
HOUSE BILL 3012

State of Washington

56th Legislature

2000 Regular Session

By Representative Dunshee

Read first time 01/25/2000. Referred to Committee on State Government.

1 AN ACT Relating to enhancing legislative auditing and review
2 authority; amending RCW 44.28.005, 44.28.010, 44.28.020, 44.28.030,
3 44.28.050, 44.28.060, 44.28.065, 44.28.071, 44.28.075, 44.28.080,
4 44.28.083, 44.28.088, 44.28.094, 44.28.097, 44.28.100, 44.28.110,
5 44.28.120, 44.28.130, 44.28.150, 44.28.155, 44.28.800, 28A.630.830,
6 28B.20.382, 39.29.080, 41.06.070, 42.48.060, 43.09.310, 43.79.270,
7 43.79.280, 43.88.020, 43.88.090, 43.88.160, 43.88.205, 43.88.230,
8 43.88.310, 43.88.510, 43.131.050, 43.131.060, 43.131.070, 43.131.080,
9 43.131.110, 43.250.080, 44.40.025, 67.70.310, and 74.09.415; reenacting
10 and amending RCW 79.01.006; adding a new section to chapter 44.28 RCW;
11 creating new sections; repealing RCW 43.21J.800; and providing
12 expiration dates.

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

14 NEW SECTION. **Sec. 1.** The purpose of this act is to enhance the
15 performance audit and review authority of the legislature by: (1)
16 Restructuring the joint legislative audit and review committee, and the
17 office of legislative auditor, to more closely resemble the federal
18 general accounting office and comptroller general; (2) providing
19 greater autonomy for the legislative auditor; and (3) renaming the

1 legislative agency that performs the legislature's performance auditing
2 and review authority as the performance audit office, which is headed
3 by the legislative auditor.

4 **PART I - LEGISLATIVE AUDITOR**

5 **Sec. 101.** RCW 44.28.005 and 1996 c 288 s 2 are each amended to
6 read as follows:

7 Unless the context clearly requires otherwise, the definitions in
8 this section apply throughout this chapter.

9 (1) "Legislative auditor" means the executive officer of the
10 ~~((joint legislative audit and review committee))~~ performance audit
11 office.

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

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

29 ~~((4))~~ (3) "Final performance audit report" means a written
30 document ~~((adopted by the joint legislative audit and review~~
31 ~~committee))~~ that contains ~~((the))~~ findings and ~~((proposed~~
32 ~~recommendations made in the preliminary performance audit report, the))~~
33 final recommendations ~~((adopted by the joint committee,))~~ of the
34 legislative auditor, after considering any comments to the preliminary
35 performance audit report that are made by ~~((the joint committee, and~~
36 ~~any comments to the preliminary performance audit report by))~~ members

1 of the performance audit office and the state agency or local
2 government that was audited.

3 ~~((5)) "Joint committee" means the joint legislative audit and~~
4 ~~review committee.~~

5 ~~(6))~~ (4) "Local government" means a city, town, county, special
6 purpose district, political subdivision, municipal corporation, or
7 quasi-municipal corporation, including a public corporation created by
8 such an entity.

9 ~~((7))~~ (5) "Performance audit" means an objective and systematic
10 assessment of a state agency or any of its programs, functions, or
11 activities, or a ~~((unit of))~~ local government receiving state funds, by
12 an independent evaluator in order to help public officials improve
13 efficiency, effectiveness, and accountability. Performance audits
14 include economy and efficiency ~~((audits and program audits))~~ elements
15 establishing: (a) Whether a state agency or unit of local government
16 receiving state funds is acquiring, protecting, and using its resources
17 such as personnel, property, and space economically and efficiently;
18 (b) the causes of inefficiencies or uneconomical practices; and (c)
19 whether the state agency or local government has complied with
20 significant laws and rules in acquiring, protecting, and using its
21 resources. Performance audits also include program elements
22 determining the extent to which desired outcomes or results are being
23 achieved, the causes for not achieving intended outcomes or results,
24 and compliance with significant laws and rules applicable to the
25 program. A performance audit of a local government may only be made to
26 determine whether the local government is using state funds for their
27 intended purpose in an efficient and effective manner.

28 ~~((8))~~ (6) "Performance audit office" or "office" means the office
29 created by this chapter to provide performance audits and other reviews
30 for the legislature.

31 (7) "Performance measures" are a composite of key indicators of a
32 program's or activity's inputs, outputs, outcomes, productivity,
33 timeliness, and/or quality. They are means of evaluating policies and
34 programs by measuring results against agreed upon program goals or
35 standards.

36 ~~((9))~~ (8) "Preliminary compliance report" means a written
37 document that states the specific actions a state agency or unit of
38 local government receiving state funds has taken to implement any
39 recommendations contained in the final performance audit report.

1 (~~(10)~~) (9) "Preliminary performance audit report" means a written
2 document prepared for review and comment by the (~~joint legislative~~
3 ~~audit and review committee~~) legislative auditor after the completion
4 of a performance audit. The preliminary performance audit report must
5 contain the audit findings and any proposed recommendations to improve
6 the efficiency, effectiveness, or accountability of the state agency or
7 local government audited.

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

12 (~~(12)~~) (10) "State agency" or "agency" means a state agency,
13 department, office, officer, board, commission, bureau, division,
14 institution, or institution of higher education. "State agency"
15 includes all elective offices in the executive branch of state
16 government.

17 **Sec. 102.** RCW 44.28.010 and 1996 c 288 s 3 are each amended to
18 read as follows:

19 The (~~joint legislative audit and review committee~~) performance
20 audit office is created, (~~which~~) consisting of members, the
21 legislative auditor, and employees. Members of the office shall
22 consist of eight senators and eight representatives from the
23 legislature and the state auditor serving, ex officio, as a nonvoting
24 member. The senate members of the (~~committee~~) office shall be
25 appointed by the president of the senate, and the house members of the
26 (~~committee~~) office shall be appointed by the speaker of the house.
27 Not more than four members from each house shall be from the same
28 political party. Members shall be appointed before the close of each
29 regular session of the legislature during an odd-numbered year. If
30 before the close of a regular session during an odd-numbered year, the
31 governor issues a proclamation convening the legislature into special
32 session, or the legislature by resolution convenes the legislature into
33 special session, following such regular session, then (~~such~~) the
34 appointments shall be made as a matter of closing business of (such)
35 the special session. Members shall be subject to confirmation, as to
36 the senate members by the senate, and as to the house members by the
37 house. In the event of a failure to appoint or confirm (~~joint~~
38 ~~committee~~) members, the members of the (~~joint committee~~) office from

1 either house in which there is a failure to appoint or confirm shall be
2 elected by the members of such house.

3 **Sec. 103.** RCW 44.28.020 and 1996 c 288 s 4 are each amended to
4 read as follows:

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

22 **Sec. 104.** RCW 44.28.030 and 1996 c 288 s 5 are each amended to
23 read as follows:

24 On and after the commencement of a succeeding general session of
25 the legislature, those appointed members of the ((~~joint—committee~~))
26 performance audit office who continue to be members of the senate and
27 house, respectively, shall continue as members of the ((~~joint~~
28 ~~committee~~)) office as indicated in RCW 44.28.020 and the ((~~joint~~
29 ~~committee~~)) office shall continue with all its powers, duties,
30 authorities, records, papers, personnel and staff, and all funds made
31 available for its use.

32 **Sec. 105.** RCW 44.28.050 and 1989 c 137 s 1 are each amended to
33 read as follows:

34 All expenses incurred by the ((~~committee~~)) performance audit
35 office, including salaries and expenses of employees and the
36 legislative auditor, shall be paid upon voucher forms as provided and

1 signed by the legislative auditor, except that vouchers for the salary
2 and expenses of the legislative auditor shall be signed by the chair or
3 vice-chair. (~~The legislative auditor may be authorized by the~~
4 ~~legislative budget committee's executive committee to sign vouchers.~~
5 ~~Such authorization shall specify a dollar limitation and be set out in~~
6 ~~writing.)) A monthly report of ((such)) the vouchers shall be
7 submitted to the executive committee. (~~If authorization is not given~~
8 ~~to the legislative auditor then the chair, or the vice chair in the~~
9 ~~chair's absence, is authorized to sign vouchers. This authority shall~~
10 ~~continue until the chair's or vice chair's successors are selected~~
11 ~~after each ensuing session of the legislature.)) Vouchers may be drawn
12 on funds appropriated generally by the legislature for legislative
13 expenses or upon any special appropriation which may be provided by the
14 legislature for the expenses of the ((committee)) performance audit
15 office or both.~~~~

16 **Sec. 106.** RCW 44.28.060 and 1996 c 288 s 7 are each amended to
17 read as follows:

18 The members of the ((joint committee)) performance audit office
19 shall form an executive committee consisting of the state auditor and
20 one member from each of the four major political caucuses(~~, which~~
21 ~~shall include)).~~ The executive committee shall select a chair and a
22 vice-chair from among its legislative members. The chair and vice-
23 chair shall serve for a period not to exceed two years. The chair and
24 the vice-chair may not be members of the same political party. The
25 chair shall alternate between the members of the majority parties in
26 the senate and the house of representatives.

