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HOUSE BILL 1962

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State of Washington

62nd Legislature

2011 Regular Session

By Representatives Hunter and Haler

Read first time 02/15/11. Referred to Committee on Higher Education.

1 AN ACT Relating to reducing burdens on institutions of higher  
2 education; amending RCW 39.29.011, 39.29.018, 40.14.025, 41.06.285,  
3 43.19.1906, 43.41.130, and 43.88.160; reenacting and amending RCW  
4 39.29.068; and repealing 1998 c 101 s 10.

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

6 **Sec. 1.** RCW 39.29.011 and 2009 c 486 s 7 are each amended to read  
7 as follows:

8 All personal service contracts shall be entered into pursuant to  
9 competitive solicitation, except for:

- 10 (1) Emergency contracts;
- 11 (2) Sole source contracts;
- 12 (3) Contract amendments;
- 13 (4) Contracts between a consultant and an agency of less than  
14 twenty thousand dollars. However, contracts of five thousand dollars  
15 or greater but less than twenty thousand dollars shall have documented  
16 evidence of competition, which must include agency posting of the  
17 contract opportunity on the state's common vendor registration and bid  
18 notification system. Agencies shall not structure contracts to evade  
19 these requirements; (~~and~~)

1       (5) Contracts between a consultant and an institution of higher  
2 education of less than one hundred thousand dollars. However,  
3 contracts of ten thousand dollars or greater but less than one hundred  
4 thousand dollars shall have documented evidence of competition, which  
5 must include an institution of higher education's posting of the  
6 contract opportunity on the state's common vendor registration and bid  
7 notification system. Institutions of higher education shall not  
8 structure contracts to evade these requirements; and

9       (6) Other specific contracts or classes or groups of contracts  
10 exempted from the competitive solicitation process by the director of  
11 the office of financial management when it has been determined that a  
12 competitive solicitation process is not appropriate or cost-effective.

13       **Sec. 2.** RCW 39.29.018 and 2009 c 486 s 8 are each amended to read  
14 as follows:

15       (1) Sole source contracts shall be filed with the office of  
16 financial management and made available for public inspection at least  
17 ten working days prior to the proposed starting date of the contract.  
18 Documented justification for sole source contracts shall be provided to  
19 the office of financial management when the contract is filed, and must  
20 include evidence that the agency posted the contract opportunity on the  
21 state's common vendor registration and bid notification system. For  
22 sole source contracts of twenty thousand dollars or more, documented  
23 justification shall also include evidence that the agency attempted to  
24 identify potential consultants by advertising through statewide or  
25 regional newspapers.

26       (2) The office of financial management shall approve sole source  
27 contracts of twenty thousand dollars or more before any such contract  
28 becomes binding and before any services may be performed under the  
29 contract. These requirements shall also apply to sole source contracts  
30 of less than twenty thousand dollars if the total amount of such  
31 contracts between an agency and the same consultant is twenty thousand  
32 dollars or more within a fiscal year. Agencies shall ensure that the  
33 costs, fees, or rates negotiated in filed sole source contracts of  
34 twenty thousand dollars or more are reasonable.

35       (3) The requirements of this section shall not apply to sole source  
36 contracts entered into by institutions of higher education.

1           **Sec. 3.** RCW 39.29.068 and 1998 c 245 s 33 are each reenacted and  
2 amended to read as follows:

3           The office of financial management shall maintain a publicly  
4 available list of all personal service contracts entered into by state  
5 agencies during each fiscal year. For purposes of this section, state  
6 agency does not include an institution of higher education. The list  
7 shall identify the contracting agency, the contractor, the purpose of  
8 the contract, effective dates and periods of performance, the cost of  
9 the contract and funding source, any modifications to the contract, and  
10 whether the contract was competitively procured or awarded on a sole  
11 source basis. The office of financial management shall also ensure  
12 that state accounting definitions and procedures are consistent with  
13 RCW 39.29.006 and permit the reporting of personal services  
14 expenditures by agency and by type of service. Designations of type of  
15 services shall include, but not be limited to, management and  
16 organizational services, legal and expert witness services, financial  
17 services, computer and information services, social or technical  
18 research, marketing, communications, and employee training or  
19 recruiting services.

