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**SENATE BILL 5414**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Senators Hasegawa, Nobles, and Valdez; by request of State Auditor

Read first time 01/22/25. Referred to Committee on State Government,  
Tribal Affairs & Elections.

1 AN ACT Relating to requiring social equity impact analysis in  
2 performance audits and legislative public hearings thereon; and  
3 amending RCW 43.09.470.

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

5 **Sec. 1.** RCW 43.09.470 and 2006 c 1 s 2 are each amended to read  
6 as follows:

7 (1) In addition to audits authorized under RCW 43.88.160, the  
8 state auditor shall conduct independent, comprehensive performance  
9 audits of ~~((state))~~:

10 (a) State government and each of its agencies, accounts, and  
11 programs; ~~((local))~~

12 (b) Local governments and each of their agencies, accounts, and  
13 programs; ~~((state))~~

14 (c) State and local education governmental entities and each of  
15 their agencies, accounts, and programs; ~~((state))~~

16 (d) State and local transportation governmental entities and each  
17 of their agencies, accounts, and programs; and ~~((other))~~

18 (e) Other governmental entities, agencies, accounts, and  
19 programs.

20 (2) The term "government" means an agency, department, office,  
21 officer, board, commission, bureau, division, institution, or

1 institution of higher education. This includes individual agencies  
2 and programs, as well as those programs and activities that cross  
3 agency lines. "Government" includes all elective and nonelective  
4 offices in the executive branch and includes the judicial and  
5 legislative branches.

6 (3) The state auditor shall review and analyze the economy,  
7 efficiency, and effectiveness of the policies, management, fiscal  
8 affairs, and operations of state and local governments, agencies,  
9 programs, and accounts. These performance audits shall be conducted  
10 in accordance with the United States general accounting office  
11 government auditing standards.

12 (4) The scope for each performance audit shall not be limited and  
13 shall include (~~(nine)~~) 10 specific elements:

14 (~~(1)~~) (a) Identification of cost savings; (~~(2)~~  
15 ~~identification~~)

16 (b) Identification of services that can be reduced or eliminated;  
17 (~~(3)~~ ~~identification~~)

18 (c) Identification of programs or services that can be  
19 transferred to the private sector; (~~(4)~~ ~~analysis~~)

20 (d) Analysis of gaps or overlaps in programs or services and  
21 recommendations to correct gaps or overlaps; (~~(5)~~ ~~feasibility~~)

22 (e) Feasibility of pooling information technology systems within  
23 the department; (~~(6)~~ ~~analysis~~)

24 (f) Analysis of the roles and functions of the department, and  
25 recommendations to change or eliminate departmental roles or  
26 functions; (~~(7)~~ ~~recommendations~~)

27 (g) Recommendations for statutory or regulatory changes that may  
28 be necessary for the department to properly carry out its functions;  
29 (~~(8)~~ ~~analysis~~)

30 (h) Analysis of departmental performance data, performance  
31 measures, and self-assessment systems; (~~and (9)~~ ~~identification~~)

32 (i) Identification of best practices; and

33 (j) Analysis of the social equity impact of programs or services.

34 (5) The state auditor may contract out any performance audits.  
35 For counties and cities, the audit may be conducted as part of audits  
36 otherwise required by state law. Each audit report shall be submitted  
37 to the corresponding legislative body or legislative bodies and made  
38 available to the public on or before (~~(thirty)~~) 30 days after the  
39 completion of each audit or each follow-up audit. On or before  
40 (~~(thirty)~~) 90 days after the performance audit is made public, the

1 corresponding legislative body or legislative bodies shall hold at  
2 least one public hearing to consider the findings of the audit and  
3 shall receive comments from the public. The state auditor is  
4 authorized to issue subpoenas to governmental entities for required  
5 documents, memos, and budgets to conduct the performance audits.

6 (6) The state auditor may, at any time, conduct a performance  
7 audit to determine not only the efficiency, but also the  
8 effectiveness, of any government agency, account, or program. No  
9 legislative body, officeholder, or employee may impede or restrict  
10 the authority or the actions of the state auditor to conduct  
11 independent, comprehensive performance audits. To the greatest extent  
12 possible, the state auditor shall instruct and advise the appropriate  
13 governmental body on a step-by-step remedy to whatever  
14 ineffectiveness and inefficiency is discovered in the audited entity.  
15 For performance audits of state government and its agencies,  
16 programs, and accounts, the legislature must consider the state  
17 auditor reports in connection with the legislative appropriations  
18 process.

19 (7) An annual report will be submitted by the joint legislative  
20 audit and review committee by July 1st of each year detailing the  
21 status of the legislative implementation of the state auditor's  
22 recommendations. Justification must be provided for recommendations  
23 not implemented. Details of other corrective action must be provided  
24 as well. For performance audits of local governments and their  
25 agencies, programs, and accounts, the corresponding legislative body  
26 must consider the state auditor reports in connection with its  
27 spending practices.

28 (8) An annual report will be submitted by the legislative body by  
29 July 1st of each year detailing the status of the legislative  
30 implementation of the state auditor's recommendations. Justification  
31 must be provided for recommendations not implemented. Details of  
32 other corrective action must be provided as well. The people  
33 encourage the state auditor to aggressively pursue the largest,  
34 costliest governmental entities first but to pursue all governmental  
35 entities in due course.

36 (9) Follow-up performance audits on any state and local  
37 government, agency, account, and program may be conducted when  
38 determined necessary by the state auditor. Revenues from the

1 performance audits of government account, created in RCW 43.09.475,  
2 shall be used for the cost of the audits.

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