

**INITIATIVE 844**

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 844 to the People is a true and correct copy as it was received by this office.

1 AN ACT Relating to ensuring government efficiencies through  
2 performance audits conducted by the state auditor; amending RCW  
3 43.88.160, 43.88.090, and 43.09.050; adding new sections to chapter  
4 43.09 RCW; creating new sections; and making an appropriation.

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

6 NEW SECTION. **Sec. 1.** Competitive pressures that force  
7 efficiencies in the private sector to ensure they provide useful and  
8 quality products and services at a reasonable cost do not apply to the  
9 public sector. This act is intended to create a mechanism whereby  
10 conscientious public employees and concerned citizens can work together  
11 to improve state government. Performance audits are a powerful  
12 management and decision-making tool that can be utilized to achieve and  
13 maintain efficient government.

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

16 (1) The state auditor shall undertake ongoing independent,  
17 objective, and comprehensive performance audits of state government,

1 which shall be performed in accordance with government auditing  
2 standards and funded by the general fund.

3 (2) For the purposes of this act, "government auditing standards"  
4 means the generally accepted government auditing standards as published  
5 by the comptroller general of the United States general accounting  
6 office.

7 (3) For the purposes of this act, "state government" or "state  
8 agency" or "state agencies" includes any agencies, boards, commissions,  
9 departments, committees, offices, programs, or services within the  
10 executive branch of state government, including any institution of  
11 higher education.

12 (4) The performance audit report must include:

13 (a) Identification of potential cost savings in state agencies,  
14 programs, and services;

15 (b) Identification of funding to state agencies, programs, and  
16 services that can be eliminated or reduced;

17 (c) Identification of state agencies, programs, and services that  
18 can be eliminated, reduced, or transferred to the private sector;

19 (d) Analysis of gaps and overlaps in state agencies, programs, and  
20 services and recommendations for improving, dropping, blending, or  
21 separating functions to correct gaps or overlaps;

22 (e) Analysis and recommendations for pooling information technology  
23 systems across agency lines;

24 (f) Analysis of the roles and functions of state agencies,  
25 programs, and services and their compliance with statutory authority  
26 and recommendations for eliminating or changing those roles and  
27 functions and ensuring compliance with statutory authority;

28 (g) Recommendations for eliminating or changing statutes, rules,  
29 and policy directives as may be necessary to ensure state agencies  
30 carry out reasonably and properly those functions expressly vested in  
31 state agencies by statute;

32 (h) Verification of the reliability and validity of individual or  
33 multiple agency performance data, self-assessments, and performance  
34 measurement systems as required under RCW 43.88.090; and

35 (i) Identification and recognition of best practices.

36 (5) The state auditor may require any state agency to provide all  
37 information required for completion of any audit, and each state agency  
38 shall fully and completely cooperate with the state auditor for the

1 purposes of this section. The costs of complying with these  
2 requirements are paid for by the agency.

3 (6) The state auditor shall contract with private sector  
4 professional and technical experts for conducting performance audits  
5 and shall provide oversight of such audits and employees within the  
6 state auditor's office, if available and qualified, may assist such  
7 audits. The state auditor shall create and maintain a list of  
8 qualified private sector professional and technical experts who shall  
9 be selected to conduct performance audits either by lot or on a  
10 rotating basis.

11 (7) The state auditor shall solicit suggestions for improving  
12 government performance from both front-line public employees,  
13 government service recipients, and the public at large in the conduct  
14 of each audit. The state auditor shall establish a toll-free telephone  
15 number at which the public may make suggestions, report government  
16 waste, and note government innovation. The state auditor shall compile  
17 the information acquired and make it available upon request and may  
18 provide comments regarding the information acquired.

19 (8)(a) The state auditor shall perform preliminary performance  
20 assessments and establish initial scoring for state agencies, programs,  
21 and services and present an audit work plan to the citizens' advisory  
22 committee created in section 6 of this act and the joint legislative  
23 audit and review committee within sixty days after the effective date  
24 of this act for their review and comment. The citizens' advisory  
25 committee and the joint legislative audit and review committee shall  
26 present their respective comments in writing within thirty days after  
27 they receive the audit work plan from the auditor. Within sixty days  
28 after the state auditor has completed a performance audit of a state  
29 agency, program, or service, the auditor shall present the final  
30 performance audit report to the legislature and the governor and make  
31 the report available to the public upon request and on its web site.