27 The executive committee is responsible for performing all ((general
28 administrative and personnel duties assigned to it in the rules and
29 procedures adopted by the joint committee, as well as other duties))
30 responsibilities delegated to it by the ((joint committee)) majority of
31 all members of the office. (~~The executive committee shall recommend~~
32 ~~applicants for the position of the legislative auditor to the~~
33 ~~membership of the joint committee. The legislative auditor shall be~~
34 ~~hired with the approval of a majority of the membership of the joint~~
35 ~~committee. The executive committee shall set the salary of the~~
36 ~~legislative auditor.))~~

37 The ((joint committee)) members of the performance audit office
38 shall adopt rules and procedures for its orderly operation. The

1 (~~joint committee~~) members of the performance audit office may create
2 subcommittees to perform duties under this chapter.

3 NEW SECTION. Sec. 107. A new section is added to chapter 44.28
4 RCW to read as follows:

5 The members of the performance audit office shall appoint the
6 legislative auditor for a ten-year term of office and set the salary of
7 the legislative auditor. The legislative auditor may only be removed
8 from office by concurrent resolution of both houses of the legislature,
9 but only for permanent disability, inefficiency, neglect of duty,
10 malfeasance, or conviction of a felony or conduct involving moral
11 turpitude.

12 Sec. 108. RCW 44.28.065 and 1996 c 288 s 8 are each amended to
13 read as follows:

14 The legislative auditor shall:

15 (1) Establish, hire employees for, and manage the performance audit
16 office (~~of the joint legislative audit and review committee to carry~~
17 ~~out the functions of this chapter~~);

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

22 (3) Investigate all matters related to the receipt, disbursement,
23 and use of public money by state agencies and local governments;

24 (4) Estimate the cost to the state of a specific appropriation and
25 report each estimate to the legislature with recommendations that the
26 legislative auditor considers desirable;

27 (5) Analyze the expenditures of any state agency and expenditures
28 of state funds distributed or provided to local governments, that the
29 legislative auditor believes will help the legislature decide whether
30 public money has been used and expended economically and efficiently;

31 (6) Make performance audits, together with findings and
32 recommendations, to the (~~joint committee and under its direction to~~
33 ~~the~~) state legislature and committees of the state legislature
34 concerning the organization and operation of state agencies and (~~the~~
35 expenditure of) local government operations that are in whole or in
36 part funded by state funds (~~by units of local government~~), that are
37 included in the performance audit work plan;

1 (~~(4)~~ In consultation with and with the approval of the executive
2 committee,) (7) Hire staff necessary to carry out the purposes of this
3 chapter. Employee salaries, other than the legislative auditor, shall
4 be set by the legislative auditor (~~with the approval of the executive~~
5 ~~committee~~);

6 (~~(5)~~) (8) Assist the several standing committees of the house and
7 senate in consideration of legislation affecting state departments and
8 their efficiency; appear before other legislative committees; and
9 assist any (~~other~~) legislative committee upon instruction by the
10 (~~joint legislative audit and review committee~~) members of the
11 performance audit office;

12 (~~(6)~~) (9) Provide the legislature with information obtained under
13 the direction of the (~~joint legislative audit and review committee~~)
14 members of the performance audit office; and

15 (~~(7)~~) (10) Maintain a record of all work performed by the
16 legislative auditor (~~under the direction of the joint legislative~~
17 ~~audit and review committee~~) and keep and make available all documents,
18 data, and reports submitted to the legislative auditor by any
19 legislative committee.

20 **Sec. 109.** RCW 44.28.071 and 1996 c 288 s 9 are each amended to
21 read as follows:

22 (1) In conducting performance audits and other reviews, the
23 legislative auditor shall work closely with the chairs and staff of
24 standing committees of the senate and house of representatives, and may
25 work in consultation with the (~~state auditor and the~~) director of
26 financial management.

27 (2) The legislative auditor may contract with and consult with
28 public and private independent professional and technical experts as
29 necessary in conducting the performance audits. The legislative
30 auditor should also involve front-line employees and internal auditors
31 in the performance audit process to the highest possible degree.

32 (3) The legislative auditor shall work with the legislative
33 evaluation and accountability program committee and the office of
34 financial management to develop information system capabilities
35 necessary for the performance audit requirements of this chapter.

36 (4) The legislative auditor shall work with the legislative office
37 of performance review and the office of financial management to
38 facilitate the implementation of effective performance measures

1 throughout state government. In agencies and programs where effective
2 systems for performance measurement exist, the measurements
3 incorporated into those systems should be a basis for performance
4 audits conducted under this chapter.

5 **Sec. 110.** RCW 44.28.075 and 1996 c 288 s 10 are each amended to
6 read as follows:

7 (1) Subject to the requirements of the performance audit work plan
8 approved by ~~((the joint committee))~~ members of the performance audit
9 office under RCW 44.28.083, performance audits may, in addition to the
10 ~~((determinations))~~ factors and matters that may be made in such an
11 audit as specified in RCW 44.28.005, include the following:

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

14 (b) Identification of viable alternatives for reducing costs or
15 improving service delivery;

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

18 (d) Comparison with other states whose agencies perform similar
19 functions, as well as their relative funding levels and performance.

20 (2) As part of a performance audit, the legislative auditor may
21 review the costs of programs recently implemented by the legislature to
22 compare actual agency costs with the appropriations provided and the
23 cost estimates that were included in the fiscal note for the program at
24 the time the program was enacted.

25 **Sec. 111.** RCW 44.28.080 and 1996 c 288 s 11 are each amended to
26 read as follows:

27 The ~~((joint committee has the following powers))~~ legislative
28 auditor shall:

29 (1) ~~((To))~~ Make examinations and reports concerning whether or not
30 appropriations are being expended for the purposes and within the
31 statutory restrictions provided by the legislature; and concerning the
32 organization and operation of procedures necessary or desirable to
33 promote economy, efficiency, and effectiveness in state government, its
34 officers, boards, committees, commissions, institutions, and other
35 state agencies, and ~~((to))~~ make recommendations and reports to the
36 legislature.

1 (2) ~~((Tø))~~ Make such other studies and examinations of economy,
2 efficiency, and effectiveness of state government and its state
3 agencies as ~~((it))~~ the legislative auditor may find advisable, and
4 ~~((tø))~~ hear complaints, hold hearings, gather information, and make
5 findings of fact with respect thereto.

6 (3) ~~((Tø))~~ Conduct program and fiscal reviews of any state agency
7 or program scheduled for termination under the process provided under
8 chapter 43.131 RCW.

9 (4) ~~((Tø))~~ Perform other legislative staff studies of state
10 government or the use of state funds.

11 (5) ~~((Tø))~~ Conduct performance audits in accordance with the work
12 plan adopted by ~~((the joint committee))~~ members of the performance
13 audit office under RCW ~~((44.28.180))~~ 44.28.083.

14 (6) ~~((Tø))~~ Receive a copy of each report of examination or audit
15 issued by the state auditor for examinations or audits that were
16 conducted at the request of the ~~((joint committee))~~ members of the
17 performance audit office and ~~((tø))~~ make recommendations as ~~((it))~~ the
18 legislative auditor deems appropriate as a separate addendum to the
19 report or audit.

20 (7) ~~((Tø))~~ Develop internal tracking procedures that will allow the
21 legislature to measure the effectiveness of performance audits
22 conducted by the ~~((joint committee))~~ legislative auditor including,
23 where appropriate, measurements of cost-savings and increases in
24 efficiency and effectiveness in how state agencies deliver their
25 services.

