint legislative (~~budget~~) audit and review
18 committee, including a copy to the staff of the committee;

19 (3) The chairs of the committees on ways and means of the senate
20 and house of representatives; and

21 (4) Members of the state government committee of the house of
22 representatives and of the governmental operations committee of the
23 senate, including one copy to the staff of each of the committees.

24 **Sec. 43.** RCW 43.131.050 and 1990 c 297 s 2 are each amended to
25 read as follows:

26 The joint legislative (~~budget~~) audit and review committee shall
27 cause to be conducted a program and fiscal review of any state agency
28 or program scheduled for termination by the processes provided in this
29 chapter. Such program and fiscal review shall be completed and a
30 preliminary report prepared on or before June 30th of the year prior to
31 the date established for termination. Upon completion of its
32 preliminary report, the joint legislative (~~budget~~) audit and review
33 committee shall transmit copies of the report to the office of
34 financial management. The office of financial management may then
35 conduct its own program and fiscal review of the agency scheduled for
36 termination and shall prepare a report on or before September 30th of
37 the year prior to the date established for termination. Upon

1 completion of its report the office of financial management shall
2 transmit copies of its report to the joint legislative ((budget)) audit
3 and review committee. The joint legislative ((budget)) audit and
4 review committee shall prepare a final report that includes the reports
5 of both the office of financial management and the joint legislative
6 ((budget)) audit and review committee. The joint legislative
7 ((budget)) audit and review committee and the office of financial
8 management shall, upon request, make available to each other all
9 working papers, studies, and other documents which relate to reports
10 required under this section. The joint legislative ((budget)) audit
11 and review committee shall transmit the final report to the
12 legislature, to the state agency concerned, to the governor, and to the
13 state library.

14 **Sec. 44.** RCW 43.131.060 and 1988 c 17 s 1 are each amended to read
15 as follows:

16 In conducting the review of a regulatory entity, the joint
17 legislative ((budget)) audit and review committee shall consider, but
18 not be limited to, the following factors where applicable:

19 (1) The extent to which the regulatory entity has operated in the
20 public interest and fulfilled its statutory obligations;

21 (2) The duties of the regulatory entity and the costs incurred in
22 carrying out those duties;

23 (3) The extent to which the regulatory entity is operating in an
24 efficient, effective, and economical manner;

25 (4) The extent to which the regulatory entity inhibits competition
26 or otherwise adversely affects the state's economic climate;

27 (5) The extent to which the regulatory entity duplicates the
28 activities of other regulatory entities or of the private sector, where
29 appropriate; and

30 (6) The extent to which the absence or modification of regulation
31 would adversely affect, maintain, or improve the public health, safety,
32 or welfare.

33 **Sec. 45.** RCW 43.131.070 and 1977 ex.s. c 289 s 7 are each amended
34 to read as follows:

35 In conducting the review of a state agency other than a regulatory
36 entity, the joint legislative ((budget)) audit and review committee

1 shall consider, but not be limited to, the following factors where
2 applicable:

3 (1) The extent to which the state agency has complied with
4 legislative intent;

5 (2) The extent to which the state agency is operating in an
6 efficient and economical manner which results in optimum performance;

7 (3) The extent to which the state agency is operating in the public
8 interest by effectively providing a needed service that should be
9 continued rather than modified, consolidated, or eliminated;

10 (4) The extent to which the state agency duplicates the activities
11 of other state agencies or of the private sector, where appropriate;
12 and

13 (5) The extent to which the termination or modification of the
14 state agency would adversely affect the public health, safety, or
15 welfare.

16 **Sec. 46.** RCW 43.131.080 and 1989 c 175 s 109 are each amended to
17 read as follows:

18 (1) Following receipt of the final report from the joint
19 legislative (~~(budget)~~) audit and review committee, the appropriate
20 committees of reference in the senate and the house of representatives
21 shall each hold a public hearing, unless a joint hearing is held, to
22 consider the final report and any related data. The committees shall
23 also receive testimony from representatives of the state agency or
24 agencies involved, which shall have the burden of demonstrating a
25 public need for its continued existence; and from the governor or the
26 governor's designee, and other interested parties, including the
27 general public.