32 (b) The state auditor shall create subsequent auditing schedules  
33 for all state agencies and present subsequent audit work plans to the  
34 citizens' advisory committee and the joint legislative audit and review  
35 committee within thirty days after each plan is created for their  
36 review and comment. The citizens' advisory committee and the joint  
37 legislative audit and review committee shall present their respective  
38 comments in writing within thirty days after they receive a subsequent  
39 audit work plan from the auditor. Within sixty days after the state

1 auditor has completed a subsequent performance audit of a state agency,  
2 program, or service, the auditor shall present its final performance  
3 audit report to the legislature and the governor and make the report  
4 available to the public upon request and on its web site.

5 (9) The state auditor, the joint legislative audit and review  
6 committee, and the citizens' advisory committee shall strive to  
7 cooperate and collaborate between and among themselves to the fullest  
8 extent possible in order to maximize the intent of this act and to  
9 ensure government efficiencies are achieved through performance audits  
10 authorized by this act.

11 (10) The office of the economic and revenue forecast council shall  
12 establish a peer group rating system using as benchmarks only those  
13 states having the same number of electoral votes as Washington or  
14 having plus or minus one electoral vote as does Washington and shall  
15 issue a budgeting and economic climate report based on the peer group  
16 rating system. The report shall include an analysis of any peer group  
17 state performance audits of state agencies and the effects on each  
18 state's budgeting and economic climate. The office of the economic and  
19 revenue forecast council shall submit its budgeting and economic  
20 climate report to the legislature, the governor, and the state auditor  
21 no later than December 31, 2003, and shall, thereafter, make the report  
22 available to the public upon request and on its web site. The office  
23 of the economic and revenue forecast council shall update its budgeting  
24 and economic climate each year and submit each year's report to the  
25 legislature, the governor, and the state auditor no later than December  
26 31st of each year and shall make each year's report available to the  
27 public upon request and on its web site. The legislature shall use the  
28 budgeting and economic report as submitted from the office of the  
29 economic and revenue forecast council as the basis for determining  
30 Washington state's competitive economic standing in relation to the  
31 other states within the peer group.

32 **Sec. 3.** RCW 43.88.160 and 2002 c 260 s 1 are each amended to read  
33 as follows:

34 This section sets forth the major fiscal duties and  
35 responsibilities of officers and agencies of the executive branch. The  
36 regulations issued by the governor pursuant to this chapter shall  
37 provide for a comprehensive, orderly basis for fiscal management and  
38 control, including efficient accounting and reporting therefor, for the

1 executive branch of the state government and may include, in addition,  
2 such requirements as will generally promote more efficient public  
3 management in the state.

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

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

36 (3) The director of financial management shall report at least  
37 annually to the appropriate legislative committees regarding the status  
38 of all appropriated capital projects, including transportation  
39 projects, showing significant cost overruns or underruns. If funds are

1 shifted from one project to another, the office of financial management  
2 shall also reflect this in the annual variance report. Once a project  
3 is complete, the report shall provide a final summary showing estimated  
4 start and completion dates of each project phase compared to actual  
5 dates, estimated costs of each project phase compared to actual costs,  
6 and whether or not there are any outstanding liabilities or unsettled  
7 claims at the time of completion.

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

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

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

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

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

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

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

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

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

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

13 (5) The treasurer shall:

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

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

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

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

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

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

1 performance by any private individual or business entity other than  
2 equipment maintenance providers or as provided for by RCW 42.24.035,  
3 such individual or entity other than central stores rendering such  
4 services shall make a cash deposit or furnish surety bond coverage to  
5 the state as shall be fixed in an amount by law, or if not fixed by  
6 law, then in such amounts as shall be fixed by the director of the  
7 department of general administration but in no case shall such required  
8 cash deposit or surety bond be less than an amount which will fully  
9 indemnify the state against any and all losses on account of breach of  
10 promise to fully perform such services. No payments shall be made in  
11 advance for any equipment maintenance services to be performed more  
12 than twelve months after such payment. Any such bond so furnished  
13 shall be conditioned that the person, firm or corporation receiving the  
14 advance payment will apply it toward performance of the contract. The  
15 responsibility for recovery of erroneous or improper payments made  
16 under this section shall lie with the agency head or the agency head's  
17 designee in accordance with regulations issued pursuant to this  
18 chapter. Nothing in this section shall be construed to permit a public  
19 body to advance funds to a private service provider pursuant to a grant  
20 or loan before 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 ~~((e))~~  
31 (d) of 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        (d) Perform or participate in performance ((verifications and  
2 performance)) audits ((as expressly authorized by the legislature in  
3 the omnibus biennial appropriations acts or in the performance audit  
4 work plan approved by the joint legislative audit and review  
5 committee)). A performance audit for the purpose of this section is an  
6 objective and systematic examination of evidence for the purpose of  
7 providing an independent assessment of the performance of a state  
8 agency, program, or service in order to provide information for  
9 improving public accountability and facilitating decision making by  
10 those who have the responsibility to initiate or oversee corrective  
11 action. Performance audits include economy, efficiency, and program  
12 audits.