26 (8) ~~((Tø))~~ Receive messages and reports in person or in writing
27 from the governor or any other state officials and ~~((tø))~~ study
28 generally any and all business relating to economy, efficiency, and
29 effectiveness in state government and state agencies.

30 **Sec. 112.** RCW 44.28.083 and 1996 c 288 s 12 are each amended to
31 read as follows:

32 (1) During the regular legislative session of each odd-numbered
33 year, beginning with 1997, the ~~((joint legislative audit and review~~
34 ~~committee))~~ members of the performance audit office shall develop and
35 approve a performance audit work plan for the legislative auditor to
36 follow over the subsequent sixteen to twenty-four-month period and an
37 overall work plan that identifies state agency programs, state
38 agencies, and local government programs that are in whole or in part

1 funded by state moneys, for which formal evaluation appears necessary.
2 Consideration shall be given to recommendations presented by
3 legislative standing committees. Among the factors to be considered in
4 preparing the work plans are:

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

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

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

14 (2) The project description for each performance audit must include
15 start and completion dates, the proposed approach, and cost estimates.

16 (3) The legislative auditor may consult with the chairs and staff
17 of appropriate legislative committees, the state auditor, and the
18 director of financial management in developing the performance audit
19 work plan.

20 (4) The performance audit work plan and the overall work plan may
21 include proposals to employ contract resources. As conditions warrant,
22 the performance audit work plan and the overall work plan may be
23 amended from time to time. All performance audit work plans shall be
24 transmitted to the appropriate fiscal and policy committees of the
25 senate and the house of representatives no later than the sixtieth day
26 of the regular legislative session of each odd-numbered year(~~(~~
27 ~~beginning with 1997)~~). All overall work plans shall be transmitted to
28 the appropriate fiscal and policy committees of the senate and the
29 house of representatives.

30 **Sec. 113.** RCW 44.28.088 and 1996 c 288 s 13 are each amended to
31 read as follows:

32 (1) When the legislative auditor has completed a performance audit
33 authorized in the performance audit work plan, the legislative auditor
34 shall transmit the preliminary performance audit report to the affected
35 state agency or local government and the office of financial management
36 for response or comment. The state agency or local government and the
37 office of financial management shall provide any response or comment to
38 the legislative auditor within thirty days after receipt of the

1 preliminary performance audit report unless a different time period is
2 approved by the (~~joint committee~~) legislative auditor. The
3 legislative auditor shall incorporate or respond to the responses and
4 comments of the state agency or local government and the office of
5 financial management (~~into~~) in the final performance audit report.

6 (2) Before releasing the results of a performance audit to the
7 legislature or the public, the legislative auditor shall submit the
8 preliminary performance audit report to the (~~joint committee for its~~)
9 members of the performance audit office for review, comments, and
10 (~~final~~) recommendations. Any comments by the (~~joint committee~~)
11 members of the performance audit office must be included as a separate
12 addendum to the final performance audit report. Upon consideration and
13 incorporation of the review, comments, and recommendations of the
14 (~~joint committee~~) members of the performance audit office, the
15 legislative auditor shall transmit the final performance audit report
16 to the affected agency or local government, the director of financial
17 management, the leadership of the senate and the house of
18 representatives, and the appropriate standing committees of the house
19 of representatives and the senate and shall publish the results and
20 make the report available to the public. For purposes of this section,
21 "leadership of the senate and the house of representatives" means the
22 speaker of the house, the majority leaders of the senate and the house
23 of representatives, the minority leaders of the senate and the house of
24 representatives, the caucus chairs of both major political parties of
25 the senate and the house of representatives, and the floor leaders of
26 both major political parties of the senate and the house of
27 representatives.

28 **Sec. 114.** RCW 44.28.094 and 1996 c 288 s 15 are each amended to
29 read as follows:

30 Subject to (~~the joint committee's~~) approval by the members of the
31 performance audit office, the (~~office of the joint committee~~)
32 legislative auditor and the performance audit office shall undergo an
33 external quality control review within three years of June 6, 1996, and
34 at regular intervals thereafter. The review must be conducted by an
35 independent organization that has experience in conducting performance
36 audits. The quality control review must include, at a minimum, an
37 evaluation of the quality of the audits conducted by the (~~joint~~
38 ~~committee~~) legislative auditor, an assessment of the audit procedures

1 used by the (~~joint committee~~) legislative auditor, and an assessment
2 of the qualifications of the (~~joint committee~~) legislative auditor
3 and staff of the performance audit office to conduct performance
4 audits.

5 **Sec. 115.** RCW 44.28.097 and 1996 c 288 s 18 are each amended to
6 read as follows:

7 All agency reports concerning program performance, including
8 administrative review, quality control, and other internal audit or
9 performance reports, as requested by the (~~joint committee~~)
10 legislative auditor, shall be furnished by the agency requested to
11 provide such report.

12 **Sec. 116.** RCW 44.28.100 and 1996 c 288 s 19 are each amended to
13 read as follows:

14 (1) The (~~joint committee~~) legislative auditor may make reports
15 from time to time to the members of the legislature and to the public
16 with respect to any of (~~its~~) the legislative auditor's findings or
17 recommendations.

18 (2) The (~~joint committee shall keep~~) legislative auditor shall
19 ensure that complete minutes of (~~its~~) the meetings of the members of
20 the performance audit office are kept.

21 **Sec. 117.** RCW 44.28.110 and 1955 c 206 s 8 are each amended to
22 read as follows:

23 In the discharge of any duty herein imposed, the (~~committee or any~~
24 ~~personnel under its authority and its subcommittees shall have~~)
25 legislative auditor has the authority to examine and inspect all
26 properties, equipment, facilities, files, records and accounts of any
27 state (~~office, department, institution, board, committee, commission~~
28 ~~or~~) agency(~~()~~) or local government and to administer oaths(~~()~~). If
29 authorized by majority vote of the members of the performance audit
30 office, the legislative auditor may issue subpoenas, compel the
31 attendance of witnesses and the production of any papers, books,
32 accounts, documents and testimony, and to cause the deposition of
33 witnesses, either residing within or without the state, to be taken in
34 the manner prescribed by laws for taking depositions in civil actions
35 in the superior courts.

1 **Sec. 118.** RCW 44.28.120 and 1996 c 288 s 20 are each amended to
2 read as follows:

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

12 **Sec. 119.** RCW 44.28.130 and 1996 c 288 s 21 are each amended to
13 read as follows:

14 Each witness who appears before the (~~joint committee~~) legislative
15 auditor by (~~its~~) order of the legislative auditor, other than a state
16 official or employee, shall receive for his or her attendance the fees
17 and mileage provided for witnesses in civil cases in courts of record,
18 which shall be audited and paid upon the presentation of proper
19 vouchers signed by such witness (~~, verified~~) and approved by the
20 legislative auditor (~~, and approved by the chair and the vice chair of~~
21 ~~the joint committee~~)).

22 **Sec. 120.** RCW 44.28.150 and 1996 c 288 s 22 are each amended to
23 read as follows:

24 The (~~joint committee~~) legislative auditor shall cooperate, act,
25 and function with legislative committees and with the councils or
26 committees of other states similar to (~~this joint committee~~) the
27 legislative auditor and with other interstate research organizations.

28 **Sec. 121.** RCW 44.28.155 and 1997 c 58 s 705 are each amended to
29 read as follows:

30 (1) The (~~joint legislative audit and review committee~~)
31 legislative auditor shall conduct an evaluation of the effectiveness of
32 the WorkFirst program described in chapter 58, Laws of 1997, including
33 the job opportunities and basic skills training program and any
34 approved private, county, or local government WorkFirst program. The
35 evaluation shall assess the success of the program in assisting clients
36 to become employed and to reduce their use of temporary assistance for

1 needy families. The study shall include but not be limited to the
2 following:

3 (a) An assessment of employment outcomes, including hourly wages,
4 hours worked, and total earnings, for clients;

5 (b) A comparison of temporary assistance for needy families
6 outcomes, including grant amounts and program exits, for clients; and

7 (c) An audit of the performance-based contract for each private
8 nonprofit contractor for job opportunities and basic skills training
9 program services. The ~~((joint legislative audit and review committee))~~
10 legislative auditor may contract with the Washington institute for
11 public policy for appropriate portions of the evaluation required by
12 this section.

