
HOUSE BILL 1270

State of Washington

58th Legislature

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By Representatives Anderson, Miloscia, Nixon, Sehlin, Pflug, Sullivan, Armstrong, Schindler, Pearson, Ericksen, Ahern, Priest, Clements, Woods, Cairnes, Roach, Bailey, DeBolt, Holmquist, Condotta and Alexander

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1 AN ACT Relating to ensuring government efficiencies through
2 performance audits conducted by the state auditor; amending RCW
3 43.88.160, 43.88.090, and 43.09.050; adding new sections to chapter
4 43.09 RCW; and creating new sections.

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

6 NEW SECTION. **Sec. 1.** Competitive pressures that force
7 efficiencies in the private sector to ensure they provide useful and
8 quality products and services at a reasonable cost do not apply to the
9 public sector. This act is intended to create a mechanism whereby
10 conscientious public employees and concerned citizens can work together
11 to improve state government. Performance audits are a powerful
12 management and decision-making tool that can be utilized to achieve and
13 maintain efficient government.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.09 RCW
15 to read as follows:

16 (1) The state auditor shall undertake ongoing independent,
17 objective, and comprehensive performance audits of state government,

1 which shall be performed in accordance with government auditing
2 standards and funded by the general fund.

3 (2) For the purposes of this act, "government auditing standards"
4 means the generally accepted government auditing standards as published
5 by the comptroller general of the United States general accounting
6 office.

7 (3) For the purposes of this act, "state government" or "state
8 agency" or "state agencies" includes any agencies, boards, commissions,
9 departments, committees, offices, programs, or services within the
10 executive branch of state government, including any institution of
11 higher education.

12 (4) The performance audit report must include:

13 (a) Identification of potential cost savings in state agencies,
14 programs, and services;

15 (b) Identification of funding to state agencies, programs, and
16 services that can be eliminated or reduced;

17 (c) Identification of state agencies, programs, and services that
18 can be eliminated, reduced, or transferred to the private sector;

19 (d) Analysis of gaps and overlaps in state agencies, programs, and
20 services and recommendations for improving, dropping, blending, or
21 separating functions to correct gaps or overlaps;

22 (e) Analysis and recommendations for pooling information technology
23 systems across agency lines;

24 (f) Analysis of the roles and functions of state agencies,
25 programs, and services and their compliance with statutory authority
26 and recommendations for eliminating or changing those roles and
27 functions and ensuring compliance with statutory authority;

28 (g) Recommendations for eliminating or changing statutes, rules,
29 and policy directives as may be necessary to ensure state agencies
30 carry out reasonably and properly those functions expressly vested in
31 state agencies by statute;

32 (h) Verification of the reliability and validity of individual or
33 multiple agency performance data, self-assessments, and performance
34 measurement systems as required under RCW 43.88.090; and

35 (i) Identification and recognition of best practices.

36 (5) The state auditor may require any state agency to provide all
37 information required for completion of any audit, and each state agency

1 shall fully and completely cooperate with the state auditor for the
2 purposes of this section. The costs of complying with these
3 requirements are paid for by the agency.

4 (6) The state auditor shall contract with private sector
5 professional and technical experts for conducting performance audits
6 and shall provide oversight of such audits and employees within the
7 state auditor's office, if available and qualified, may assist such
8 audits. The state auditor shall create and maintain a list of
9 qualified private sector professional and technical experts who shall
10 be selected to conduct performance audits either by lot or on a
11 rotating basis.

12 (7) The state auditor shall solicit suggestions for improving
13 government performance from both front-line public employees,
14 government service recipients, and the public at large in the conduct
15 of each audit. The state auditor shall establish a toll-free telephone
16 number at which the public may make suggestions, report government
17 waste, and note government innovation. The state auditor shall compile
18 the information acquired and make it available upon request and may
19 provide comments regarding the information acquired.

