
SENATE BILL 6017

State of Washington

62nd Legislature

2012 Regular Session

By Senators Ranker and Nelson

Read first time 01/09/12. Referred to Committee on Government Operations, Tribal Relations & Elections.

1 AN ACT Relating to financial audits of local governments; and
2 amending RCW 43.09.260.

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

4 **Sec. 1.** RCW 43.09.260 and 2009 c 564 s 927 are each amended to
5 read as follows:

6 (1) The examination of the financial affairs of all local
7 governments shall be made at such reasonable, periodic intervals as the
8 state auditor shall determine. However, an examination of the
9 financial affairs of all local governments shall be made at least once
10 in every three years, and an examination of individual local government
11 health and welfare benefit plans and local government self-insurance
12 programs shall be made at least once every two years.

13 (2) During the 2009-2011 fiscal biennium, the state auditor shall
14 conduct audits no more often than once every two years of local
15 governments with annual general fund revenues of ten million dollars or
16 less and no findings of impropriety for the three-year period
17 immediately preceding the audit period. This subsection does not
18 prohibit the state auditor from conducting audits: (a) To address

1 suspected fraud or irregular conduct; (b) at the request of the local
2 government governing body; or (c) as required by federal laws or
3 regulations.

4 (3) The term local governments for purposes of this chapter
5 includes but is not limited to all counties, cities, and other
6 political subdivisions, municipal corporations, and quasi-municipal
7 corporations, however denominated.

8 (4) The state auditor shall establish a schedule to govern the
9 auditing of local governments which shall include: A designation of
10 the various classifications of local governments; a designation of the
11 frequency for auditing each type of local government; and a description
12 of events which cause a more frequent audit to be conducted.

13 (5) On every such examination, inquiry shall be made as to the
14 financial condition and resources of the local government; whether the
15 Constitution and laws of the state, the ordinances and orders of the
16 local government, and the requirements of the state auditor have been
17 properly complied with; and into the methods and accuracy of the
18 accounts and reports. When applicable, the state auditor must
19 interpret any questions of law in the same manner as those questions of
20 law have been interpreted in an opinion from the attorney general. For
21 purposes of this section, an opinion from the attorney general includes
22 both formal and informal opinions.

23 (6) A report of such examination shall be made and filed in the
24 office of state auditor, and one copy shall be transmitted to the local
25 government. A copy of any report containing findings of noncompliance
26 with state law shall be transmitted to the attorney general. If any
27 such report discloses malfeasance, misfeasance, or nonfeasance in
28 office on the part of any public officer or employee, within thirty
29 days from the receipt of his or her copy of the report, the attorney
30 general shall institute, in the proper county, such legal action as is
31 proper in the premises by civil process and prosecute the same to final
32 determination to carry into effect the findings of the examination.

33 (7) It shall be unlawful for any local government or the
34 responsible head thereof, to make a settlement or compromise of any
35 claim arising out of such malfeasance, misfeasance, or nonfeasance, or
36 any action commenced therefor, or for any court to enter upon any

1 compromise or settlement of such action, without the written approval
2 and consent of the attorney general and the state auditor.

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