13 (2) Administrative data shall be provided by the department of
14 social and health services, the employment security department, the
15 state board for community and technical colleges, local governments,
16 and private contractors. The department of social and health services
17 shall require contractors to provide administrative and outcome data
18 needed for this study as a condition of contract compliance.

19 **Sec. 122.** RCW 44.28.800 and 1998 c 297 s 61 are each amended to
20 read as follows:

21 The ~~((joint legislative audit and review committee))~~ legislative
22 auditor shall conduct an evaluation of the efficiency and effectiveness
23 of chapter 297, Laws of 1998 in meeting its stated goals. Such an
24 evaluation shall include the operation of the state mental hospitals
25 and the regional support networks, as well as any other appropriate
26 entity. The ~~((joint legislative audit and review committee))~~
27 legislative auditor shall prepare an interim report of ~~((its))~~ the
28 legislative auditor's findings which shall be delivered to the
29 appropriate legislative committees of the house of representatives and
30 the senate no later than September 1, 2000. In addition, the ~~((joint~~
31 ~~legislative audit and review committee))~~ legislative auditor shall
32 prepare a final report of ~~((its))~~ the legislative auditor's findings
33 which shall be delivered to the appropriate legislative committees of
34 the house of representatives and the senate no later than January 1,
35 2001.

36

PART II - REFERENCES

1 **Sec. 201.** RCW 28A.630.830 and 1996 c 288 s 26 are each amended to
2 read as follows:

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

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

13 (3) The selection advisory committee shall:

14 (a) Develop appropriate criteria for selecting demonstration
15 projects;

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

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

20 (d) Advise the superintendent of public instruction on the
21 evaluation design.

22 **Sec. 202.** RCW 28B.20.382 and 1999 c 346 s 3 are each amended to
23 read as follows:

24 (1) Until authorized by statute of the legislature, the board of
25 regents of the university, with respect to the university tract, shall
26 not sell the land or any part thereof or any improvement thereon, or
27 lease the land or any part thereof or any improvement thereon or renew
28 or extend any lease thereof for a term of more than eighty years. Any
29 sale of the land or any part thereof or any improvement thereon, or any
30 lease or renewal or extension of any lease of the land or any part
31 thereof or any improvement thereon for a term of more than eighty years
32 made or attempted to be made by the board of regents shall be null and
33 void until the same has been approved or ratified and confirmed by
34 legislative act.

35 (2) The board of regents shall have power from time to time to
36 lease the land, or any part thereof or any improvement thereon for a
37 term of not more than eighty years. Any and all records, books,
38 accounts, and agreements of any lessee or sublessee under this section,

1 pertaining to compliance with the terms and conditions of such lease or
2 sublease, shall be open to inspection by the board of regents, the
3 legislative auditor, and the ways and means committee of the
4 senate((7)) and the appropriations committee of the house of
5 representatives, ((and the joint legislative audit and review
6 committee)) or any successor committees. It is not intended that
7 unrelated records, books, accounts, and agreements of lessees,
8 sublessees, or related companies be open to such inspection. The board
9 of regents shall make a full, detailed report of all leases and
10 transactions pertaining to the land or any part thereof or any
11 improvement thereon to the ((joint legislative audit and review
12 committee)) legislative auditor, including one copy to the staff of the
13 committee, during odd-numbered years.

14 (3) The net proceeds from the sale or lease of land in the
15 university tract, or any part thereof or any improvement thereon, shall
16 be deposited into the University of Washington facilities bond
17 retirement account hereby established outside the state treasury as a
18 nonappropriated local fund to be used exclusively for the purpose of
19 erecting, altering, maintaining, equipping, or furnishing buildings at
20 the University of Washington. The board of regents shall transfer from
21 the University of Washington facilities bond retirement account to the
22 University of Washington building account under RCW 43.79.080 any funds
23 in excess of amounts reasonably necessary for payment of debt service
24 in combination with other nonappropriated local funds related to
25 capital projects for which debt service is required under section 4,
26 chapter 380, Laws of 1999.

27 **Sec. 203.** RCW 39.29.080 and 1997 c 373 s 1 are each amended to
28 read as follows:

29 A state agency may not enter into a personal services contract with
30 a consultant under which the consultant could charge additional costs
31 to the agency, the ((joint legislative audit and review committee))
32 legislative auditor, or the state auditor for access to data generated
33 under the contract. A consultant under such contract shall provide
34 access to data generated under the contract to the contracting agency,
35 the ((joint legislative audit and review committee)) legislative
36 auditor, and the state auditor. For purposes of this section, "data"
37 includes all information that supports the findings, conclusions, and

1 recommendations of the consultant's reports, including computer models
2 and the methodology for those models.

3 **Sec. 204.** RCW 41.06.070 and 1998 c 245 s 40 are each amended to
4 read as follows:

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

6 (a) The members of the legislature or to any employee of, or
7 position in, the legislative branch of the state government including
8 the legislative auditor, state actuary, and members, officers, and
9 employees of the ((legislative council, joint legislative audit and
10 review committee)) performance audit office, statute law committee, and
11 any ((interim)) other office, authority, agency, or committee of the
12 legislature;

13 (b) The justices of the supreme court, judges of the court of
14 appeals, judges of the superior courts or of the inferior courts, or to
15 any employee of, or position in the judicial branch of state
16 government;

17 (c) Officers, academic personnel, and employees of technical
18 colleges;

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

20 (e) Elective officers of the state;

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

22 (g) In the departments of employment security and social and health
23 services, the director and the director's confidential secretary; in
24 all other departments, the executive head of which is an individual
25 appointed by the governor, the director, his or her confidential
26 secretary, and his or her statutory assistant directors;

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

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

31 (ii) If the members of the board, commission, or committee serve on
32 a part-time basis and there is a statutory executive officer: The
33 secretary of the board, commission, or committee; the chief executive
34 officer of the board, commission, or committee; and the confidential
35 secretary of the chief executive officer of the board, commission, or
36 committee;

37 (iii) If the members of the board, commission, or committee serve
38 on a full-time basis: The chief executive officer or administrative

1 officer as designated by the board, commission, or committee; and a
2 confidential secretary to the chair of the board, commission, or
3 committee;

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

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

9 (j) Assistant attorneys general;

10 (k) Commissioned and enlisted personnel in the military service of
11 the state;

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

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

17 (n) Officers and employees of the Washington state fruit
18 commission;

19 (o) Officers and employees of the Washington state apple
20 advertising commission;

21 (p) Officers and employees of the Washington state dairy products
22 commission;

23 (q) Officers and employees of the Washington tree fruit research
24 commission;

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

26 (s) Officers and employees of any commission formed under chapter
27 15.66 RCW;

28 ~~(t) ((Officers and employees of the state wheat commission formed
29 under chapter 15.63 RCW;~~

30 ~~(u))~~ Officers and employees of agricultural commissions formed
31 under chapter 15.65 RCW;

32 ~~((v))~~ (u) Officers and employees of the nonprofit corporation
33 formed under chapter 67.40 RCW;

34 ~~((w))~~ (v) Executive assistants for personnel administration and
35 labor relations in all state agencies employing such executive
36 assistants including but not limited to all departments, offices,
37 commissions, committees, boards, or other bodies subject to the
38 provisions of this chapter and this subsection shall prevail over any

1 provision of law inconsistent herewith unless specific exception is
2 made in such law;

3 ~~((x))~~ (w) In each agency with fifty or more employees: Deputy
4 agency heads, assistant directors or division directors, and not more
5 than three principal policy assistants who report directly to the
6 agency head or deputy agency heads;

7 ~~((y))~~ (x) All employees of the marine employees' commission;

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

12 ~~(aa))~~ (y) Staff employed by the department of community, trade,
13 and economic development to administer energy policy functions and
14 manage energy site evaluation council activities under RCW
15 43.21F.045(2)(m);

16 ~~((bb))~~ (z) Staff employed by Washington State University to
17 administer energy education, applied research, and technology transfer
18 programs under RCW 43.21F.045 as provided in RCW 28B.30.900(5).