28 (2) When requested by either of the presiding members of the
29 appropriate senate and house committees of reference, a regulatory
30 entity under review shall mail an announcement of any hearing to the
31 persons it regulates who have requested notice of agency rule-making
32 proceedings as provided in RCW 34.05.320, or who have requested notice
33 of hearings held pursuant to the provisions of this section. On
34 request of either presiding member, such mailing shall include an
35 explanatory statement not exceeding one page in length prepared and
36 supplied by the member's committee.

37 (3) The presiding members of the senate committee on ways and means
38 and the house committee on appropriations may designate one or more

1 liaison members to each committee of reference in their respective
2 chambers for purposes of participating in any hearing and in subsequent
3 committee of reference discussions and to seek a coordinated approach
4 between the committee of reference and the committee they represent in
5 a liaison capacity.

6 (4) Following any hearing under subsection (1) of this section by
7 the committees of reference, such committees may hold additional
8 meetings or hearings to come to a final determination as to whether a
9 state agency has demonstrated a public need for its continued existence
10 or whether modifications in existing procedures are needed. In the
11 event that a committee of reference concludes that a state agency shall
12 be reestablished or modified or its functions transferred elsewhere, it
13 shall make such determination as a bill. No more than one state agency
14 shall be reestablished or modified in any one bill.

15 **Sec. 47.** RCW 43.131.110 and 1977 ex.s. c 289 s 11 are each amended
16 to read as follows:

17 Any reference in this chapter to a committee of the legislature
18 including the joint legislative ((budget)) audit and review committee
19 shall also refer to the successor of that committee.

20 **Sec. 48.** RCW 43.250.080 and 1986 c 294 s 8 are each amended to
21 read as follows:

22 At the end of each fiscal year, the state treasurer shall submit to
23 the governor, the state auditor, and the joint legislative ((budget))
24 audit and review committee a summary of the activity of the investment
25 pool. The summary shall indicate the quantity of funds deposited; the
26 earnings of the pool; the investments purchased, sold, or exchanged;
27 the administrative expenses of the investment pool; and such other
28 information as the state treasurer deems relevant.

29 **Sec. 49.** RCW 44.40.025 and 1981 c 270 s 15 are each amended to
30 read as follows:

31 In addition to the powers and duties authorized in RCW 44.40.020,
32 the committee and the standing committees on transportation of the
33 house and senate shall, in coordination with the joint legislative
34 ((budget)) audit and review committee, the legislative evaluation and
35 accountability program committee, and the ways and means committees of
36 the senate and house of representatives, ascertain, study, and/or

1 analyze all available facts and matters relating or pertaining to
2 sources of revenue, appropriations, expenditures, and financial
3 condition of the motor vehicle fund and accounts thereof, the highway
4 safety fund, and all other funds or accounts related to transportation
5 programs of the state.

6 The joint legislative (~~(budget)~~) audit and review committee, the
7 legislative evaluation and accountability program committee, and the
8 ways and means committees of the senate and house of representatives
9 shall coordinate their activities with the legislative transportation
10 committee in carrying out the committees' powers and duties under
11 chapter 43.88 RCW in matters relating to the transportation programs of
12 the state.

13 **Sec. 50.** RCW 67.70.310 and 1982 2nd ex.s. c 7 s 31 are each
14 amended to read as follows:

15 The director of financial management may conduct a management
16 review of the commission's lottery operations to assure that:

17 (1) The manner and time of payment of prizes to the holder of
18 winning tickets or shares is consistent with this chapter and the rules
19 adopted under this chapter;

20 (2) The apportionment of total revenues accruing from the sale of
21 lottery tickets or shares and from all other sources is consistent with
22 this chapter;

23 (3) The manner and type of lottery being conducted, and the
24 expenses incidental thereto, are the most efficient and cost-effective;
25 and

26 (4) The commission is not unnecessarily incurring operating and
27 administrative costs.

