

SENATE BILL REPORT

HB 2352

As Reported By Senate Committee On:
State & Local Government, February 20, 2002

Title: An act relating to transferring statewide risk management functions from the department of general administration to the office of financial management.

Brief Description: Transferring risk management functions from the department of general administration to the office of financial management.

Sponsors: Representatives Alexander, Lantz and Esser; by request of Governor Locke and Attorney General.

Brief History:

Committee Activity: State & Local Government: 2/20/02 [DP].

SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

Majority Report: Do pass.

Signed by Senators Gardner, Chair; Hale, Haugen, Horn, Keiser, Kline, Roach, T. Sheldon and Swecker.

Staff: Mac Nicholson (786-7445)

Background: The Office of Risk Management is currently within the Department of General Administration. The Washington Risk Management Task Force, formed in 2001 by Governor Gary Locke and Attorney General Christine Gregoire, examined loss prevention and risk management in Washington. The task force concluded that the priority of risk management and agency accountability could be raised by moving the Office of Risk Management to the Office of Financial Management.

Summary of Bill: The Office of Risk Management is moved from the Department of General Administration (GA) to the Office of Financial Management (OFM) and renamed as the Risk Management Division. The powers, duties, and functions of statewide risk management are transferred to OFM. All reports, documents, surveys, books, records, files, papers, or written material in the possession of GA relating to the Risk Management Office must be delivered to the custody of OFM. All cabinets, furniture, office equipment, motor vehicles, and other tangible property employed by the Risk Management Office in GA must be made available to OFM. All assets held by the Risk Management Office in GA are assigned to OFM. The director of OFM resolves questions arising as to the proper allocation of personnel, funds, books, documents, records, papers, files, equipment, or other tangible property.

All appropriations made in connection with the powers, duties and functions are transferred and credited to OFM. All employees of the Risk Management Office in GA are transferred to OFM, without any loss of rights, to perform their usual duties upon the same terms as

formerly. All rules and all pending business before the Risk Management Office of GA must be continued and acted upon by OFM. All existing contracts and obligations remain in full force and are performed by OFM. This transfer does not affect the validity of any act performed before the effective date of this section. If any apportionments of budgeted funds are required because of the transfers, the director of OFM certifies the apportionments to the affected agencies, State Auditor, and the State Treasurer, each of whom makes the appropriate transfer and adjustments in funds, appropriation accounts, and equipment records in accordance with the certification.

All laws concerning the Risk Management Division are moved from the chapter creating GA to the chapter creating OFM. All powers formerly held by the director of GA are now given to the director of OFM, including the ability to purchase insurance and bonds for state agencies and the ability to purchase property and liability insurance for municipalities. The director of OFM now must implement risk management policy, rather than the director of GA. OFM must receive and enforce bonds, as well as conduct periodic actuarial studies.

Laws governing GA are updated to reflect the transfer of risk management to OFM and the name change. The risk management account is removed from the general administration services account.

Statutes regarding actions and claims against state agencies are updated to reflect the name change from Risk Management Office to Risk Management Division, and to reflect the transfer of the Risk Management Division from GA to OFM. Definitions within the claims chapter are updated such that "director" means director of OFM; "office" means OFM; and the Risk Management Division is a division of OFM.

A risk management administration account is established in the custody of the State Treasurer, to be used for payment of costs related to settlements and judgments against the state. The account's appropriation for risk management is financed through a combination of direct appropriations and assessments to state agencies.

Directors or deputy directors of state agencies, and presidents or vice-presidents of higher education institutions replace representatives of state agencies and higher education institutions on the Risk Management Advisory Committee. The director of OFM or a designee serves as the chair of the Risk Management Advisory Committee.

The director of OFM is given the power to adopt rules necessary to carry out the intent of the chapter and risk management provisions.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The priority of risk management and agency accountability is increased by moving the Office of Risk Management from the Department of General Administration to the Office of Financial Management.

Testimony Against: None.

Testified: Jennifer Strus, OFM; Dave Horn, AGO; Larry Shannon, WSTLA.