

# SENATE BILL REPORT

## 2SHB 2738

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As Reported By Senate Committee On:  
State & Local Government, February 24, 2000

**Title:** An act relating to state agency personal service contracting practices.

**Brief Description:** Giving the office of financial management oversight over state agency personal service contracting practices.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Dickerson, Clements, Romero and Miloscia).

**Brief History:**

**Committee Activity:** State & Local Government: 2/23/2000, 2/24/2000 [DPA].

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### SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

**Majority Report:** Do pass as amended.

Signed by Senators Patterson, Chair; Gardner, Vice Chair; Hale, Haugen, Horn, Kline and McCaslin.

**Staff:** Roger Brodniak (786-7445)

**Background:** State agencies enter into a variety of contracts, including contracts for personal services and client services. State agencies also contract with vendors who perform maintenance on state-owned equipment. The Office of Financial Management is responsible for maintaining records relating to contracts entered into by state agencies.

**Summary of Amended Bill:** (1) OFM Oversight Audits and Training. State agency contracts as supervised by OFM are addressed: OFM must adopt uniform guidelines for the effective and efficient management of personal service contracts and client service contracts by all state agencies.

Agencies entering into personal service and client service contracts after January 1, 2001, must follow OFM guidelines. Agencies must provide OFM with a report detailing the procedures used in entering into and managing the contracts. OFM must conduct risk-based audits of personal service and client service contracting practices, starting with at least 18 audits in fiscal year 2001 and a statistically appropriate number on an annual basis thereafter.

OFM must provide a training course on effective and efficient contract management. Beginning January 1, 2002, all agency employees executing or managing personal service or client service contracts must have completed the training. An agency may request an exemption from the training course requirement.

The Attorney General and the State Auditor must provide an annual report on contract audit and investigative findings, enforcement actions, and the status of agency resolution to the Governor and the Legislature.

State agencies must comply with different programs relating to contract management at staggered dates in the future.

(2) More Flexible Reporting Requirements for Equipment Maintenance Contracts. State agencies are given greater flexibility when contracting with firms or vendors performing maintenance on state-owned equipment. Agencies are:

(1) allowed to make advance payments on contracts for maintenance of state-owned equipment up to 12 months in advance; and

(2) given the option whether to require a bond or surety from the firm performing maintenance on state-owned equipment; and

(3) state agencies are no longer required to file a copy of each maintenance contract with the Office of Financial Management.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This is a means to discover how much work is contracted out by state agencies. This bill fixes responsibility for ensuring proper contract management. This will allow for better contract administration.

**Testimony Against:** None.

**Testified:** PRO: Linda Long, State Auditor's Office; Gary Robinson, OFM; Vallie Jo Fry, SBCTC.