20           **Sec. 4.** RCW 40.14.025 and 2003 c 163 s 1 are each amended to read  
21 as follows:

22           (1) The secretary of state and the director of financial management  
23 shall jointly establish a procedure and formula for allocating the  
24 costs of services provided by the division of archives and records  
25 management to state agencies. For purposes of this section, state  
26 agency does not include institutions of higher education. The total  
27 amount allotted for services to state agencies shall not exceed the  
28 appropriation to the archives and records management account during any  
29 allotment period.

30           (2) There is created the archives and records management account in  
31 the state treasury which shall consist of all fees and charges  
32 collected under this section. The account shall be appropriated  
33 exclusively for the payment of costs and expenses incurred in the  
34 operation of the division of archives and records management as  
35 specified by law.

1       **Sec. 5.** RCW 41.06.285 and 1998 c 245 s 41 are each amended to read  
2 as follows:

3       (1) There is hereby created a fund within the state treasury,  
4 designated as the "higher education personnel service fund," to be used  
5 by the board as a revolving fund for the payment of salaries, wages,  
6 and operations required for the administration of institutions of  
7 higher education and related boards, the budget for which shall be  
8 subject to review and approval and appropriation by the legislature.

9       ~~((Subject to the requirements of subsection (2) of this section, an  
10 amount not to exceed one-half of one percent of the salaries and wages  
11 for all positions in the classified service))~~ An amount based on  
12 services used shall be contributed from the operations appropriations  
13 of each institution and the state board for community and technical  
14 colleges and credited to the higher education personnel service fund as  
15 such allotments are approved pursuant to chapter 43.88 RCW. Subject to  
16 the above limitations, such amount shall be charged against the  
17 allotments pro rata, at a rate to be fixed by the director of financial  
18 management from time to time, which will provide the board with funds  
19 to meet its anticipated expenditures during the allotment period.

20       ~~(2) ((If employees of institutions of higher education cease to be  
21 classified under this chapter pursuant to an agreement authorized by  
22 RCW 41.56.201, each institution of higher education and the state board  
23 for community and technical colleges shall continue, for six months  
24 after the effective date of the agreement, to make contributions to the  
25 higher education personnel service fund based on employee salaries and  
26 wages that includes the employees under the agreement. At the  
27 expiration of the six-month period, the director of financial  
28 management shall make across-the-board reductions in allotments of the  
29 higher education personnel service fund for the remainder of the  
30 biennium so that the charge to the institutions of higher education and  
31 state board for community and technical colleges based on the salaries  
32 and wages of the remaining employees of institutions of higher  
33 education and related boards classified under this chapter does not  
34 increase during the biennium, unless an increase is authorized by the  
35 legislature.~~

36       ~~(3))~~ Moneys from the higher education personnel service fund shall  
37 be disbursed by the state treasurer by warrants on vouchers duly  
38 authorized by the board.

1       **Sec. 6.** RCW 43.19.1906 and 2008 c 215 s 5 are each amended to read  
2 as follows:

3       Insofar as practicable, all purchases and sales shall be based on  
4 competitive bids, and a formal sealed, electronic, or web-based bid  
5 procedure, subject to RCW 43.19.1911, shall be used as standard  
6 procedure for all purchases and contracts for purchases and sales  
7 executed by the state purchasing and material control director and  
8 under the powers granted by RCW 43.19.190 through 43.19.1939. This  
9 requirement also applies to purchases and contracts for purchases and  
10 sales executed by agencies, including educational institutions, under  
11 delegated authority granted in accordance with provisions of RCW  
12 43.19.190 or under RCW 28B.10.029. However, formal sealed, electronic,  
13 or web-based competitive bidding is not necessary for:

14       (1) Emergency purchases made pursuant to RCW 43.19.200 if the  
15 sealed bidding procedure would prevent or hinder the emergency from  
16 being met appropriately;