20 (8)(a) The state auditor shall perform preliminary performance
21 assessments and establish initial scoring for state agencies, programs,
22 and services and present an audit work plan to the citizens' advisory
23 committee created in section 6 of this act and the joint legislative
24 audit and review committee within sixty days after the effective date
25 of this act for their review and comment. The citizens' advisory
26 committee and the joint legislative audit and review committee shall
27 present their respective comments in writing within thirty days after
28 they receive the audit work plan from the auditor. Within sixty days
29 after the state auditor has completed a performance audit of a state
30 agency, program, or service, the auditor shall present the final
31 performance audit report to the legislature and the governor and make
32 the report available to the public upon request and on its web site.

33 (b) The state auditor shall create subsequent auditing schedules
34 for all state agencies and present subsequent audit work plans to the
35 citizens' advisory committee and the joint legislative audit and review
36 committee within thirty days after each plan is created for their
37 review and comment. The citizens' advisory committee and the joint
38 legislative audit and review committee shall present their respective

1 comments in writing within thirty days after they receive a subsequent
2 audit work plan from the auditor. Within sixty days after the state
3 auditor has completed a subsequent performance audit of a state agency,
4 program, or service, the auditor shall present its final performance
5 audit report to the legislature and the governor and make the report
6 available to the public upon request and on its web site.

7 (9) The state auditor, the joint legislative audit and review
8 committee, and the citizens' advisory committee shall strive to
9 cooperate and collaborate between and among themselves to the fullest
10 extent possible in order to maximize the intent of this act and to
11 ensure government efficiencies are achieved through performance audits
12 authorized by this act.

13 (10) The office of the economic and revenue forecast council shall
14 establish a peer group rating system using as benchmarks only those
15 states having the same number of electoral votes as Washington or
16 having plus or minus one electoral vote as does Washington and shall
17 issue a budgeting and economic climate report based on the peer group
18 rating system. The report shall include an analysis of any peer group
19 state performance audits of state agencies and the effects on each
20 state's budgeting and economic climate. The office of the economic and
21 revenue forecast council shall submit its budgeting and economic
22 climate report to the legislature, the governor, and the state auditor
23 no later than December 31, 2003, and shall, thereafter, make the report
24 available to the public upon request and on its web site. The office
25 of the economic and revenue forecast council shall update its budgeting
26 and economic climate each year and submit each year's report to the
27 legislature, the governor, and the state auditor no later than December
28 31st of each year and shall make each year's report available to the
29 public upon request and on its web site. The legislature shall use the
30 budgeting and economic report as submitted from the office of the
31 economic and revenue forecast council as the basis for determining
32 Washington state's competitive economic standing in relation to the
33 other states within the peer group.

34 **Sec. 3.** RCW 43.88.160 and 2002 c 260 s 1 are each amended to read
35 as follows:

36 This section sets forth the major fiscal duties and
37 responsibilities of officers and agencies of the executive branch. The

1 regulations issued by the governor pursuant to this chapter shall
2 provide for a comprehensive, orderly basis for fiscal management and
3 control, including efficient accounting and reporting therefor, for the
4 executive branch of the state government and may include, in addition,
5 such requirements as will generally promote more efficient public
6 management in the state.

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

29 (2) Except as provided in chapter 43.88C RCW, the director of
30 financial management is responsible for quarterly reporting of primary
31 operating budget drivers such as applicable workloads, caseload
32 estimates, and appropriate unit cost data. These reports shall be
33 transmitted to the legislative fiscal committees or by electronic means
34 to the legislative evaluation and accountability program committee.
35 Quarterly reports shall include actual monthly data and the variance
36 between actual and estimated data to date. The reports shall also
37 include estimates of these items for the remainder of the budget
38 period.

1 (3) The director of financial management shall report at least
2 annually to the appropriate legislative committees regarding the status
3 of all appropriated capital projects, including transportation
4 projects, showing significant cost overruns or underruns. If funds are
5 shifted from one project to another, the office of financial management
6 shall also reflect this in the annual variance report. Once a project
7 is complete, the report shall provide a final summary showing estimated
8 start and completion dates of each project phase compared to actual
9 dates, estimated costs of each project phase compared to actual costs,
10 and whether or not there are any outstanding liabilities or unsettled
11 claims at the time of completion.