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

22 (a) Members of the governing board of each institution of higher
23 education and related boards, all presidents, vice-presidents, and
24 their confidential secretaries, administrative, and personal
25 assistants; deans, directors, and chairs; academic personnel; and
26 executive heads of major administrative or academic divisions employed
27 by institutions of higher education; principal assistants to executive
28 heads of major administrative or academic divisions; other managerial
29 or professional employees in an institution or related board having
30 substantial responsibility for directing or controlling program
31 operations and accountable for allocation of resources and program
32 results, or for the formulation of institutional policy, or for
33 carrying out personnel administration or labor relations functions,
34 legislative relations, public information, development, senior computer
35 systems and network programming, or internal audits and investigations;
36 and any employee of a community college district whose place of work is
37 one which is physically located outside the state of Washington and who
38 is employed pursuant to RCW 28B.50.092 and assigned to an educational
39 program operating outside of the state of Washington;

1 (b) Student, part-time, or temporary employees, and part-time
2 professional consultants, as defined by the Washington personnel
3 resources board, employed by institutions of higher education and
4 related boards;

5 (c) The governing board of each institution, and related boards,
6 may also exempt from this chapter classifications involving research
7 activities, counseling of students, extension or continuing education
8 activities, graphic arts or publications activities requiring
9 prescribed academic preparation or special training as determined by
10 the board: PROVIDED, That no nonacademic employee engaged in office,
11 clerical, maintenance, or food and trade services may be exempted by
12 the board under this provision;

13 (d) Printing craft employees in the department of printing at the
14 University of Washington.

15 (3) In addition to the exemptions specifically provided by this
16 chapter, the Washington personnel resources board may provide for
17 further exemptions pursuant to the following procedures. The governor
18 or other appropriate elected official may submit requests for exemption
19 to the Washington personnel resources board stating the reasons for
20 requesting such exemptions. The Washington personnel resources board
21 shall hold a public hearing, after proper notice, on requests submitted
22 pursuant to this subsection. If the board determines that the position
23 for which exemption is requested is one involving substantial
24 responsibility for the formulation of basic agency or executive policy
25 or one involving directing and controlling program operations of an
26 agency or a major administrative division thereof, the Washington
27 personnel resources board shall grant the request and such
28 determination shall be final as to any decision made before July 1,
29 1993. The total number of additional exemptions permitted under this
30 subsection shall not exceed one percent of the number of employees in
31 the classified service not including employees of institutions of
32 higher education and related boards for those agencies not directly
33 under the authority of any elected public official other than the
34 governor, and shall not exceed a total of twenty-five for all agencies
35 under the authority of elected public officials other than the
36 governor.

37 The salary and fringe benefits of all positions presently or
38 hereafter exempted except for the chief executive officer of each
39 agency, full-time members of boards and commissions, administrative

1 assistants and confidential secretaries in the immediate office of an
2 elected state official, and the personnel listed in subsections (1)(j)
3 through ~~((v), (y), (z))~~ (u), (x), and (2) of this section, shall be
4 determined by the Washington personnel resources board. However,
5 beginning with changes proposed for the 1997-99 fiscal biennium,
6 changes to the classification plan affecting exempt salaries must meet
7 the same provisions for classified salary increases resulting from
8 adjustments to the classification plan as outlined in RCW 41.06.152.

9 Any person holding a classified position subject to the provisions
10 of this chapter shall, when and if such position is subsequently
11 exempted from the application of this chapter, be afforded the
12 following rights: If such person previously held permanent status in
13 another classified position, such person shall have a right of
14 reversion to the highest class of position previously held, or to a
15 position of similar nature and salary.

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

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

23 **Sec. 205.** RCW 42.48.060 and 1996 c 288 s 34 are each amended to
24 read as follows:

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

28 **Sec. 206.** RCW 43.09.310 and 1996 c 288 s 35 are each amended to
29 read as follows:

30 The state auditor shall annually audit the state-wide combined
31 financial statements prepared by the office of financial management and
32 make post-audits of state agencies. Post-audits of state agencies
33 shall be made at such periodic intervals as is determined by the state
34 auditor. Audits of combined financial statements shall include
35 determinations as to the validity and accuracy of accounting methods,
36 procedures and standards utilized in their preparation, as well as the
37 accuracy of the financial statements themselves. A report shall be

1 made of each such audit and post-audit upon completion thereof, and one
2 copy shall be transmitted to the governor, one to the director of
3 financial management, one to the state agency audited, one to the
4 (~~joint legislative audit and review committee~~) legislative auditor,
5 one each to the standing committees on ways and means of the house and
6 senate, one to the chief clerk of the house, one to the secretary of
7 the senate, and at least one shall be kept on file in the office of the
8 state auditor. A copy of any report containing findings of
9 noncompliance with state law shall be transmitted to the attorney
10 general.

11 **Sec. 207.** RCW 43.79.270 and 1998 c 177 s 1 are each amended to
12 read as follows:

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

31 (2) Notwithstanding subsection (1) of this section, whenever money
32 from any source that was not anticipated in the transportation budget
33 approved by the legislature has actually been received and is
34 designated to be spent for a specific purpose, the head of a
35 department, agency, board, or commission through which the expenditure
36 must be made shall submit to the governor a statement, which may be in
37 the form of a request for an allotment amendment, setting forth the
38 facts constituting the need for the expenditure and the estimated

1 amount to be expended. However, no expenditure may be made in excess
2 of the actual amount received, and no money may be expended for any
3 purpose except the specific purpose for which it was received. A copy
4 of any proposal submitted to the governor to expend money from an
5 appropriated transportation fund or account in excess of appropriations
6 provided by law that is based on the receipt of unanticipated revenues
7 must be submitted, at a minimum, to the standing committees on
8 transportation of the house and senate, if the legislature is in
9 session, at the same time as it is transmitted to the governor. During
10 the legislative interim, any such proposal must be submitted to the
11 legislative transportation committee.

12 **Sec. 208.** RCW 43.79.280 and 1998 c 177 s 2 are each amended to
13 read as follows:

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

25 (2) If the governor approves an estimate with transportation
26 funding implications, in whole or part, he shall endorse on each copy
27 of the statement his approval, together with a statement of the amount
28 approved in the form of an allotment amendment, and transmit one copy
29 to the head of the department, agency, board, or commission authorizing
30 the expenditure. An identical copy of the governor's statement of
31 approval of a proposal to expend transportation money in excess of
32 appropriations provided by law and a statement of the amount approved
33 for expenditure must be transmitted simultaneously to the standing
34 committees on transportation of the house and senate. During the
35 legislative interim, all estimate approvals endorsed by the governor
36 along with a statement of the amount approved in the form of an
37 allotment amendment must be transmitted simultaneously to the
38 legislative transportation committee.

1 **Sec. 209.** RCW 43.88.020 and 1996 c 288 s 23 are each amended to
2 read as follows:

3 (1) "Budget" means a proposed plan of expenditures for a given
4 period or purpose and the proposed means for financing these
5 expenditures.

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

9 (3) "Director of financial management" means the official appointed
10 by the governor to serve at the governor's pleasure and to whom the
11 governor may delegate necessary authority to carry out the governor's
12 duties as provided in this chapter. The director of financial
13 management shall be head of the office of financial management which
14 shall be in the office of the governor.

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

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

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

29 (7) "Ensuing biennium" means the fiscal biennium beginning on July
30 1st of the same year in which a regular session of the legislature is
31 held during an odd-numbered year pursuant to Article II, section 12 of
32 the Constitution and which biennium next succeeds the current biennium.

33 (8) "Dedicated fund" means a fund in the state treasury, or a
34 separate account or fund in the general fund in the state treasury,
35 that by law is dedicated, appropriated, or set aside for a limited
36 object or purpose; but "dedicated fund" does not include a revolving
37 fund or a trust fund.

38 (9) "Revolving fund" means a fund in the state treasury,
39 established by law, from which is paid the cost of goods or services

1 furnished to or by a state agency, and which is replenished through
2 charges made for such goods or services or through transfers from other
3 accounts or funds.

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

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

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

15 (13) "Lapse" means the termination of authority to expend an
16 appropriation.

17 (14) "Legislative fiscal committees" means the (~~joint legislative~~
18 ~~audit and review committee~~) legislative auditor, the legislative
19 evaluation and accountability program committee, the ways and means
20 committees of the senate and house of representatives, and, where
21 appropriate, the legislative transportation committee.