13        (i) Economy and efficiency audits include determining whether the  
14 state agency is acquiring, protecting, and using its resources, such as  
15 personnel, property, and space, economically and efficiently; the  
16 causes of uneconomical or inefficient practices; and whether the agency  
17 has complied with laws and rules on matters of economy and efficiency.

18        (ii) Program audits include determining the extent to which the  
19 desired results or benefits established by the legislature or other  
20 authorizing body are being achieved by the state agency; the  
21 effectiveness of agencies, programs, and services; and whether the  
22 agency complied with laws and rules applicable to the program.

23        The state auditor, upon completing an audit for legal and financial  
24 compliance under chapter 43.09 RCW ((or a performance verification)),  
25 may report to the joint legislative audit and review committee or other  
26 appropriate committees of the legislature, in a manner prescribed by  
27 the joint legislative audit and review committee, on facts relating to  
28 the management or performance of governmental programs ((where such  
29 facts are discovered incidental to the legal and financial audit or  
30 performance verification. The auditor may make such a report to a  
31 legislative committee only if the auditor has determined that the  
32 agency has been given an opportunity and has failed to resolve the  
33 management or performance issues raised by the auditor. If the auditor  
34 makes a report to a legislative committee, the agency may submit to the  
35 committee a response to the report. This subsection (6) shall not be  
36 construed to authorize the auditor to allocate other than de minimis  
37 resources to performance audits except as expressly authorized in the  
38 appropriations acts or in the performance audit work plan. The results  
39 of a performance audit conducted by the state auditor that has been

1 requested by the joint legislative audit and review committee must only  
2 be transmitted to the joint legislative audit and review committee)).

3 ((~~(d)~~)) (e) Be empowered to take exception to specific expenditures  
4 that have been incurred by any agency or to take exception to other  
5 practices related in any way to the agency's financial transactions and  
6 to cause such exceptions to be made a matter of public record,  
7 including disclosure to the agency concerned and to the director of  
8 financial management. It shall be the duty of the director of  
9 financial management to cause corrective action to be taken within six  
10 months, such action to include, as appropriate, the withholding of  
11 funds as provided in RCW 43.88.110. The director of financial  
12 management shall annually report by December 31st the status of audit  
13 resolution to the appropriate committees of the legislature, the state  
14 auditor, and the attorney general. The director of financial  
15 management shall include in the audit resolution report actions taken  
16 as a result of an audit including, but not limited to, types of  
17 personnel actions, costs and types of litigation, and value of recouped  
18 goods or services.

19 ((~~(e)~~)) (f) Promptly report any irregularities to the attorney  
20 general.

21 ((~~(f)~~)) (g) Investigate improper governmental activity under  
22 chapter 42.40 RCW.

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

24 (a) Make post audits of the financial transactions of any agency  
25 and management surveys and program reviews as provided for in chapter  
26 44.28 RCW as well as performance audits and program evaluations. To  
27 this end the joint committee may in its discretion examine the books,  
28 accounts, and other records of any agency, official, or employee.

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

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

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

38 (ii) Such plans as it deems expedient for the support of the  
39 state's credit, for lessening expenditures, for promoting frugality and

1 economy in agency affairs, and generally for an improved level of  
2 fiscal management.

