
HOUSE BILL 2738

State of Washington 56th Legislature 2000 Regular Session

By Representatives Dickerson, Clements, Romero and Miloscia

Read first time 01/19/2000. Referred to Committee on State Government.

1 AN ACT Relating to state agency personal service contracting
2 practices; amending RCW 39.29.040 and 39.29.055; adding new sections to
3 chapter 39.29 RCW; providing an effective date; and declaring an
4 emergency.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 39.29 RCW
7 to read as follows:

8 (1) The office of financial management shall by rule adopt uniform
9 guidelines for the effective and efficient management of personal
10 service contracts and client services contracts by all state agencies.
11 The guidelines must, at a minimum, include:

12 (a) Accounting methods, systems, measures, and principles to be
13 used by agencies and contractors;

14 (b) Precontract procedures for selecting potential contractors
15 based on their qualifications and ability to perform;

16 (c) Incorporation of performance measures and measurable benchmarks
17 in contracts, and the use of performance audits;

18 (d) Uniform contract terms to ensure contract performance and
19 compliance with state and federal standards;

1 (e) Proper payment and reimbursement methods to ensure that the
2 state receives full value for taxpayer moneys, including cost
3 settlements and cost allowance;

4 (f) Post-contract procedures, including methods for recovering
5 improperly spent or overspent moneys for disallowance and adjustment;

6 (g) Adequate contract remedies and sanctions to ensure compliance;

7 (h) Monitoring, fund tracking, risk assessment, and auditing
8 procedures and requirements;

9 (i) Financial reporting, record retention, and record access
10 procedures and requirements;

11 (j) Procedures and criteria for terminating contracts for cause or
12 otherwise; and

13 (k) Any other subject related to effective and efficient contract
14 management.

15 (2) The office of financial management shall submit the guidelines
16 required by subsection (1) of this section to the governor and the
17 appropriate standing committees of the legislature no later than
18 December 1, 2000.

19 (3) The office of financial management shall publish a guide book
20 for use by state agencies containing the guidelines required by
21 subsection (1) of this section.

22 NEW SECTION. **Sec. 2.** A new section is added to chapter 39.29 RCW
23 to read as follows:

24 (1) A state agency entering into personal service contracts or
25 client services contracts shall follow the guidelines required by
26 section 1 of this act.

27 (2) A state agency that has entered into personal service contracts
28 or client services contracts during a calendar year shall, on or before
29 January 1 of the following calendar year, provide the office of
30 financial management with a report detailing the procedures the agency
31 employed in entering into and managing the contracts.

32 (3) The provisions of this section apply to state agencies entering
33 into contracts after January 1, 2001.

34 NEW SECTION. **Sec. 3.** A new section is added to chapter 39.29 RCW
35 to read as follows:

36 (1) The office of financial management shall provide a training
37 course for agency personnel responsible for entering into and managing

1 personal service contracts and client services contracts. The course
2 must contain training on effective and efficient contract management
3 under the guidelines established under section 1 of this act. State
4 agencies shall require agency employees responsible for entering into
5 or managing personal service contracts and client services contracts to
6 complete the training course to the satisfaction of the office of
7 financial management. Beginning January 1, 2002, no agency employee
8 may enter into or manage personal service contracts or client services
9 contracts unless the employee has completed the training course.

10 (2) The office of financial management may conduct periodic
11 performance audits of state agencies entering into personal service
12 contracts and client services contracts to ensure compliance with the
13 guidelines established in section 1 of this act. The office of
14 financial management shall forward the results of the audits to the
15 governor, the appropriate standing committees of the legislature, and
16 the joint legislative audit and review committee.

17 **Sec. 4.** RCW 39.29.040 and 1998 c 101 s 7 are each amended to read
18 as follows:

19 This chapter does not apply to:

20 (1) Contracts specifying a fee of less than five thousand dollars
21 if the total of the contracts from that agency with the contractor
22 within a fiscal year does not exceed five thousand dollars;

23 (2) Contracts awarded to companies that furnish a service where the
24 tariff is established by the utilities and transportation commission or
25 other public entity;

26 (3) Intergovernmental agreements awarded to any governmental
27 entity, whether federal, state, or local and any department, division,
28 or subdivision thereof;

29 (4) Contracts awarded for services to be performed for a standard
30 fee, when the standard fee is established by the contracting agency or
31 any other governmental entity and a like contract is available to all
32 qualified applicants;

33 (5) Contracts for services that are necessary to the conduct of
34 collaborative research if prior approval is granted by the funding
35 source;

36 (6) Contracts for client services except as otherwise indicated in
37 this chapter;

1 (7) Contracts for architectural and engineering services as defined
2 in RCW 39.80.020, which shall be entered into under chapter 39.80 RCW;

3 (8) Contracts for the employment of expert witnesses for the
4 purposes of litigation; and

5 (9) Contracts for bank supervision authorized under RCW 30.38.040.

6 **Sec. 5.** RCW 39.29.055 and 1998 c 101 s 8 are each amended to read
7 as follows:

8 (1) Personal service contracts subject to competitive solicitation
9 and all client services contracts shall be (a) filed with the office of
10 financial management and made available for public inspection; and (b)
11 reviewed and approved by the office of financial management when those
12 contracts provide services relating to management consulting,
13 organizational development, marketing, communications, employee
14 training, or employee recruiting.

15 (2) Personal service contracts subject to competitive solicitation
16 that provide services relating to management consulting, organizational
17 development, marketing, communications, employee training, or employee
18 recruiting shall be made available for public inspection at least ten
19 working days before the proposed starting date of the contract. All
20 other contracts shall be effective no earlier than the date they are
21 filed with the office of financial management.

22 NEW SECTION. **Sec. 6.** Section 1 of this act is necessary for the
23 immediate preservation of the public peace, health, or safety, or
24 support of the state government and its existing public institutions,
25 and takes effect immediately.

26 NEW SECTION. **Sec. 7.** Sections 2 and 3 of this act take effect
27 January 1, 2001.

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