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

14 (a) Develop and maintain a system of internal controls and internal
15 audits comprising methods and procedures to be adopted by each agency
16 that will safeguard its assets, check the accuracy and reliability of
17 its accounting data, promote operational efficiency, and encourage
18 adherence to prescribed managerial policies for accounting and
19 financial controls. The system developed by the director shall include
20 criteria for determining the scope and comprehensiveness of internal
21 controls required by classes of agencies, depending on the level of
22 resources at risk.

23 Each agency head or authorized designee shall be assigned the
24 responsibility and authority for establishing and maintaining internal
25 audits following the standards of internal auditing of the institute of
26 internal auditors;

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

32 (c) Establish policies for allowing the contracting of child care
33 services;

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

36 (e) Review any pay and classification plans, and changes
37 thereunder, developed by any agency for their fiscal impact: PROVIDED,
38 That none of the provisions of this subsection shall affect merit

1 systems of personnel management now existing or hereafter established
2 by statute relating to the fixing of qualifications requirements for
3 recruitment, appointment, or promotion of employees of any agency. The
4 director shall advise and confer with agencies including appropriate
5 standing committees of the legislature as may be designated by the
6 speaker of the house of representatives and the president of the senate
7 regarding the fiscal impact of such plans and may amend or alter the
8 plans, except that for the following agencies no amendment or
9 alteration of the plans may be made without the approval of the agency
10 concerned: Agencies headed by elective officials;

11 (f) Fix the number and classes of positions or authorized employee
12 years of employment for each agency and during the fiscal period amend
13 the determinations previously fixed by the director except that the
14 director shall not be empowered to fix the number or the classes for
15 the following: Agencies headed by elective officials;

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

18 (5) The treasurer shall:

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

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

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

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

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

33 It shall be unlawful for the treasurer to disburse public funds in
34 the treasury except upon forms or by alternative means duly prescribed
35 by the director of financial management. These forms or alternative
36 means shall provide for authentication and certification by the agency
37 head or the agency head's designee that the services have been rendered
38 or the materials have been furnished; or, in the case of loans or

1 grants, that the loans or grants are authorized by law; or, in the case
2 of payments for periodic maintenance services to be performed on state
3 owned equipment, that a written contract for such periodic maintenance
4 services is currently in effect; and the treasurer shall not be liable
5 under the treasurer's surety bond for erroneous or improper payments so
6 made. When services are lawfully paid for in advance of full
7 performance by any private individual or business entity other than
8 equipment maintenance providers or as provided for by RCW 42.24.035,
9 such individual or entity other than central stores rendering such
10 services shall make a cash deposit or furnish surety bond coverage to
11 the state as shall be fixed in an amount by law, or if not fixed by
12 law, then in such amounts as shall be fixed by the director of the
13 department of general administration but in no case shall such required
14 cash deposit or surety bond be less than an amount which will fully
15 indemnify the state against any and all losses on account of breach of
16 promise to fully perform such services. No payments shall be made in
17 advance for any equipment maintenance services to be performed more
18 than twelve months after such payment. Any such bond so furnished
19 shall be conditioned that the person, firm or corporation receiving the
20 advance payment will apply it toward performance of the contract. The
21 responsibility for recovery of erroneous or improper payments made
22 under this section shall lie with the agency head or the agency head's
23 designee in accordance with regulations issued pursuant to this
24 chapter. Nothing in this section shall be construed to permit a public
25 body to advance funds to a private service provider pursuant to a grant
26 or loan before services have been rendered or material furnished.

27 (6) The state auditor shall:

28 (a) Report to the legislature the results of current post audits
29 that have been made of the financial transactions of each agency; to
30 this end the auditor may, in the auditor's discretion, examine the
31 books and accounts of any agency, official, or employee charged with
32 the receipt, custody, or safekeeping of public funds. Where feasible
33 in conducting examinations, the auditor shall utilize data and findings
34 from the internal control system prescribed by the office of financial
35 management. The current post audit of each agency may include a
36 section on recommendations to the legislature as provided in ~~((e))~~
37 (d) of this subsection.

