

1064-S AMH ARMS REIL 022

SHB 1064 - H AMD TO H AMD (1064-S AMH HAIG REIL 020)
By Representative Armstrong

1 On page 1, beginning on line 18 of the amendment, strike all of
2 sections 2 through section 12 and insert the following:

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

5 For purposes of sections 4 through 6 of this act:

6 (1) "Board" means the citizen accountability advisory board
7 created in section 4 of this act.

8 (2) "Performance audit" means an objective and systematic
9 assessment of a state agency or agencies or any of its programs,
10 functions, or activities by an independent auditor in order to help
11 improve agency efficiency, effectiveness, and accountability.
12 Performance audits include economy and efficiency audits and
13 program audits.

14 (3) "State agency" or "agency" means a state agency,
15 department, office, officer, board, commission, bureau, division,
16 institution, or institution of higher education. "State agency"
17 includes all elective offices in the executive branch of state
18 government. This includes state agencies and programs as well as
19 those programs and activities that cross agency lines.

20 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.09
21 RCW to read as follows:

22 The state auditor is authorized to conduct performance audits
23 under the provisions of this act. The auditor may contract for
24 performance audits as the state auditor may determine.

25 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.09
26 RCW to read as follows:

1 (1) A citizen accountability advisory board is created to
2 provide advice to the state auditor on performance audits of state
3 government.

4 (2) The board shall consist of seven members as follows:

5 (a) One member shall be selected by the state auditor;

6 (b) One member shall be selected by the chair of the joint
7 legislative audit and review committee;

8 (c) Four members shall be selected by the governor as follows:
9 Each major caucus of the house of representatives and the senate
10 shall submit a list of three names. The lists may not include the
11 names of members of the legislature. The governor shall select a
12 person from each list provided by each caucus; and

13 (d) One member shall be selected by the governor.

14 (3) The board shall elect a chair.

15 (4) Appointees shall be individuals who have a basic
16 understanding of state government operations with knowledge and
17 expertise in performance management, quality management, strategic
18 planning, performance assessments, or closely related fields.

19 (5) Members shall serve for terms of four years, with the
20 terms expiring on June 30th of the fourth year of the term.
21 However, in the case of the initial members, two members shall
22 serve four-year terms, two members shall serve three-year terms,
23 and one member shall serve a two-year term, with each of the terms
24 expiring on June 30th of the applicable year. Appointees may be
25 reappointed to serve more than one term.

26 (6) The state auditor's office shall provide staff assistance
27 to the board.

28 (7) The board shall meet at least once a quarter and may hold
29 additional meetings at the call of the chair or by a majority vote
30 of the members of the board. The meetings are subject to the
31 provisions of chapter 42.30 RCW.

32 (8) The members of the board shall be compensated in accordance
33 with RCW 43.03.220 and reimbursed for travel expenses in accordance
34 with RCW 43.03.050 and 43.03.060.

35 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.09
36 RCW to read as follows:

1 The board shall establish an annual assessment and performance
2 grading program. The program shall consist of conducting annual
3 performance assessments and grading state agency performance.
4 Assessments shall be implemented on a phased-in schedule. Initial
5 areas to be assessed shall include quality management, productivity
6 and fiscal efficiency, program effectiveness, contract management
7 and oversight, internal audit, internal and external customer
8 satisfaction, statutory and regulatory compliance, and technology
9 systems and online services. As part of this program, the board
10 shall:

11 (1) Consult with and seek input from elected officials, state
12 employees including front-line employees, and professionals with a
13 background in performance management for establishing the grading
14 standards. In developing the criteria, the board shall consider
15 already developed best practices and audit criteria used by
16 government or nongovernment organizations. Before the assessment,
17 the agencies shall be given the criteria for the assessment and the
18 standards for grading;

19 (2) Contract or partner with public or private entities that
20 have expertise in public sector reviews and/or technical expertise
21 in individual assessment areas to perform the assessments and
22 grading of all state agencies. The board may contract or partner
23 with more than one entity for different assessment areas; and

24 (3) Submit the results of the assessment and grading program to
25 the governor, the office of financial management, appropriate
26 legislative committees, and the public by December 15th of each
27 year. The results of the annual assessments and performance
28 grading shall be posted on the internet.