17       (2) Purchases not exceeding thirty-five thousand dollars, or  
18 subsequent limits as calculated by the office of financial management:  
19 PROVIDED, That the state director of general administration shall  
20 establish procedures to assure that purchases made by or on behalf of  
21 the various state agencies shall not be made so as to avoid the thirty-  
22 five thousand dollar bid limitation, or subsequent bid limitations as  
23 calculated by the office of financial management: PROVIDED FURTHER,  
24 That the state purchasing and material control director is authorized  
25 to reduce the formal sealed bid limits of thirty-five thousand dollars,  
26 or subsequent limits as calculated by the office of financial  
27 management, to a lower dollar amount for purchases by individual state  
28 agencies if considered necessary to maintain full disclosure of  
29 competitive procurement or otherwise to achieve overall state  
30 efficiency and economy in purchasing and material control. Quotations  
31 from three thousand dollars to thirty-five thousand dollars, or  
32 subsequent limits as calculated by the office of financial management,  
33 shall be secured from at least three vendors to assure establishment of  
34 a competitive price and may be obtained by telephone or written  
35 quotations, or both. The agency shall invite at least one quotation  
36 each from a certified minority and a certified women-owned vendor who  
37 shall otherwise qualify to perform such work. Immediately after the  
38 award is made, the bid quotations obtained shall be recorded and open

1 to public inspection and shall be available by telephone inquiry. A  
2 record of competition for all such purchases from three thousand  
3 dollars to thirty-five thousand dollars, or subsequent limits as  
4 calculated by the office of financial management, shall be documented  
5 for audit purposes. Purchases up to three thousand dollars may be made  
6 without competitive bids based on buyer experience and knowledge of the  
7 market in achieving maximum quality at minimum cost;

8 (3) Purchases which are clearly and legitimately limited to a  
9 single source of supply and purchases involving special facilities,  
10 services, or market conditions, in which instances the purchase price  
11 may be best established by direct negotiation;

12 (4) Purchases of insurance and bonds by the risk management  
13 division under RCW 43.41.310;

14 (5) Purchases and contracts for vocational rehabilitation clients  
15 of the department of social and health services: PROVIDED, That this  
16 exemption is effective only when the state purchasing and material  
17 control director, after consultation with the director of the division  
18 of vocational rehabilitation and appropriate department of social and  
19 health services procurement personnel, declares that such purchases may  
20 be best executed through direct negotiation with one or more suppliers  
21 in order to expeditiously meet the special needs of the state's  
22 vocational rehabilitation clients;

23 (6) Purchases by universities for hospital operation or biomedical  
24 teaching or research purposes and by the state purchasing and material  
25 control director, as the agent for state hospitals as defined in RCW  
26 72.23.010, and for health care programs provided in state correctional  
27 institutions as defined in RCW 72.65.010(3) and veterans' institutions  
28 as defined in RCW 72.36.010 and 72.36.070, made by participating in  
29 contracts for materials, supplies, and equipment entered into by  
30 nonprofit cooperative hospital group purchasing organizations;

31 (7) Purchases for resale by institutions of higher education to  
32 other than public agencies when such purchases are for the express  
33 purpose of supporting instructional programs and may best be executed  
34 through direct negotiation with one or more suppliers in order to meet  
35 the special needs of the institution;

36 (8) Purchases by institutions of higher education not exceeding  
37 (~~thirty-five~~) one hundred thousand dollars: PROVIDED, That for  
38 purchases between (~~three~~) ten thousand dollars and (~~thirty-five~~)

1 one hundred thousand dollars quotations shall be secured from at least  
2 three vendors to assure establishment of a competitive price and may be  
3 obtained by telephone or written quotations, or both. For purchases  
4 between (~~three~~) ten thousand dollars and (~~thirty-five~~) one hundred  
5 thousand dollars, each institution of higher education shall invite at  
6 least one quotation each from a certified minority and a certified  
7 women-owned vendor who shall otherwise qualify to perform such work.  
8 A record of competition for all such purchases made from (~~three~~) ten  
9 thousand to (~~thirty-five~~) one hundred thousand dollars shall be  
10 documented for audit purposes;