3 **Sec. 4.** RCW 43.88.090 and 1997 c 372 s 1 are each amended to read  
4 as follows:

5 (1) For purposes of developing budget proposals to the legislature,  
6 the governor shall have the power, and it shall be the governor's duty,  
7 to require from proper agency officials such detailed estimates and  
8 other information in such form and at such times as the governor shall  
9 direct. The estimates for the legislature and the judiciary shall be  
10 transmitted to the governor and shall be included in the budget without  
11 revision. The estimates for state pension contributions shall be based  
12 on the rates provided in chapter 41.45 RCW. Copies of all such  
13 estimates shall be transmitted to the standing fiscal committees (~~on~~  
14 ~~ways and means~~) of the house of representatives and senate at the same  
15 time as they are filed with the governor and the office of financial  
16 management.

17 The estimates shall include statements or tables which indicate, by  
18 agency, the state funds which are required for the receipt of federal  
19 matching revenues. The estimates shall be revised as necessary to  
20 reflect legislative enactments and adopted appropriations and shall be  
21 included with the initial biennial allotment submitted under RCW  
22 43.88.110. The estimates must reflect that the agency considered any  
23 alternatives to reduce costs or improve service delivery identified in  
24 the findings of ((a)) any performance audit of the agency by the state  
25 auditor or the joint legislative audit and review committee. Nothing  
26 in this subsection requires performance audit findings to be published  
27 as part of the budget.

28 (2) Each state agency shall define its mission and establish  
29 measurable goals for achieving desirable results for those who receive  
30 its services and the taxpayers who pay for those services. Each agency  
31 shall also develop clear strategies and timelines to achieve its goals.  
32 This section does not require an agency to develop a new mission or  
33 goals in place of identifiable missions or goals that meet the intent  
34 of this section. The mission and goals of each agency must conform to  
35 statutory direction and limitations.

36 (3) For the purpose of assessing program performance, each state  
37 agency shall establish program objectives for each major program in its  
38 budget. The objectives must be consistent with the missions and goals

1 developed under this section. The objectives must be expressed to the  
2 extent practicable in outcome-based, objective, and measurable form  
3 unless an exception to adopt a different standard is granted by the  
4 office of financial management and approved by the legislative  
5 committee on performance review. The office of financial management  
6 shall provide necessary professional and technical assistance to assist  
7 state agencies in the development of strategic plans that include the  
8 mission of the agency and its programs, measurable goals, strategies,  
9 and performance measurement systems.

10 (4) Each state agency shall adopt procedures for continuous self-  
11 assessment of each program and activity, using the mission, goals,  
12 objectives, and measurements required under subsections (2) and (3) of  
13 this section.

14 (5) It is the policy of the legislature that each agency's budget  
15 proposals must be directly linked to the agency's stated mission and  
16 program goals and objectives. Consistent with this policy, agency  
17 budget proposals must include integration of performance measures that  
18 allow objective determination of a program's success in achieving its  
19 goals. The office of financial management shall develop a plan to  
20 merge the budget development process with agency performance assessment  
21 procedures. The plan must include a schedule to integrate agency  
22 strategic plans and performance measures into agency budget requests  
23 and the governor's budget proposal over three fiscal biennia. The plan  
24 must identify those agencies that will implement the revised budget  
25 process in the 1997-1999 biennium, the 1999-2001 biennium, and the  
26 2001-2003 biennium. In consultation with the legislative fiscal  
27 committees, the office of financial management shall recommend  
28 statutory and procedural modifications to the state's budget,  
29 accounting, and reporting systems to facilitate the performance  
30 assessment procedures and the merger of those procedures with the state  
31 budget process. The plan and recommended statutory and procedural  
32 modifications must be submitted to the legislative fiscal committees by  
33 September 30, 1996.

34 (6) In the year of the gubernatorial election, the governor shall  
35 invite the governor-elect or the governor-elect's designee to attend  
36 all hearings provided in RCW 43.88.100; and the governor shall furnish  
37 the governor-elect or the governor-elect's designee with such  
38 information as will enable the governor-elect or the governor-elect's  
39 designee to gain an understanding of the state's budget requirements.

1 The governor-elect or the governor-elect's designee may ask such  
2 questions during the hearings and require such information as the  
3 governor-elect or the governor-elect's designee deems necessary and may  
4 make recommendations in connection with any item of the budget which,  
5 with the governor-elect's reasons therefor, shall be presented to the  
6 legislature in writing with the budget document. Copies of all such  
7 estimates and other required information shall also be submitted to the  
8 standing committees on ways and means of the house and senate.