29 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.09
30 RCW to read as follows:

31 (1) The state auditor shall establish criteria and protocols
32 for performance audits. Agencies shall be audited using criteria
33 that include generally accepted government auditing standards as
34 well as legislative mandates and performance objectives established
35 by state agencies. Mandates include, but are not limited to,
36 agency strategies, timelines, program objectives, and mission and
37 goals as required in RCW 43.88.090.

1 (2) Using the criteria developed in subsection(1) of this
2 section, the state auditor shall complete a statewide performance
3 review as a preliminary to a work plan for conducting performance
4 audits. The state auditor shall develop a schedule and common
5 methodology for conducting performance audits.

6 (3) In developing the work plan, the state auditor shall
7 consider input from the board, citizens, state employees, state
8 managers, the joint legislative audit and review committee, public
9 officials, and others. The work plan may include a list of
10 agencies, programs, or systems to be audited on a timeline decided
11 by the state auditor based on a number of factors including risk,
12 importance, and citizen concerns. All audits shall be designed to
13 be completed within a six-month period.

14 (4) Before adopting the final work plan, the state auditor
15 shall consult with the legislative auditor and other appropriate
16 oversight and audit entities to coordinate work plans and avoid
17 duplication of effort in their planned performance audits of state
18 government. The state auditor shall defer to the joint legislative
19 audit and review committee work plan if a similar audit is included
20 on both work plans for auditing.

21 (5) In conducting the audits, agency front-line employees and
22 internal auditors should be involved. The audits may include:

23 (a) Identification of programs and services that can be
24 eliminated, reduced, consolidated, or enhanced;

25 (b) Identification of funding sources to the state agency, to
26 programs, and to services that can be eliminated, reduced,
27 consolidated, or enhanced;

28 (c) Analysis of gaps and overlaps in programs and services and
29 recommendations for improving, dropping, blending, or separating
30 functions to correct gaps or overlaps;

31 (d) Analysis and recommendations for pooling information
32 technology systems used within the state agency, and evaluation of
33 information processing and telecommunications policy, organization,
34 and management;

35 (e) Analysis of the roles and functions of the state agency,
36 its programs, and its services and their compliance with statutory
37 authority and recommendations for eliminating or changing those
38 roles and functions and ensuring compliance with statutory
39 authority;

1 (f) Recommendations for eliminating or changing statutes,
2 rules, and policy directives as may be necessary to ensure that the
3 agency carry out reasonably and properly those functions vested in
4 the agency by statute;

5 (g) Verification of the reliability and validity of agency
6 performance data, self-assessments, and performance measurement
7 systems as required under RCW 43.88.090;

8 (h) Identification of potential cost savings in the state
9 agency, its programs, and its services;

10 (i) Identification and recognition of best practices;

11 (j) Evaluation of planning, budgeting, and program evaluation
12 policies and practices;

13 (k) Evaluation of personnel systems operation and management;

14 (l) Evaluation of state purchasing operations and management
15 policies and practices; and

16 (m) Evaluation of organizational structure and staffing levels,
17 particularly in terms of the ratio of managers and supervisors to
18 nonmanagement personnel.

19 (6) The state auditor's performance audit work plan shall be
20 updated at least annually.

21 (7) The state auditor must provide the preliminary performance
22 audit reports to the audited state agency for comment. The auditor
23 also may seek input on the preliminary report from other
24 appropriate officials. Comments must be received within thirty
25 days after receipt of the preliminary performance audit report
26 unless a different time period is approved by the state auditor.
27 The final performance audit report shall include the objectives,
28 scope, and methodology; the audit results, including findings and
29 recommendations; the agency's response; conclusions; and
30 identification of best practices.

