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HOUSE BILL 2880

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State of Washington

55th Legislature

1998 Regular Session

By Representatives Clements, Dickerson, Backlund, Gombosky, Parlette, Gardner and Delvin

Read first time 01/21/98. Referred to Committee on Select Vendor Committee.

1 AN ACT Relating to state agency personal service contract  
2 guidelines; creating new sections; making an appropriation; and  
3 providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that the practice of  
6 engaging personal services by use of contract has become necessary to  
7 effective state agency operations. The legislature further finds that  
8 if this practice is not carefully and effectively managed by agencies,  
9 the result is often overspending and misuse of public moneys. Thus,  
10 the legislature intends that methods for improving the management of  
11 state personal service contracts be examined.

12 NEW SECTION. **Sec. 2.** The definitions in this section apply  
13 throughout this act, unless the context clearly requires otherwise.

14 (1) "Agency" means any state board, commission, bureau, committee,  
15 department, institution, division, or tribunal in the legislative,  
16 executive, or judicial branch of state government. "Agency" includes  
17 all elected offices, the state legislature, those institutions of

1 higher education as defined in RCW 28B.10.016, and those courts that  
2 are parts of state government.

3 (2) "Task force" means the task force on agency vendor contracting  
4 practices.

5 (3) "Contractor" means any entity holding a contract or grant with  
6 the state of Washington, as awarded by an agency, to provide personal  
7 services, as defined in chapter 39.29 RCW.

8 NEW SECTION. **Sec. 3.** A task force on agency vendor contracting  
9 practices is established. The task force shall be convened by the  
10 office of financial management and shall be composed of nine members  
11 appointed by the director of financial management. The members shall  
12 be selected for their knowledge and experience relating to state agency  
13 personal service contracting practices. The task force shall choose  
14 its chair from among its members.

15 NEW SECTION. **Sec. 4.** (1) The task force shall review and propose  
16 legislative recommendations for the following issues:

17 (a) The adequacy of chapter 39.29 RCW in governing agency  
18 contracting activities. Such an investigation shall include, but is  
19 not limited to, whether the exemptions contained in RCW 39.29.040 (4)  
20 and (6) are appropriate in maintaining agency oversight and  
21 accountability for moneys used to engage contractors;

22 (b) The adoption of appropriate uniform contract management  
23 guidelines and policies to be used by agencies, including, but not  
24 limited to:

25 (i) Accounting methods, systems, measures, and principles to be  
26 used by agencies and contractors;

27 (ii) Precontract procedures for selecting potential contractors  
28 based on their qualifications and ability to perform;

29 (iii) Incorporation of performance measures and measurable  
30 benchmarks in contracts, and the use of performance audits;

31 (iv) Uniform contract terms to ensure contract performance and  
32 compliance with state and federal standards;

33 (v) Proper payment and reimbursement methods to ensure the state  
34 receives full value for taxpayer moneys including cost settlements and  
35 cost allowance;

36 (vi) Postcontract procedures including methods for recovering  
37 improperly spent or overspent moneys for disallowance and adjustment;

1 (vii) Adequate contract remedies and sanctions to ensure  
2 compliance;

3 (viii) Monitoring, fund tracking, risk assessment, and auditing  
4 procedures and requirements;

5 (ix) Financial reporting, record retention, and record access  
6 procedures and requirements;

7 (x) The uniform contract measures adopted by other states,  
8 including the state of Texas;

9 (xi) Procedures and criteria for terminating contracts for cause or  
10 otherwise; and

11 (xii) Any other subject related to effective contract management.

12 (2) Where appropriate, the task force shall formulate proposed  
13 guidelines and policies that address the subject areas in subsection  
14 (1)(b) of this section. The task force shall avoid formulating rules  
15 that conflict with federal regulations and policies that apply to  
16 contractors in this state.

17 NEW SECTION. **Sec. 5.** The task force, where feasible, shall  
18 collaborate with individuals from the public and private sector and may  
19 ask such persons to establish an advisory committee.

20 NEW SECTION. **Sec. 6.** The task force, where feasible, shall use  
21 office of financial management staff and facilities, but may hire  
22 additional staff with specific technical expertise if such expertise is  
23 necessary to carry out the mandates of the study in this act. The task  
24 force may additionally rent or lease such equipment or facilities and  
25 purchase such supplies as is necessary to carry out the mandates of the  
26 study in this act. Each member of the task force shall be reimbursed  
27 for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

28 NEW SECTION. **Sec. 7.** By November 1, 1999, the task force shall  
29 report its findings to the house of representatives vendor contracting  
30 and services select committee, or to the most appropriate house of  
31 representatives standing committee in the event that the vendor  
32 contracting and services select committee no longer exists.

33 NEW SECTION. **Sec. 8.** The sum of one hundred thousand dollars, or  
34 as much thereof as may be necessary, is appropriated for the fiscal  
35 year ending June 30, 1999, from the general fund to the office of

1 financial management. The appropriation in this section is provided  
2 solely for the purposes of sections 3 through 7 of this act.

3 NEW SECTION. **Sec. 9.** If any provision of this act or its  
4 application to any person or circumstance is held invalid, the  
5 remainder of the act or the application of the provision to other  
6 persons or circumstances is not affected.

7 NEW SECTION. **Sec. 10.** This act expires January 1, 2000.

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