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

3 (c) Make the auditor's official report on or before the thirty-
4 first of December which precedes the meeting of the legislature. The
5 report shall be for the last complete fiscal period and shall include
6 determinations as to whether agencies, in making expenditures, complied
7 with the laws of this state. (~~The state auditor is authorized to~~)

8 (d) Perform or participate in performance ((verifications and
9 performance)) audits ((as expressly authorized by the legislature in
10 the omnibus biennial appropriations acts or in the performance audit
11 work plan approved by the joint legislative audit and review
12 committee)). A performance audit for the purpose of this section is an
13 objective and systematic examination of evidence for the purpose of
14 providing an independent assessment of the performance of a state
15 agency, program, or service in order to provide information for
16 improving public accountability and facilitating decision making by
17 those who have the responsibility to initiate or oversee corrective
18 action. Performance audits include economy, efficiency, and program
19 audits.

20 (i) Economy and efficiency audits include determining whether the
21 state agency is acquiring, protecting, and using its resources, such as
22 personnel, property, and space, economically and efficiently; the
23 causes of uneconomical or inefficient practices; and whether the agency
24 has complied with laws and rules on matters of economy and efficiency.

25 (ii) Program audits include determining the extent to which the
26 desired results or benefits established by the legislature or other
27 authorizing body are being achieved by the state agency; the
28 effectiveness of agencies, programs, and services; and whether the
29 agency complied with laws and rules applicable to the program.

30 The state auditor, upon completing an audit for legal and financial
31 compliance under chapter 43.09 RCW (~~or a performance verification~~),
32 may report to the joint legislative audit and review committee or other
33 appropriate committees of the legislature, in a manner prescribed by
34 the joint legislative audit and review committee, on facts relating to
35 the management or performance of governmental programs (~~where such~~
36 ~~facts are discovered incidental to the legal and financial audit or~~
37 ~~performance verification. The auditor may make such a report to a~~
38 ~~legislative committee only if the auditor has determined that the~~

1 agency has been given an opportunity and has failed to resolve the
2 management or performance issues raised by the auditor. If the auditor
3 makes a report to a legislative committee, the agency may submit to the
4 committee a response to the report. This subsection (6) shall not be
5 construed to authorize the auditor to allocate other than de minimis
6 resources to performance audits except as expressly authorized in the
7 appropriations acts or in the performance audit work plan. The results
8 of a performance audit conducted by the state auditor that has been
9 requested by the joint legislative audit and review committee must only
10 be transmitted to the joint legislative audit and review committee)).

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

27 ((+e)) (f) Promptly report any irregularities to the attorney
28 general.

29 ((+f)) (g) Investigate improper governmental activity under
30 chapter 42.40 RCW.

31 (7) The joint legislative audit and review committee may:

32 (a) Make post audits of the financial transactions of any agency
33 and management surveys and program reviews as provided for in chapter
34 44.28 RCW as well as performance audits and program evaluations. To
35 this end the joint committee may in its discretion examine the books,
36 accounts, and other records of any agency, official, or employee.

37 (b) Give information to the legislature or any legislative

1 committee whenever required upon any subject relating to the
2 performance and management of state agencies.

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

5 (i) Determinations as to the extent to which agencies in making
6 expenditures have complied with the will of the legislature and in this
7 connection, may take exception to specific expenditures or financial
8 practices of any agencies; and

9 (ii) Such plans as it deems expedient for the support of the
10 state's credit, for lessening expenditures, for promoting frugality and
11 economy in agency affairs, and generally for an improved level of
12 fiscal management.

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

15 (1) For purposes of developing budget proposals to the legislature,
16 the governor shall have the power, and it shall be the governor's duty,
17 to require from proper agency officials such detailed estimates and
18 other information in such form and at such times as the governor shall
19 direct. The estimates for the legislature and the judiciary shall be
20 transmitted to the governor and shall be included in the budget without
21 revision. The estimates for state pension contributions shall be based
22 on the rates provided in chapter 41.45 RCW. Copies of all such
23 estimates shall be transmitted to the standing fiscal committees (~~on~~
24 ~~ways and means~~) of the house of representatives and senate at the same
25 time as they are filed with the governor and the office of financial
26 management.