31 (8) The state auditor shall provide final performance audit
32 reports to the citizens of Washington, the governor, the board, the
33 joint legislative audit and review committee, the appropriate
34 legislative committees, and other appropriate officials. Final
35 performance audit reports shall be posted on the internet.

36 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.88
37 RCW to read as follows:

1 The audited agency is responsible for follow-up and corrective
2 action on all performance audit findings and recommendations. The
3 audited agency's plan for addressing each audit finding and
4 recommendation shall be included in the final audit report. The
5 plan shall provide the name of the contact person responsible for
6 each action, the action planned, and the anticipated completion
7 date. If the audited agency does not agree with the audit findings
8 and recommendations or believes action is not required, then the
9 action plan shall include an explanation and specific reasons.

10 The office of financial management shall require periodic
11 progress reports from the audited agency until all resolution has
12 occurred. The office of financial management is responsible for
13 achieving audit resolution. The office of financial management
14 shall annually report by December 31st the status of performance
15 audit resolution to the appropriate legislative committees and the
16 state auditor. The legislature shall consider the performance
17 audit results in connection with the state budget process. The
18 state auditor may request status reports on specific audits or
19 findings.

20 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.09
21 RCW to read as follows:

22 If a local governmental entity requests a performance audit of
23 its activities, the state auditor has the discretion to conduct
24 such a review under separate contract with the auditor and funded
25 by local funds.

26 NEW SECTION. **Sec. 9.** RCW 43.88.160 and 2002 c 260 s 1 are
27 each amended to read as follows:

28 This section sets forth the major fiscal duties and
29 responsibilities of officers and agencies of the executive branch.
30 The regulations issued by the governor pursuant to this chapter
31 shall provide for a comprehensive, orderly basis for fiscal
32 management and control, including efficient accounting and
33 reporting therefor, for the executive branch of the state
34 government and may include, in addition, such requirements as will
35 generally promote more efficient public management in the state.

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

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

34 (3) The director of financial management shall report at least
35 annually to the appropriate legislative committees regarding the
36 status of all appropriated capital projects, including
37 transportation projects, showing significant cost overruns or
38 under-runs. If funds are shifted from one project to another, the
39 office of financial management shall also reflect this in the

1 annual variance report. Once a project is complete, the report
2 shall provide a final summary showing estimated start and
3 completion dates of each project phase compared to actual dates,
4 estimated costs of each project phase compared to actual costs, and
5 whether or not there are any outstanding liabilities or unsettled
6 claims at the time of completion.

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

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

18 Each agency head or authorized designee shall be assigned the
19 responsibility and authority for establishing and maintaining
20 internal audits following the standards of internal auditing of the
21 institute of internal auditors;

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

27 (c) Establish policies for allowing the contracting of child
28 care services;

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

31 (e) Review any pay and classification plans, and changes
32 thereunder, developed by any agency for their fiscal impact:
33 PROVIDED, That none of the provisions of this subsection shall
34 affect merit systems of personnel management now existing or
35 hereafter established by statute relating to the fixing of
36 qualifications requirements for recruitment, appointment, or
37 promotion of employees of any agency. The director shall advise
38 and confer with agencies including appropriate standing committees
39 of the legislature as may be designated by the speaker of the house

1 and the president of the senate regarding the fiscal impact of such
2 plans and may amend or alter the plans, except that for the
3 following agencies no amendment or alteration of the plans may be
4 made without the approval of the agency concerned: Agencies headed
5 by elective officials;

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

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

14 (5) The treasurer shall:

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

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

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

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

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

29 It shall be unlawful for the treasurer to disburse public funds
30 in the treasury except upon forms or by alternative means duly
31 prescribed by the director of financial management. These forms or
32 alternative means shall provide for authentication and
33 certification by the agency head or the agency head's designee that
34 the services have been rendered or the materials have been
35 furnished; or, in the case of loans or grants, that the loans or
36 grants are authorized by law; or, in the case of payments for
37 periodic maintenance services to be performed on state owned
38 equipment, that a written contract for such periodic maintenance
39 services is currently in effect; and the treasurer shall not be

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

25 (6) The state auditor shall:

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

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

38 (c) Make the auditor's official report on or before the thirty-
39 first of December which precedes the meeting of the legislature.

