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HOUSE BILL 1601

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State of Washington

57th Legislature

2001 Regular Session

By Representative Dunshee

Read first time 01/30/2001. 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, 43.131.051, 43.131.061, 43.131.071, 43.131.110,  
9 43.250.080, 44.40.025, 67.70.310, and 74.09.415; reenacting and  
10 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 statewide 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 2000 2nd sp.s. c 4 s 11 are each  
2 amended to 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 and  
20 transportation committees of the senate and house of representatives,  
21 and, where 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 transportation revenue forecast council.

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 43.131.051 and 2000 c 189 s 4 are each amended to  
2 read as follows:

3       The (~~joint legislative audit and review committee~~) legislative  
4 auditor shall conduct a program and fiscal review of any entity  
5 scheduled for termination under this chapter. This program and fiscal  
6 review shall be completed and a preliminary report prepared during the  
7 calendar year prior to the date established for termination. These  
8 reports shall be prepared in the manner set forth in RCW 44.28.071 and  
9 44.28.075. Upon completion of its preliminary report, the (~~joint~~  
10 ~~legislative audit and review committee~~) legislative auditor shall  
11 transmit copies of the report to the office of financial management and  
12 any affected entity. The final report shall include the response, if  
13 any, of the affected entity and the office of financial management in  
14 the same manner as set forth in RCW 44.28.088, except the affected  
15 entity and the office of financial management shall have sixty days to  
16 respond to the report. The (~~joint legislative audit and review~~  
17 ~~committee~~) legislative auditor shall transmit the final report to the  
18 legislature, to the state entity affected, to the governor, and to the  
19 state library.

20       **Sec. 217.** RCW 43.131.061 and 2000 c 189 s 5 are each amended to  
21 read as follows:

22       (1) Any entity may be scheduled for sunset termination and review  
23 under this chapter by law.

24       (2) An entity scheduled for sunset termination shall establish  
25 performance measures, as required under subsection (3) of this section,  
26 and must be evaluated, in part, in terms of the results. The entity  
27 has the burden of demonstrating the extent to which performance results  
28 have been achieved. The sunset termination legislation shall name a  
29 lead entity, if more than one entity is impacted by scheduled  
30 termination. The affected entity or lead entity has the responsibility  
31 for developing and implementing a data collection plan and submitting  
32 the resulting performance information to the (~~joint legislative audit~~  
33 ~~and review committee~~) legislative auditor.

34       (3) An entity shall develop performance measures and a data  
35 collection plan and submit them for review and comment to the (~~joint~~  
36 ~~legislative audit and review committee~~) legislative auditor within one  
37 year of the effective date of the legislation establishing the sunset  
38 termination.

1 (4) Unless specified otherwise, sunset terminations under this  
2 chapter shall be a minimum of seven years. The (~~joint legislative~~  
3 ~~audit and review committee~~) legislative auditor shall complete its  
4 review in the year prior to the date of termination.

5 **Sec. 218.** RCW 43.131.071 and 2000 c 189 s 6 are each amended to  
6 read as follows:

7 (1) In conducting the review of an entity, the (~~joint legislative~~  
8 ~~audit and review committee~~) legislative auditor shall determine the  
9 scope and objectives of the review and consider, but not be limited to,  
10 the following factors, if applicable:

11 (a) The extent to which the entity has complied with legislative  
12 intent;

13 (b) The extent to which the entity is operating in an efficient and  
14 economical manner which results in optimum performance;

15 (c) The extent to which the entity is operating in the public  
16 interest by controlling costs;

17 (d) The extent to which the entity duplicates the activities of  
18 other entities or of the private sector;

19 (e) The extent to which the entity is meeting the performance  
20 measures developed under RCW 43.131.061; and

21 (f) The possible impact of the termination or modification of the  
22 entity.

23 (2) After completing the review under subsection (1) of this  
24 section, the (~~committee~~) legislative auditor shall make its  
25 recommendations to the legislature.

26 **Sec. 219.** RCW 43.131.110 and 1996 c 288 s 47 are each amended to  
27 read as follows:

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

31 **Sec. 220.** RCW 43.250.080 and 1996 c 288 s 48 are each amended to  
32 read as follows:

33 At the end of each fiscal year, the state treasurer shall submit to  
34 the governor, the state auditor, and the (~~joint legislative audit and~~  
35 ~~review committee~~) legislative auditor a summary of the activity of the  
36 investment pool. The summary shall indicate the quantity of funds

1 deposited; the earnings of the pool; the investments purchased, sold,  
2 or exchanged; the administrative expenses of the investment pool; and  
3 such other information as the state treasurer deems relevant.

4 **Sec. 221.** RCW 44.40.025 and 1996 c 288 s 49 are each amended to  
5 read as follows:

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

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

24 **Sec. 222.** RCW 67.70.310 and 1996 c 288 s 50 are each amended to  
25 read as follows:

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

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

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

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



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

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

11 **Sec. 223.** RCW 74.09.415 and 1998 c 245 s 144 are each amended to  
12 read as follows:

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

15 To the extent of available funds:

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

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

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

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

34 The legislature accepts the effectiveness of prenatal and maternity  
35 care at improving birth outcomes when these services are received by  
36 eligible persons. Therefore, the legislature intends to focus scarce  
37 assessment resources to determine the extent to which support services  
38 such as child care, psychosocial and nutritional assessment and

1 counseling, case management, transportation, and other support services  
2 authorized by chapter 296, Laws of 1990, result in receipt of prenatal  
3 and maternity care by eligible persons.

4 The University of Washington shall conduct a study, based on a  
5 statistically significant statewide sampling of data, to evaluate the  
6 effectiveness of the maternity care access program set forth in RCW  
7 74.09.760 through 74.09.820 based on the principles set forth in RCW  
8 74.09.770.

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

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

17 The study shall determine:

18 (a) The characteristics of women receiving services, including  
19 health risk factors;

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

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

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

27 (e) The impact of increased medicaid reimbursement to physicians on  
28 provider participation;

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

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

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

1       **Sec. 224.** RCW 79.01.006 and 1996 c 288 s 51 and 1996 c 261 s 1 are  
2 each reenacted and amended to read as follows:

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

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

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

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

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

38

**PART III - OTHER**

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

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

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

8        (2) Sections 216 through 219 of this act expire June 30, 2015.

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