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

24 (16) "Primary budget driver" means the primary determinant of a
25 budget level, other than a price variable, which causes or is
26 associated with the major expenditure of an agency or budget unit
27 within an agency, such as a caseload, enrollment, workload, or
28 population statistic.

29 (17) "State tax revenue limit" means the limitation created by
30 chapter 43.135 RCW.

31 (18) "General state revenues" means the revenues defined by Article
32 VIII, section 1(c) of the state Constitution.

33 (19) "Annual growth rate in real personal income" means the
34 estimated percentage growth in personal income for the state during the
35 current fiscal year, expressed in constant value dollars, as published
36 by the office of financial management or its successor agency.

37 (20) "Estimated revenues" means estimates of revenue in the most
38 recent official economic and revenue forecast prepared under RCW
39 82.33.020, and prepared by the office of financial management for those

1 funds, accounts, and sources for which the office of the economic and
2 revenue forecast council does not prepare an official forecast
3 including estimates of revenues to support financial plans under RCW
4 44.40.070, that are prepared by the office of financial management in
5 consultation with the interagency task force.

6 (21) "Estimated receipts" means the estimated receipt of cash in
7 the most recent official economic and revenue forecast prepared under
8 RCW 82.33.020, and prepared by the office of financial management for
9 those funds, accounts, and sources for which the office of the economic
10 and revenue forecast council does not prepare an official forecast.

11 (22) "State budgeting, accounting, and reporting system" means a
12 system that gathers, maintains, and communicates fiscal information.
13 The system links fiscal information beginning with development of
14 agency budget requests through adoption of legislative appropriations
15 to tracking actual receipts and expenditures against approved plans.

16 (23) "Allotment of appropriation" means the agency's statement of
17 proposed expenditures, the director of financial management's review of
18 that statement, and the placement of the approved statement into the
19 state budgeting, accounting, and reporting system.

20 (24) "Statement of proposed expenditures" means a plan prepared by
21 each agency that breaks each appropriation out into monthly detail
22 representing the best estimate of how the appropriation will be
23 expended.

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

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

35 (27) "Performance verification" means an analysis that (a) verifies
36 the accuracy of data used by state agencies in quantifying intended
37 results and measuring performance toward those results, and (b)
38 verifies whether or not the reported results were achieved.

1 (28) "Performance audit" has the same meaning as it is defined in
2 RCW 44.28.005.

3 **Sec. 210.** RCW 43.88.090 and 1997 c 372 s 1 are each amended to
4 read as follows:

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

16 The estimates shall include statements or tables which indicate, by
17 agency, the state funds which are required for the receipt of federal
18 matching revenues. The estimates shall be revised as necessary to
19 reflect legislative enactments and adopted appropriations and shall be
20 included with the initial biennial allotment submitted under RCW
21 43.88.110. The estimates must reflect that the agency considered any
22 alternatives to reduce costs or improve service delivery identified in
23 the findings of a performance audit of the agency by the (~~joint~~
24 ~~legislative audit and review committee~~) legislative auditor. Nothing
25 in this subsection requires performance audit findings to be published
26 as part of the budget.

27 (2) Each state agency shall define its mission and establish
28 measurable goals for achieving desirable results for those who receive
29 its services and the taxpayers who pay for those services. Each agency
30 shall also develop clear strategies and timelines to achieve its goals.
31 This section does not require an agency to develop a new mission or
32 goals in place of identifiable missions or goals that meet the intent
33 of this section. The mission and goals of each agency must conform to
34 statutory direction and limitations.

35 (3) For the purpose of assessing program performance, each state
36 agency shall establish program objectives for each major program in its
37 budget. The objectives must be consistent with the missions and goals
38 developed under this section. The objectives must be expressed to the

1 extent practicable in outcome-based, objective, and measurable form
2 unless an exception to adopt a different standard is granted by the
3 office of financial management and approved by the legislative
4 committee on performance review. The office of financial management
5 shall provide necessary professional and technical assistance to assist
6 state agencies in the development of strategic plans that include the
7 mission of the agency and its programs, measurable goals, strategies,
8 and performance measurement systems.

9 (4) Each state agency shall adopt procedures for continuous self-
10 assessment of each program and activity, using the mission, goals,
11 objectives, and measurements required under subsections (2) and (3) of
12 this section.

13 (5) It is the policy of the legislature that each agency's budget
14 proposals must be directly linked to the agency's stated mission and
15 program goals and objectives. Consistent with this policy, agency
16 budget proposals must include integration of performance measures that
17 allow objective determination of a program's success in achieving its
18 goals. The office of financial management shall develop a plan to
19 merge the budget development process with agency performance assessment
20 procedures. The plan must include a schedule to integrate agency
21 strategic plans and performance measures into agency budget requests
22 and the governor's budget proposal over three fiscal biennia. The plan
23 must identify those agencies that will implement the revised budget
24 process in the 1997-1999 biennium, the 1999-2001 biennium, and the
25 2001-2003 biennium. In consultation with the legislative fiscal
26 committees, the office of financial management shall recommend
27 statutory and procedural modifications to the state's budget,
28 accounting, and reporting systems to facilitate the performance
29 assessment procedures and the merger of those procedures with the state
30 budget process. The plan and recommended statutory and procedural
31 modifications must be submitted to the legislative fiscal committees by
32 September 30, 1996.

33 (6) In the year of the gubernatorial election, the governor shall
34 invite the governor-elect or the governor-elect's designee to attend
35 all hearings provided in RCW 43.88.100; and the governor shall furnish
36 the governor-elect or the governor-elect's designee with such
37 information as will enable the governor-elect or the governor-elect's
38 designee to gain an understanding of the state's budget requirements.
39 The governor-elect or the governor-elect's designee may ask such

1 questions during the hearings and require such information as the
2 governor-elect or the governor-elect's designee deems necessary and may
3 make recommendations in connection with any item of the budget which,
4 with the governor-elect's reasons therefor, shall be presented to the
5 legislature in writing with the budget document. Copies of all such
6 estimates and other required information shall also be submitted to the
7 standing committees on ways and means of the house and senate.

8 **Sec. 211.** RCW 43.88.160 and 1998 c 135 s 1 are each amended to
9 read as follows:

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

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

1 reports as the director deems necessary from all agencies covering any
2 period.

3 (2) Except as provided in chapter 43.88C RCW, the director of
4 financial management is responsible for quarterly reporting of primary
5 operating budget drivers such as applicable workloads, caseload
6 estimates, and appropriate unit cost data. These reports shall be
7 transmitted to the legislative fiscal committees or by electronic means
8 to the legislative evaluation and accountability program committee.
9 Quarterly reports shall include actual monthly data and the variance
10 between actual and estimated data to date. The reports shall also
11 include estimates of these items for the remainder of the budget
12 period.

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

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

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

35 Each agency head or authorized designee shall be assigned the
36 responsibility and authority for establishing and maintaining internal
37 audits following the standards of internal auditing of the institute of
38 internal auditors;

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

6 (c) Establish policies for allowing the contracting of child care
7 services;

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

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

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

28 (g) Adopt rules to effectuate provisions contained in (a) through
29 (f) of this subsection.

30 (5) The treasurer shall:

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

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

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

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

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

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

39 (6) The state auditor shall:

1 (a) Report to the legislature the results of current post audits
2 that have been made of the financial transactions of each agency; to
3 this end the state auditor may, in the state auditor's discretion,
4 examine the books and accounts of any agency, official, or employee
5 charged with the receipt, custody, or safekeeping of public funds.
6 Where feasible in conducting examinations, the state auditor shall
7 utilize data and findings from the internal control system prescribed
8 by the office of financial management. The current post audit of each
9 agency may include a section on recommendations to the legislature as
10 provided in (c) of this subsection.

