

SENATE BILL REPORT

SB 5372

As Reported by Senate Committee On:
State Government, February 17, 2017

Title: An act relating to state audit findings of noncompliance with state law.

Brief Description: Addressing state audit findings of noncompliance with state law.

Sponsors: Senators Becker, Rivers, Brown, Miloscia, O'Ban, Zeiger and Angel.

Brief History:

Committee Activity: State Government: 2/03/17, 2/17/17 [DPS].

Brief Summary of Substitute Bill

- Requires state agencies receiving a State Auditor's Office (SAO) post-audit with findings of noncompliance with state law to submit a remediation plan to numerous state entities.
- Requires the SAO to notify numerous state entities if substantial progress in remediation is not made at the subsequent audit.
- Allows specified legislative committees, upon SAO notification, to refer the findings of noncompliance to the Attorney General.

SENATE COMMITTEE ON STATE GOVERNMENT

Majority Report: That Substitute Senate Bill No. 5372 be substituted therefor, and the substitute bill do pass.

Signed by Senators Miloscia, Chair; Zeiger, Vice Chair; Hunt, Ranking Minority Member; Kuderer and Pearson.

Staff: Samuel Brown (786-7470)

Background: The State Auditor annually audits certain financial statements prepared by the Office of Financial Management (OFM) and conducts post-audits of state agencies. The Auditor must send reports of its audits to the Governor, OFM, the state agency audited, the Joint Legislative Audit and Review Committee (JLARC), legislative fiscal committees, and

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the Secretary of the Senate and Chief Clerk of the House. The Auditor must send reports of audits finding that an agency has not complied with state law to the Attorney General.

Summary of Bill (First Substitute): Several steps are mandated if the State Auditor finds, in an audit, that an agency has not complied with state law.

Within 30 days of receiving an audit finding that it has not complied with state law, the audited agency must submit a response and remediation plan to OFM. OFM must then submit the final response and remediation plan to the Governor, State Auditor, JLARC, and relevant House and Senate fiscal and policy committees within 60 days of the initial audit findings. If, at the next succeeding audit, the Auditor determines that the audited agency has not made substantial progress in remediating its noncompliance, the Auditor must notify the foregoing entities, including OFM. The Senate Committee on Facilities and Operations and the Executive Rules Committee of the House of Representatives are authorized to refer the finding of noncompliance to the Attorney General for legal action.

EFFECT OF CHANGES MADE BY STATE GOVERNMENT COMMITTEE (First Substitute): An agency subject to an audit finding of noncompliance with state law must first submit its response and remediation plan to OFM within 30 days. OFM must then submit the final response and remediation plan to the Governor, State Auditor, JLARC, and relevant House and Senate fiscal committees within 60 days of the initial audit findings.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* OTHER: We're asking for an amendment to give OFM an additional 30 days to review the agency's remediation plan. That process would allow OFM to work with the agency to ensure that the plan adequately responds to the audit findings.

Persons Testifying: OTHER: Sheri Sawyer, Governor's Policy Office.

Persons Signed In To Testify But Not Testifying: No one.