11 (9) Off-contract purchases of Washington grown food when such food  
12 is not available from Washington sources through an existing contract.  
13 However, Washington grown food purchased under this subsection must be  
14 of an equivalent or better quality than similar food available through  
15 the contract and be able to be paid from the agency's existing budget.  
16 This requirement also applies to purchases and contracts for purchases  
17 executed by state agencies, including institutions of higher education,  
18 under delegated authority granted in accordance with RCW 43.19.190 or  
19 under RCW 28B.10.029; and

20 (10) Negotiation of a contract by the department of transportation,  
21 valid until June 30, 2001, with registered tow truck operators to  
22 provide roving service patrols in one or more Washington state patrol  
23 tow zones whereby those registered tow truck operators wishing to  
24 participate would cooperatively, with the department of transportation,  
25 develop a demonstration project upon terms and conditions negotiated by  
26 the parties.

27 Beginning on July 1, 1995, and on July 1st of each succeeding odd-  
28 numbered year, the dollar limits specified in this section shall be  
29 adjusted as follows: The office of financial management shall  
30 calculate such limits by adjusting the previous biennium's limits by  
31 the appropriate federal inflationary index reflecting the rate of  
32 inflation for the previous biennium. Such amounts shall be rounded to  
33 the nearest one hundred dollars. However, the three thousand dollar  
34 figure in subsections (2) (~~and (8)~~) of this section may not be  
35 adjusted to exceed five thousand dollars.

36 As used in this section, "Washington grown" has the definition in  
37 RCW 15.64.060.

1       **Sec. 7.** RCW 43.41.130 and 2010 c 159 s 1 are each amended to read  
2 as follows:

3       (1) The director of financial management, after consultation with  
4 other interested or affected state agencies, shall establish overall  
5 policies governing the acquisition, operation, management, maintenance,  
6 repair, and disposal of all motor vehicles owned or operated by any  
7 state agency. These policies shall include but not be limited to a  
8 definition of what constitutes authorized use of a state owned or  
9 controlled passenger motor vehicle and other motor vehicles on official  
10 state business. The definition shall include, but not be limited to,  
11 the use of state-owned motor vehicles for commuter ride sharing so long  
12 as the entire capital depreciation and operational expense of the  
13 commuter ride-sharing arrangement is paid by the commuters. Any use  
14 other than such defined use shall be considered as personal use.

15       (2)(a) By June 15, 2010, the director of the department of general  
16 administration, in consultation with the office and other interested or  
17 affected state agencies, shall develop strategies to assist state  
18 agencies in reducing fuel consumption and emissions from all classes of  
19 vehicles.

20       (b) In an effort to achieve lower overall emissions for all classes  
21 of vehicles, state agencies should, when financially comparable over  
22 the vehicle's useful life, consider purchasing or converting to ultra-  
23 low carbon fuel vehicles.

24       (3) State agencies shall phase in fuel economy standards for motor  
25 pools and leased petroleum-based fuel vehicles to achieve an average  
26 fuel economy standard of thirty-six miles per gallon for passenger  
27 vehicle fleets by 2015.

28       (4) After June 15, 2010, state agencies shall:

29       (a) When purchasing new petroleum-based fuel vehicles for vehicle  
30 fleets: (i) Achieve an average fuel economy of forty miles per gallon  
31 for light duty passenger vehicles; and (ii) achieve an average fuel  
32 economy of twenty-seven miles per gallon for light duty vans and sports  
33 utility vehicles; or

34       (b) Purchase ultra-low carbon fuel vehicles.

35       (5) State agencies must report annually on the progress made to  
36 achieve the goals under subsections (3) and (4) of this section  
37 beginning October 31, 2011.



1 (6) The department of general administration, in consultation with  
2 the office and other affected or interested agencies, shall develop a  
3 separate fleet fuel economy standard for all other classes of  
4 petroleum-based fuel vehicles and report the progress made toward  
5 meeting the fuel consumption and emissions goals established by this  
6 section to the governor and the relevant legislative committees by  
7 December 1, 2012.

8 (7) The following vehicles are excluded from the average fuel  
9 economy goals established in subsections (3) and (4) of this section:  
10 Emergency response vehicles, passenger vans with a gross vehicle weight  
11 of eight thousand five hundred pounds or greater, vehicles that are  
12 purchased for off-pavement use, ultra-low carbon fuel vehicles, ~~((and))~~  
13 vehicles that are driven less than two thousand miles per year, and  
14 vehicles that are owned by institutions of higher education.