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

13 (c) Make the state auditor's official report on or before the
14 thirty-first of December which precedes the meeting of the legislature.
15 The report shall be for the last complete fiscal period and shall
16 include determinations as to whether agencies, in making expenditures,
17 complied with the laws of this state. The state auditor is authorized
18 to perform or participate in performance verifications and performance
19 audits as expressly authorized by the legislature in the omnibus
20 biennial appropriations acts or in the performance audit work plan
21 approved by the (~~joint legislative audit and review committee~~)
22 members of the performance audit office. The state auditor, upon
23 completing an audit for legal and financial compliance under chapter
24 43.09 RCW or a performance verification, may report to the (~~joint~~
25 ~~legislative audit and review committee~~) legislative auditor or
26 (~~other~~) appropriate committees of the legislature, in a manner
27 prescribed by the (~~joint legislative audit and review committee~~)
28 legislative auditor, on facts relating to the management or performance
29 of governmental programs where such facts are discovered incidental to
30 the legal and financial audit or performance verification. The state
31 auditor may make such a report to the legislative auditor or a
32 legislative committee only if the state auditor has determined that the
33 agency has been given an opportunity and has failed to resolve the
34 management or performance issues raised by the state auditor. If the
35 state auditor makes a report to the legislative auditor or a
36 legislative committee, the agency may submit to the legislative auditor
37 or committee a response to the report. This subsection (6) shall not
38 be construed to authorize the state auditor to allocate other than de
39 minimis resources to performance audits except as expressly authorized

1 in the appropriations acts or in the performance audit work plan. The
2 results of a performance audit conducted by the state auditor that has
3 been requested by the (~~joint legislative audit and review committee~~)
4 legislative auditor must only be transmitted to the (~~joint legislative~~
5 ~~audit and review committee~~) legislative auditor.

6 (d) Be empowered to take exception to specific expenditures that
7 have been incurred by any agency or to take exception to other
8 practices related in any way to the agency's financial transactions and
9 to cause such exceptions to be made a matter of public record,
10 including disclosure to the agency concerned and to the director of
11 financial management. It shall be the duty of the director of
12 financial management to cause corrective action to be taken within six
13 months, such action to include, as appropriate, the withholding of
14 funds as provided in RCW 43.88.110. The director of financial
15 management shall annually report by December 31st the status of audit
16 resolution to the appropriate committees of the legislature, the state
17 auditor, and the attorney general. The director of financial
18 management shall include in the audit resolution report actions taken
19 as a result of an audit including, but not limited to, types of
20 personnel actions, costs and types of litigation, and value of recouped
21 goods or services.

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

23 (f) Investigate improper governmental activity under chapter 42.40
24 RCW.

25 (7) The (~~joint legislative audit and review committee~~)
26 legislative auditor may:

27 (a) Make post audits of the financial transactions of any agency
28 and management surveys and program reviews as provided for in chapter
29 44.28 RCW as well as performance audits and program evaluations. To
30 this end the (~~joint committee~~) legislative auditor may in (~~its~~) the
31 legislative auditor's discretion examine the books, accounts, and other
32 records of any agency, official, or employee.

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

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

38 (i) Determinations as to the extent to which agencies in making
39 expenditures have complied with the will of the legislature and in this

1 connection, may take exception to specific expenditures or financial
2 practices of any agencies; and

3 (ii) Such plans as ~~((it))~~ the legislative auditor deems expedient
4 for the support of the state's credit, for lessening expenditures, for
5 promoting frugality and economy in agency affairs, and generally for an
6 improved level of fiscal management.

7 **Sec. 212.** RCW 43.88.205 and 1996 c 288 s 39 are each amended to
8 read as follows:

9 (1) Whenever an agency makes application, enters into a contract or
10 agreement, or submits state plans for participation in, and for grants
11 of federal funds under any federal law, the agency making such
12 application shall at the time of such action, give notice in such form
13 and manner as the director of financial management may prescribe, or
14 the ~~((chair of the joint legislative audit and review committee))~~
15 legislative auditor, standing committees on ways and means of the house
16 and senate, the chief clerk of the house, or the secretary of the
17 senate may request.

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

22 (3) Such agency shall promptly furnish such progress reports in
23 relation to each such application, contract, agreement, or state plan
24 as may be requested following the date of the filing of the
25 application, contract, agreement, or state plan; and shall also file
26 with each such officer a final report as to the final disposition of
27 each such application, contract, agreement, or state plan if such is
28 requested.

29 **Sec. 213.** RCW 43.88.230 and 1996 c 288 s 40 are each amended to
30 read as follows:

31 For the purposes of this chapter, the statute law committee, the
32 ~~((joint legislative audit and review committee))~~ legislative auditor,
33 the legislative transportation committee, the legislative evaluation
34 and accountability program committee, the office of state actuary, and
35 all legislative standing committees of both houses shall be deemed a
36 part of the legislative branch of state government.

1 **Sec. 214.** RCW 43.88.310 and 1996 c 288 s 41 are each amended to
2 read as follows:

3 (1) The legislative auditor (~~(of the office of the joint~~
4 ~~legislative audit and review committee, with the concurrence of the~~
5 ~~joint legislative audit and review committee,)) may file with the
6 attorney general any audit exceptions or other findings of any
7 performance audit, management study, or special report prepared for the
8 (~~joint legislative audit and review committee~~) legislative auditor,
9 any standing or special committees of the house or senate, or the
10 entire legislature which indicate a violation of RCW 43.88.290, or any
11 other act of malfeasance, misfeasance, or nonfeasance on the part of
12 any state officer or employee.~~

13 (2) The attorney general shall promptly review each filing received
14 from the legislative auditor and may act thereon as provided in RCW
15 43.88.300, or any other applicable statute authorizing enforcement
16 proceedings by the attorney general. The attorney general shall advise
17 the (~~joint legislative audit and review committee~~) legislative
18 auditor of the status of exceptions or findings referred under this
19 section.

20 **Sec. 215.** RCW 43.88.510 and 1996 c 288 s 42 are each amended to
21 read as follows:

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

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

29 (2) The (~~chair of the joint legislative audit and review~~
30 ~~committee, including a copy to the staff of the committee~~) legislative
31 auditor;

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

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

1 **Sec. 216.** RCW 43.131.050 and 1996 c 288 s 43 are each amended to
2 read as follows:

3 The (~~joint legislative audit and review committee shall cause to~~
4 ~~be conducted~~) legislative auditor shall conduct a program and fiscal
5 review of any state agency or program scheduled for termination by the
6 processes provided in this chapter. Such program and fiscal review
7 shall be completed and a preliminary report prepared on or before June
8 30th of the year prior to the date established for termination. Upon
9 completion of (~~its~~) the preliminary report, the (~~joint legislative~~
10 ~~audit and review committee~~) legislative auditor shall transmit copies
11 of the report to the office of financial management. The office of
12 financial management may then conduct its own program and fiscal review
13 of the agency scheduled for termination and shall prepare a report on
14 or before September 30th of the year prior to the date established for
15 termination. Upon completion of its report the office of financial
16 management shall transmit copies of its report to the (~~joint~~
17 ~~legislative audit and review committee~~) legislative auditor. The
18 (~~joint legislative audit and review committee~~) legislative auditor
19 shall prepare a final report that includes the reports of both the
20 office of financial management and the (~~joint legislative audit and~~
21 ~~review committee~~) legislative auditor. The (~~joint legislative audit~~
22 ~~and review committee~~) legislative auditor and the office of financial
23 management shall, upon request, make available to each other all
24 working papers, studies, and other documents which relate to reports
25 required under this section. The (~~joint legislative audit and review~~
26 ~~committee~~) legislative auditor shall transmit the final report to the
27 legislature, to the state agency concerned, to the governor, and to the
28 state library.

29 **Sec. 217.** RCW 43.131.060 and 1996 c 288 s 44 are each amended to
30 read as follows:

31 In conducting the review of a regulatory entity, the (~~joint~~
32 ~~legislative audit and review committee~~) legislative auditor shall
33 consider, but not be limited to, the following factors where
34 applicable:

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

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

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

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

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

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

11 **Sec. 218.** RCW 43.131.070 and 1996 c 288 s 45 are each amended to
12 read as follows:

13 In conducting the review of a state agency other than a regulatory
14 entity, the ~~((joint legislative audit and review committee))~~
15 legislative auditor shall consider, but not be limited to, the
16 following factors where applicable:

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

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

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

24 (4) The extent to which the state agency duplicates the activities
25 of other state agencies or of the private sector, where appropriate;
26 and

27 (5) The extent to which the termination or modification of the
28 state agency would adversely affect the public health, safety, or
29 welfare.