1 The report shall be for the last complete fiscal period and shall
2 include determinations as to whether agencies, in making
3 expenditures, complied with the laws of this state. ((The state
4 auditor is authorized to perform or participate in performance
5 verifications and performance audits as expressly authorized by the
6 legislature in the omnibus biennial appropriations acts or in the
7 performance audit work plan approved by the joint legislative audit
8 and review committee. The state auditor, upon completing an audit
9 for legal and financial compliance under chapter 43.09 RCW or a
10 performance verification, may report to the joint legislative audit
11 and review committee or other appropriate committees of the
12 legislature, in a manner prescribed by the joint legislative audit
13 and review committee, on facts relating to the management or
14 performance of governmental programs where such facts are
15 discovered incidental to the legal and financial audit or
16 performance verification. The auditor may make such a report to a
17 legislative committee only if the auditor has determined that the
18 agency has been given an opportunity and has failed to resolve the
19 management or performance issues raised by the auditor. If the
20 auditor makes a report to a legislative committee, the agency may
21 submit to the committee a response to the report. This subsection
22 (6) shall not be construed to authorize the auditor to allocate
23 other than de minimis resources to performance audits except as
24 expressly authorized in the appropriations acts or in the
25 performance audit work plan. The results of a performance audit
26 conducted by the state auditor that has been requested by the joint
27 legislative audit and review committee must only be transmitted to
28 the joint legislative audit and review committee.))

29 (d) Be empowered to take exception to specific expenditures
30 that have been incurred by any agency or to take exception to other
31 practices related in any way to the agency's financial transactions
32 and to cause such exceptions to be made a matter of public record,
33 including disclosure to the agency concerned and to the director of
34 financial management. It shall be the duty of the director of
35 financial management to cause corrective action to be taken within
36 six months, such action to include, as appropriate, the withholding
37 of funds as provided in RCW 43.88.110. The director of financial
38 management shall annually report by December 31st the status of
39 audit resolution to the appropriate committees of the legislature,

1 the state auditor, and the attorney general. The director of
2 financial management shall include in the audit resolution report
3 actions taken as a result of an audit including, but not limited
4 to, types of personnel actions, costs and types of litigation, and
5 value of recouped goods or services.

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

7 (f) Investigate improper governmental activity under chapter
8 42.40 RCW.

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

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

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

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

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

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

29 NEW SECTION. **Sec. 10.** A new section is added to chapter 41.04
30 RCW to read as follows:

31 (1) Each state agency shall, within available funds, develop
32 and implement a quality management program to improve the quality,
33 efficiency, and effectiveness of the public services it provides
34 through business process redesign, employee involvement, and other
35 quality management techniques. Each agency shall ensure that
36 front-line agency employees are engaged in the program and shall

1 provide employees with the training necessary for successful
2 implementation of efforts toward quality improvement.

3 (2) Each agency shall, within available funds, ensure that its
4 quality management program:

5 (a) Identifies immediate-term and near-term opportunities to
6 improve services and reduce costs;

7 (b) Identifies goals and uses strategic business planning and
8 performance measures to establish priorities and measure progress
9 toward meeting them. Each state agency shall develop performance
10 measures to assess customer satisfaction, agency progress toward
11 accomplishing outcomes specified in the agency budget under RCW
12 43.88.090, and the impact of initiatives instituted under the
13 quality management program as a whole;

14 (c) Reports the results of its quality management program on a
15 regular basis. Each agency shall ensure that its report specifies
16 improved outcomes for public service and efficiency. Any agency in
17 its report may describe methods of measuring customer and
18 stakeholder satisfaction, of engaging agency employees in the
19 program, and of assessing the extent to which business practices
20 have been changed to improve quality, efficiency, and
21 effectiveness;

22 (d) Evaluates the results of its quality, service, and
23 management improvement programs and assesses program effects upon
24 leadership, information and analysis, strategic planning, human
25 resource development and management, process improvement, business
26 results, and customer focus and satisfaction; and

27 (e) Develops a plan for quality improvement, documenting
28 efforts made up to the date of the report and addressing all
29 matters enumerated in this subsection.