15 (8) Average fuel economy calculations used under this section for  
16 petroleum-based fuel vehicles must be based upon the current United  
17 States environmental protection agency composite city and highway mile  
18 per gallon rating.

19 (9) The definitions in this subsection apply throughout this  
20 section unless the context clearly requires otherwise.

21 (a) "Petroleum-based fuel vehicle" means a vehicle that uses, as a  
22 fuel source, more than ten percent gasoline or diesel fuel.

23 (b) "Ultra-low carbon fuel vehicle" means a vehicle that uses, as  
24 a fuel source, at least ninety percent natural gas, hydrogen,  
25 biomethane, or electricity.

26 **Sec. 8.** RCW 43.88.160 and 2006 c 1 s 6 are each amended to read as  
27 follows:

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

36 (1) Governor; director of financial management. The governor,  
37 through the director of financial management, shall devise and

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

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

31 (3) The director of financial management shall report at least  
32 annually to the appropriate legislative committees regarding the status  
33 of all appropriated capital projects, including transportation  
34 projects, showing significant cost overruns or underruns. If funds are  
35 shifted from one project to another, the office of financial management  
36 shall also reflect this in the annual variance report. Once a project  
37 is complete, the report shall provide a final summary showing estimated  
38 start and completion dates of each project phase compared to actual

1 dates, estimated costs of each project phase compared to actual costs,  
2 and whether or not there are any outstanding liabilities or unsettled  
3 claims at the time of completion.

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

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

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

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

24 (c) Establish policies for allowing the contracting of child care  
25 services;

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

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

1 that for the following agencies no amendment or alteration of the plans  
2 may be made without the approval of the agency concerned: Agencies  
3 headed by elective officials;

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

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

11 (5) The treasurer shall:

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

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

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

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

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

26 It shall be unlawful for the treasurer to disburse public funds in  
27 the treasury except upon forms or by alternative means duly prescribed  
28 by the director of financial management. These forms or alternative  
29 means shall provide for authentication and certification by the agency  
30 head or the agency head's designee that the services have been rendered  
31 or the materials have been furnished; or, in the case of loans or  
32 grants, that the loans or grants are authorized by law; or, in the case  
33 of payments for periodic maintenance services to be performed on state  
34 owned equipment, that a written contract for such periodic maintenance  
35 services is currently in effect; and the treasurer shall not be liable  
36 under the treasurer's surety bond for erroneous or improper payments so  
37 made. When services are lawfully paid for in advance of full  
38 performance by any private individual or business entity other than

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

21 (6) The state auditor shall:

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

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

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

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

24 (d) Be empowered to take exception to specific expenditures that  
25 have been incurred by any agency or to take exception to other  
26 practices related in any way to the agency's financial transactions and  
27 to cause such exceptions to be made a matter of public record,  
28 including disclosure to the agency concerned and to the director of  
29 financial management. It shall be the duty of the director of  
30 financial management to cause corrective action to be taken within six  
31 months, such action to include, as appropriate, the withholding of  
32 funds as provided in RCW 43.88.110. The director of financial  
33 management shall annually report by December 31st the status of audit  
34 resolution to the appropriate committees of the legislature, the state  
35 auditor, and the attorney general. The director of financial  
36 management shall include in the audit resolution report actions taken  
37 as a result of an audit including, but not limited to, types of

1 personnel actions, costs and types of litigation, and value of recouped  
2 goods or services.

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

4 (f) Investigate improper governmental activity under chapter 42.40  
5 RCW.

6 (~~(g)~~) In addition to the authority given to the state auditor in  
7 this subsection (6), the state auditor is authorized to conduct  
8 performance audits identified in RCW 43.09.470. Nothing in this  
9 subsection (6) shall limit, impede, or restrict the state auditor from  
10 conducting performance audits identified in RCW 43.09.470.

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

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

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

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

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

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

30 NEW SECTION. **Sec. 9.** 1998 c 101 s 10 is repealed.

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