

6414-S

Sponsor(s): Senate Committee on Government Operations & Elections  
(originally sponsored by Senators Roach, Rasmussen and Esser)

Brief Description: Requiring annual audits of the state industrial insurance fund.

**SB 6414-S - DIGEST**

(AS OF SENATE 2ND READING 2/11/04)

Requires annual audits of the state industrial insurance fund.

Requires the department of labor and industries to prepare financial statements on the state fund in accordance with generally accepted accounting principles, including but not limited to the accident fund, the medical aid fund, the pension reserve fund, the supplemental pension fund and the second injury fund. Statements shall be presented desegregated and in aggregate.

Provides that, beginning in 2005, the joint legislative audit and review committee with the office of the state actuary shall oversee annual audits of the state fund. The audits shall be conducted by firms recognized as qualified to perform a financial audit and a separate independent actuarial audit. The financial audit and the independent actuarial audit may be performed by separate firms.

Requires the firm or firms conducting the reviews to be familiar with the accounting standards applicable to the accounts under review, shall have experience in workers' compensation reserving and rate making in Washington state, and shall employ staff who have no fewer than three people who have attained fellowship in the casualty actuarial society and shall maintain professionally recognized standards of limits for errors and omission insurance.

Authorizes the legislative auditor to determine the scope of the financial audit which shall include, but is not limited to, an opinion on whether the financial statements were prepared in accordance with generally accepted accounting principles.

Requires the legislative auditor to issue an annual report to the governor, the leaders of the majority and minority caucuses in the senate and the house of representatives, the director of the office of financial management, the director of the department of labor and industries, and the attorney general on the results of the financial and actuarial audits and reviews, within six months of the end of the fiscal year. The report may include recommendations.

Requires the audit report to be available for public inspection.

Provides that, within six months after the legislative auditor completes and delivers to the appropriate authority an audit under this act, the director of the department of labor and industries shall notify the legislative auditor in writing of the measures taken and proposed to be taken, if any, to respond to the recommendations of the audit report. The office of the attorney general and the department shall discuss its actions in response to

an audit at a public meeting of the joint legislative audit and review committee.