27 The estimates shall include statements or tables which indicate, by
28 agency, the state funds which are required for the receipt of federal
29 matching revenues. The estimates shall be revised as necessary to
30 reflect legislative enactments and adopted appropriations and shall be
31 included with the initial biennial allotment submitted under RCW
32 43.88.110. The estimates must reflect that the agency considered any
33 alternatives to reduce costs or improve service delivery identified in
34 the findings of ((a)) any performance audit of the agency by the state
35 auditor or the joint legislative audit and review committee. Nothing
36 in this subsection requires performance audit findings to be published
37 as part of the budget.

1 (2) Each state agency shall define its mission and establish
2 measurable goals for achieving desirable results for those who receive
3 its services and the taxpayers who pay for those services. Each agency
4 shall also develop clear strategies and timelines to achieve its goals.
5 This section does not require an agency to develop a new mission or
6 goals in place of identifiable missions or goals that meet the intent
7 of this section. The mission and goals of each agency must conform to
8 statutory direction and limitations.

9 (3) For the purpose of assessing program performance, each state
10 agency shall establish program objectives for each major program in its
11 budget. The objectives must be consistent with the missions and goals
12 developed under this section. The objectives must be expressed to the
13 extent practicable in outcome-based, objective, and measurable form
14 unless an exception to adopt a different standard is granted by the
15 office of financial management and approved by the legislative
16 committee on performance review. The office of financial management
17 shall provide necessary professional and technical assistance to assist
18 state agencies in the development of strategic plans that include the
19 mission of the agency and its programs, measurable goals, strategies,
20 and performance measurement systems.

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

25 (5) It is the policy of the legislature that each agency's budget
26 proposals must be directly linked to the agency's stated mission and
27 program goals and objectives. Consistent with this policy, agency
28 budget proposals must include integration of performance measures that
29 allow objective determination of a program's success in achieving its
30 goals. The office of financial management shall develop a plan to
31 merge the budget development process with agency performance assessment
32 procedures. The plan must include a schedule to integrate agency
33 strategic plans and performance measures into agency budget requests
34 and the governor's budget proposal over three fiscal biennia. The plan
35 must identify those agencies that will implement the revised budget
36 process in the 1997-1999 biennium, the 1999-2001 biennium, and the
37 2001-2003 biennium. In consultation with the legislative fiscal
38 committees, the office of financial management shall recommend

1 statutory and procedural modifications to the state's budget,
2 accounting, and reporting systems to facilitate the performance
3 assessment procedures and the merger of those procedures with the state
4 budget process. The plan and recommended statutory and procedural
5 modifications must be submitted to the legislative fiscal committees by
6 September 30, 1996.

7 (6) In the year of the gubernatorial election, the governor shall
8 invite the governor-elect or the governor-elect's designee to attend
9 all hearings provided in RCW 43.88.100; and the governor shall furnish
10 the governor-elect or the governor-elect's designee with such
11 information as will enable the governor-elect or the governor-elect's
12 designee to gain an understanding of the state's budget requirements.
13 The governor-elect or the governor-elect's designee may ask such
14 questions during the hearings and require such information as the
15 governor-elect or the governor-elect's designee deems necessary and may
16 make recommendations in connection with any item of the budget which,
17 with the governor-elect's reasons therefor, shall be presented to the
18 legislature in writing with the budget document. Copies of all such
19 estimates and other required information shall also be submitted to the
20 standing committees on ways and means of the house and senate.