30 (3) State agencies whose chief executives are appointed by the
31 governor shall report program results to the governor on a regular
32 basis. State agencies whose chief executives are elected officials
33 other than the governor shall report program results to the elected
34 official on a regular basis.

35 (4) Each state agency shall integrate efforts made under this
36 section with quality management programs undertaken under executive
37 order or other authority. The office of the secretary of state,
38 the department of social and health services, and the department of
39 corrections shall develop and implement a complete quality

1 management program by June 30, 2007. The office of insurance
2 commissioner, the department of natural resources, and four-year
3 institutions of higher education shall develop and implement a
4 complete quality management program by June 30, 2008. All other
5 state agencies shall develop and implement a complete quality
6 management program by June 30, 2006.

7 (5) Starting in 2008 and at least once every three years
8 thereafter, the office of the secretary of state, the department of
9 social and health services, and the department of corrections shall
10 apply for the Washington state quality award, or an equivalent
11 outside quality assessment, for potential recognition. Starting in
12 2010 and at least once every three years thereafter, the office of
13 insurance commissioner, the department of natural resources, and
14 four-year institutions of higher education, or their subdivisions,
15 or both, shall apply for the Washington state quality award or an
16 equivalent outside quality assessment, for potential recognition.
17 Starting in 2007 and at least once every three years thereafter,
18 all other state agencies or their subdivisions, or both, shall
19 apply for the Washington state quality award or an equivalent
20 outside quality assessment, for potential recognition. Every
21 subdivision of a state agency with three thousand or more full-time
22 equivalent employees must complete an application in each three-
23 year period.

24 (6) For purposes of this section, "state agency" means those
25 state agencies within the executive branch of government including
26 institutions of higher education.

27 NEW SECTION. Sec. 11. A new section is added to chapter 44.04
28 RCW to read as follows:

29 The senate and the house of representatives shall each develop
30 and implement quality management programs as described under
31 section 10 of this act by June 30, 2007, and shall report the
32 results of these efforts to the leadership of each major political
33 party caucus within its respective chamber.

34 NEW SECTION. Sec. 12. A new section is added to chapter 2.04
35 RCW to read as follows:

36 The supreme court is encouraged to develop and implement
37 quality management programs, as described under section 10 of this

1 act, for the judicial branch of government, by June 30, 2007, and
2 shall report the results of these efforts to the chief justice.
3 The programs may be implemented directly by the supreme court or
4 may be delegated to the administrator for the courts.

5 NEW SECTION. **Sec. 13.** A new section is added to chapter 41.04
6 RCW to read as follows:

7 (1) Local governments are encouraged to develop and implement
8 quality management programs as described in section 10 of this act.

9 (2) For purposes of this section, "local government" includes
10 every county, city, town, special district, municipal corporation,
11 and quasimunicipal corporation in the state.

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

14 Funding for these performance audits shall be equal to two one-
15 hundredths of one percent of the state's total general fund state
16 budget for each biennium."

17 Correct the title.

EFFECT: The citizen oversight board is changed to the citizen accountability advisory board. The quality management program is added. Instead of being members of the board, the state auditor and the chair of the joint legislative audit and review committee each select a member. Board meetings are subject to the provisions of the open public meetings act. The state auditor shall establish criteria and protocols for performance audits and shall complete a statewide review as a preliminary to the audit work plan. The office of financial management is responsible for follow-up and audit resolution. The state auditor's authorizing statute is amended to remove prohibitions for conducting performance audits. Local governments may request the state auditor to conduct performance audits under separate contract and with funds provided by the local entity.