28 In conducting a management review, the director of financial
29 management may inspect the books, documents, and records of the
30 commission. Upon completion of a management review, all irregularities
31 shall be reported to the attorney general, the joint legislative
32 (~~(budget)~~) audit and review committee, and the state auditor. The
33 director of financial management shall make such recommendations as may
34 be necessary for the most efficient and cost-effective operation of the
35 lottery.

36 **Sec. 51.** RCW 79.01.006 and 1991 c 204 s 1 are each amended to read
37 as follows:

1 (1) Every five years the department of social and health services
2 and other state agencies that operate institutions shall conduct an
3 inventory of all real property subject to the charitable, educational,
4 penal, and reformatory institution account and other real property
5 acquired for institutional purposes or for the benefit of the blind,
6 deaf, mentally ill, developmentally disabled, or otherwise disabled.
7 The inventory shall identify which of those real properties are not
8 needed for state-provided residential care, custody, or treatment. By
9 December 1, 1992, and every five years thereafter the department shall
10 report the results of the inventory to the house of representatives
11 committee on capital facilities and financing, the senate committee on
12 ways and means, and the joint legislative ((budget)) audit and review
13 committee.

14 (2) Real property identified as not needed for state-provided
15 residential care, custody, or treatment shall be transferred to the
16 corpus of the charitable, educational, penal, and reformatory
17 institution account. This subsection shall not apply to real property
18 subject to binding conditions that conflict with the other provisions
19 of this subsection.

20 (3) The department of natural resources shall manage all property
21 subject to the charitable, educational, penal, and reformatory
22 institution account and, in consultation with the department of social
23 and health services and other affected agencies, shall adopt a plan for
24 the management of real property subject to the account and other real
25 property acquired for institutional purposes or for the benefit of the
26 blind, deaf, mentally ill, developmentally disabled, or otherwise
27 disabled.

28 (a) The plan shall be consistent with state trust land policies and
29 shall be compatible with the needs of institutions adjacent to real
30 property subject to the plan.

31 (b) The plan may be modified as necessary to ensure the quality of
32 future management and to address the acquisition of additional real
33 property.

34 NEW SECTION. **Sec. 52.** Sections 2, 9, 10, and 13 through 17 of
35 this act are each added to chapter 44.28 RCW.

1 NEW SECTION. **Sec. 53.** RCW 44.28.140, 44.28.180, and 44.28.087, as
2 amended by this act, are each recodified within chapter 44.28 RCW in
3 the order in which they appear in this act.

4 NEW SECTION. **Sec. 54.** The following acts or parts of acts are
5 each repealed:

6 (1) RCW 44.28.085 and 1993 c 406 s 6, 1975 1st ex.s. c 293 s 15, &
7 1971 ex.s. c 170 s 3; and

8 (2) RCW 44.28.086 and 1973 1st ex.s. c 197 s 1."

9 **2SHB 2222** - H AMD
10 By Representative Backlund

11
12 In line 2 of the title, after "programs;" strike the remainder of
13 the title and insert "amending RCW 44.28.010, 44.28.020, 44.28.030,
14 44.28.040, 44.28.060, 44.28.140, 44.28.080, 44.28.180, 44.28.087,
15 44.28.100, 44.28.120, 44.28.130, 44.28.150, 43.88.020, 43.88.090,
16 43.88.160, 28A.630.830, 28B.20.382, 39.19.060, 39.29.016, 39.29.018,
17 39.29.025, 39.29.055, 41.06.070, 42.48.060, 43.09.310, 43.21J.800,
18 43.79.270, 43.79.280, 43.88.205, 43.88.230, 43.88.310, 43.88.510,
19 43.131.050, 43.131.060, 43.131.070, 43.131.080, 43.131.110, 43.250.080,
20 44.40.025, 67.70.310, and 79.01.006; adding new sections to chapter
21 44.28 RCW; creating a new section; recodifying RCW 44.28.140,
22 44.28.180, and 44.28.087; and repealing RCW 44.28.085 and 44.28.086."

--- END ---