21 **Sec. 5.** RCW 43.09.050 and 1992 c 118 s 6 are each amended to read
22 as follows:

23 The auditor shall:

24 (1) Except as otherwise specifically provided by law, audit the
25 accounts of all collectors of the revenue and other holders of public
26 money required by law to pay the same into the treasury;

27 (2) In his or her discretion, inspect the books of any person
28 charged with the receipt, safekeeping, and disbursement of public
29 moneys;

30 (3) Investigate improper governmental activity under chapter 42.40
31 RCW;

32 (4) Inform the attorney general in writing of the necessity for the
33 attorney general to direct prosecutions in the name of the state for
34 all official delinquencies in relation to the assessment, collection,
35 and payment of the revenue, against all persons who, by any means,
36 become possessed of public money or property, and fail to pay over or
37 deliver the same, and against all debtors of the state;

1 (5) Give information in writing to the legislature, whenever
2 required, upon any subject relating to the financial affairs of the
3 state, or touching any duties of his or her office;

4 (6) Report to the director of financial management in writing the
5 names of all persons who have received any moneys belonging to the
6 state, and have not accounted therefor;

7 (7) Authenticate with his or her official seal papers issued from
8 his or her office;

9 (8) Make his or her official report annually on or before the 31st
10 of December; and

11 (9) Undertake ongoing independent, objective, and comprehensive
12 performance audits of state agencies, which shall be performed in
13 accordance with government auditing standards and funded by the general
14 fund.

15 NEW SECTION. Sec. 6. A new section is added to chapter 43.09 RCW
16 to read as follows:

17 (1)(a) The citizens' oversight committee for government
18 accountability is established as a panel composed of five citizen
19 members appointed by the leadership of the house of representatives who
20 are not affiliated with the party of the state auditor. The members of
21 the citizens' oversight committee shall select a chair from one of the
22 five citizen members. The committee may create subcommittees and
23 advisory panels to assist in its deliberations and may contract for
24 specialized expertise.

25 (b) Members of the citizens' oversight committee for government
26 accountability shall have verifiable experience and expertise in
27 private sector financial management, accounting, or auditing in order
28 to qualify for appointment to the committee.

29 (c) The committee may solicit charitable gifts, grants, and
30 donations that are placed into the citizens' oversight committee for
31 government accountability account, created in the custody of the state
32 treasurer, and used to offset general fund moneys appropriated for such
33 purposes. The treasurer shall transfer money from the account to the
34 general fund, when money is available in the account.

35 (2)(a) The citizens' oversight committee for government
36 accountability shall submit reports and recommendations to the state
37 auditor regarding the initiation, scope, compliance, and accountability

1 of performance audits, and for achieving, increasing, and improving
2 state government efficiency, effectiveness, organization, operations,
3 accountability, and cost savings. The committee shall provide
4 recommendations regarding funding for future audits.

5 (b) The state auditor shall designate a coordinator from within the
6 auditor's office who shall provide logistical and staffing assistance
7 to the committee as necessary.

8 (3) The citizens' oversight committee shall be appointed within
9 thirty days after the effective date of this act. A new citizens'
10 oversight committee shall be formed and members appointed within sixty
11 days after future elections of the state auditor.

12 (4) All members of the citizens' oversight committee shall be
13 reimbursed for travel expenses incurred in the performance of duties of
14 the citizens' oversight committee in accordance with RCW 43.03.050 and
15 43.03.060. All members shall receive a per diem of seventy dollars per
16 day when performing duties of the citizens' oversight committee.

17 NEW SECTION. **Sec. 7.** One-half of one percent of the funds
18 appropriated for the current biennium for each state agency or
19 institution shall be dedicated towards the cost of auditing that agency
20 or institution. Any excess funds held by an agency at the end of the
21 biennium shall be available to the state auditor for audits of other
22 agencies on a case-by-case basis as needed. Each agency shall report
23 to the legislature no later than December 31st of each year the funds
24 remaining in its performance audit account.

25 NEW SECTION. **Sec. 8.** This act shall be liberally construed so as
26 to effectuate its purposes and the state auditor and the joint
27 legislative audit and review committee shall exercise the authority
28 provided under this act to the fullest extent possible in order to
29 maximize the intent of this act and to ensure government efficiencies
30 are achieved through performance audits authorized by this act within
31 the funds available for such exercise.

--- END ---