30 **Sec. 219.** RCW 43.131.080 and 1996 c 288 s 46 are each amended to
31 read as follows:

32 (1) Following receipt of the final report from the ~~((joint
33 legislative audit and review committee))~~ legislative auditor, the
34 appropriate committees of reference in the senate and the house of
35 representatives shall each hold a public hearing, unless a joint
36 hearing is held, to consider the final report and any related data.
37 The legislative auditor and the committees shall also receive testimony

1 from representatives of the state agency or agencies involved, which
2 shall have the burden of demonstrating a public need for its continued
3 existence; and from the governor or the governor's designee, and other
4 interested parties, including the general public.

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

14 (3) The presiding members of the senate committee on ways and means
15 and the house committee on appropriations may designate one or more
16 liaison members to each committee of reference in their respective
17 chambers for purposes of participating in any hearing and in subsequent
18 committee of reference discussions and to seek a coordinated approach
19 between the committee of reference and the committee they represent in
20 a liaison capacity.

21 (4) Following any hearing under subsection (1) of this section by
22 the committees of reference, such committees may hold additional
23 meetings or hearings to come to a final determination as to whether a
24 state agency has demonstrated a public need for its continued existence
25 or whether modifications in existing procedures are needed. In the
26 event that a committee of reference concludes that a state agency shall
27 be reestablished or modified or its functions transferred elsewhere, it
28 shall make such determination as a bill. No more than one state agency
29 shall be reestablished or modified in any one bill.

30 **Sec. 220.** RCW 43.131.110 and 1996 c 288 s 47 are each amended to
31 read as follows:

32 Any reference in this chapter to a committee of the legislature
33 (~~including the joint legislative audit and review committee~~) shall
34 also refer to the successor of that committee.

35 **Sec. 221.** RCW 43.250.080 and 1996 c 288 s 48 are each amended to
36 read as follows:

1 At the end of each fiscal year, the state treasurer shall submit to
2 the governor, the state auditor, and the (~~joint legislative audit and~~
3 ~~review committee~~) legislative auditor a summary of the activity of the
4 investment pool. The summary shall indicate the quantity of funds
5 deposited; the earnings of the pool; the investments purchased, sold,
6 or exchanged; the administrative expenses of the investment pool; and
7 such other information as the state treasurer deems relevant.

8 **Sec. 222.** RCW 44.40.025 and 1996 c 288 s 49 are each amended to
9 read as follows:

10 In addition to the powers and duties authorized in RCW 44.40.020,
11 the committee and the standing committees on transportation of the
12 house and senate shall, in coordination with the (~~joint legislative~~
13 ~~audit and review committee~~) legislative auditor, the legislative
14 evaluation and accountability program committee, and the ways and means
15 committees of the senate and house of representatives, ascertain,
16 study, and/or analyze all available facts and matters relating or
17 pertaining to sources of revenue, appropriations, expenditures, and
18 financial condition of the motor vehicle fund and accounts thereof, the
19 highway safety fund, and all other funds or accounts related to
20 transportation programs of the state.

21 The (~~joint legislative audit and review committee~~) legislative
22 auditor, the legislative evaluation and accountability program
23 committee, and the ways and means committees of the senate and house of
24 representatives shall coordinate their activities with the legislative
25 transportation committee in carrying out the committees' powers and
26 duties under chapter 43.88 RCW in matters relating to the
27 transportation programs of the state.

28 **Sec. 223.** RCW 67.70.310 and 1996 c 288 s 50 are each amended to
29 read as follows:

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

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

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

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

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

6 In conducting a management review, the director of financial
7 management may inspect the books, documents, and records of the
8 commission. Upon completion of a management review, all irregularities
9 shall be reported to the attorney general, the (~~joint legislative~~
10 ~~audit and review committee~~) legislative auditor, and the state
11 auditor. The director of financial management shall make such
12 recommendations as may be necessary for the most efficient and cost-
13 effective operation of the lottery.

14 **Sec. 224.** RCW 74.09.415 and 1998 c 245 s 144 are each amended to
15 read as follows:

16 (1) There is hereby established a program to be known as the
17 children's health program.

18 To the extent of available funds:

19 (a) Health care services may be provided to persons who are under
20 eighteen years of age with household incomes at or below the federal
21 poverty level and not otherwise eligible for medical assistance or the
22 limited casualty program for the medically needy.

23 (b) The determination of eligibility of recipients for health care
24 services shall be the responsibility of the department. The
25 application process shall be easy to understand and, to the extent
26 possible, applications shall be made available at local schools and
27 other appropriate locations. The department shall make eligibility
28 determinations within the timeframes for establishing eligibility for
29 children on medical assistance, as defined by RCW 74.09.510.

30 (c) The amount, scope, and duration of health care services
31 provided to eligible children under the children's health program shall
32 be the same as that provided to children under medical assistance, as
33 defined in RCW 74.09.520.

34 (2) The legislature is interested in assessing the effectiveness of
35 the prenatal care program. However, the legislature recognizes the
36 cost and complexity associated with such assessment.

37 The legislature accepts the effectiveness of prenatal and maternity
38 care at improving birth outcomes when these services are received by

1 eligible persons. Therefore, the legislature intends to focus scarce
2 assessment resources to determine the extent to which support services
3 such as child care, psychosocial and nutritional assessment and
4 counseling, case management, transportation, and other support services
5 authorized by chapter 296, Laws of 1990, result in receipt of prenatal
6 and maternity care by eligible persons.

7 The University of Washington shall conduct a study, based on a
8 statistically significant state-wide sampling of data, to evaluate the
9 effectiveness of the maternity care access program set forth in RCW
10 74.09.760 through 74.09.820 based on the principles set forth in RCW
11 74.09.770.

12 The University of Washington shall develop a plan and budget for
13 the study in consultation with the (~~joint legislative audit and review~~
14 ~~committee~~) legislative auditor. The (~~joint legislative audit and~~
15 ~~review committee~~) legislative auditor shall also monitor the progress
16 of the study.

17 The department of social and health services shall make data and
18 other information available as needed to the University of Washington
19 as required to conduct this study.

20 The study shall determine:

21 (a) The characteristics of women receiving services, including
22 health risk factors;

23 (b) The extent to which access to maternity care and support
24 services have improved in this state as a result of this program;

25 (c) The utilization of services and birth outcomes for women and
26 infants served by this program by type of practitioner;

27 (d) The extent to which birth outcomes for women receiving services
28 under this program have improved in comparison to birth outcomes of
29 nonmedicaid mothers;

30 (e) The impact of increased medicaid reimbursement to physicians on
31 provider participation;

32 (f) The difference between costs for services provided under this
33 program and medicaid reimbursement for the services;

34 (g) The gaps in services, if any, that may still exist for women
35 and their infants as defined by RCW 74.09.790 (1) and (4) served by
36 this program, excluding pregnant substance abusers, and women covered
37 by private health insurance; and

1 (h) The number and mix of services provided to eligible women as
2 defined by subsection (2)(g) of this section and the effect on birth
3 outcomes as compared to nonmedicaid birth outcomes.

4 **Sec. 225.** RCW 79.01.006 and 1996 c 288 s 51 and 1996 c 261 s 1 are
5 each reenacted and amended to read as follows:

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

19 (2) Real property identified as not needed for state-provided
20 residential care, custody, or treatment shall be transferred to the
21 corpus of the charitable, educational, penal, and reformatory
22 institution account. This subsection shall not apply to leases of real
23 property to a consortium of three or more counties in order for the
24 counties to construct or otherwise acquire correctional facilities for
25 juveniles or adults or to real property subject to binding conditions
26 that conflict with the other provisions of this subsection.

27 (3) The department of natural resources shall manage all property
28 subject to the charitable, educational, penal, and reformatory
29 institution account and, in consultation with the department of social
30 and health services and other affected agencies, shall adopt a plan for
31 the management of real property subject to the account and other real
32 property acquired for institutional purposes or for the benefit of the
33 blind, deaf, mentally ill, developmentally disabled, or otherwise
34 disabled.

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

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

4 **PART III - OTHER**

5 NEW SECTION. **Sec. 301.** RCW 43.21J.800 (Joint legislative audit
6 and review committee report) and 1996 c 288 s 36 & 1993 c 516 s 11 are
7 each repealed.

8 NEW SECTION. **Sec. 302.** Part headings used in this act are not
9 part of the law.

10 NEW SECTION. **Sec. 303.** (1) Section 201 of this act expires
11 September 1, 2001.

12 (2) Sections 216 through 220 of this act expire June 30, 2000.

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