9 **Sec. 5.** RCW 43.09.050 and 1992 c 118 s 6 are each amended to read  
10 as follows:

11 The auditor shall:

12 (1) Except as otherwise specifically provided by law, audit the  
13 accounts of all collectors of the revenue and other holders of public  
14 money required by law to pay the same into the treasury;

15 (2) In his or her discretion, inspect the books of any person  
16 charged with the receipt, safekeeping, and disbursement of public  
17 moneys;

18 (3) Investigate improper governmental activity under chapter 42.40  
19 RCW;

20 (4) Inform the attorney general in writing of the necessity for the  
21 attorney general to direct prosecutions in the name of the state for  
22 all official delinquencies in relation to the assessment, collection,  
23 and payment of the revenue, against all persons who, by any means,  
24 become possessed of public money or property, and fail to pay over or  
25 deliver the same, and against all debtors of the state;

26 (5) Give information in writing to the legislature, whenever  
27 required, upon any subject relating to the financial affairs of the  
28 state, or touching any duties of his or her office;

29 (6) Report to the director of financial management in writing the  
30 names of all persons who have received any moneys belonging to the  
31 state, and have not accounted therefor;

32 (7) Authenticate with his or her official seal papers issued from  
33 his or her office;

34 (8) Make his or her official report annually on or before the 31st  
35 of December; and

36 (9) Undertake ongoing independent, objective, and comprehensive  
37 performance audits of state agencies, which shall be performed in

1 accordance with government auditing standards and funded by the general  
2 fund.

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

5 (1) The citizens' oversight committee for government accountability  
6 is established as a panel composed of seven members as follows:

7 (a) Five members shall be citizens appointed by the leadership of  
8 the house of representatives who are not affiliated with the party of  
9 the state auditor;

10 (b) One member shall be the state auditor or a designee, who shall  
11 be a nonvoting member;

12 (c) One member shall be the governor or a designee, who shall be a  
13 nonvoting member.

14 (2) At least one citizen member of the committee shall have  
15 verifiable experience and expertise in private sector financial  
16 management, accounting, or auditing. One citizen member of the  
17 committee shall have experience with the media and act as public  
18 relations coordinator. The remaining three citizen members shall have  
19 general management or business experience obtained primarily in a  
20 private for-profit business.

21 (3) The members of the citizens' oversight committee shall select  
22 a chair from one of the five citizen members. The committee may create  
23 subcommittees and advisory panels to assist in its deliberations and  
24 may contract for specialized expertise.

25 (4) Citizen members shall attempt to protect the interest of  
26 taxpayers and should not have interests in conflict of that objective.  
27 No citizen member may be selected who has obtained a substantial  
28 portion of his or her wealth from government in either a direct or  
29 indirect manner. Citizens who receive compensation by a private firm  
30 that derives thirty percent or more of its revenue from government  
31 contracts or citizens whose profession involves attempts to influence  
32 or effect government action would be excluded from selection.

33 (5) The citizens' oversight committee for government accountability  
34 shall submit reports and recommendations to the state auditor regarding  
35 the initiation, scope, compliance, and accountability of performance  
36 audits, and for achieving, increasing, and improving state government  
37 efficiency, effectiveness, organization, operations, accountability,

1 and cost savings. The committee shall provide recommendations  
2 regarding funding for future audits.

3 (6) The citizens' oversight committee shall be appointed within  
4 thirty days after the effective date of this act. A new citizens'  
5 oversight committee shall be formed and members appointed within sixty  
6 days after future elections of the state auditor.

7 (7) All appointed members of the citizens' oversight committee  
8 shall be reimbursed for travel expenses incurred in the performance of  
9 duties of the citizens' oversight committee in accordance with RCW  
10 43.03.050 and 43.03.060. All appointed members shall receive a per  
11 diem of seventy dollars per day when performing duties of the citizens'  
12 oversight committee.

13 NEW SECTION. **Sec. 7.** The sum of five million dollars, or as much  
14 thereof as may be necessary, is appropriated from the general fund to  
15 the state auditor for the fiscal year ending June 30, 2004, for the  
16 purposes of this act.

17 NEW SECTION. **Sec. 8.** This act shall be liberally construed so as  
18 to effectuate its purposes and the state auditor and the joint  
19 legislative audit and review committee shall exercise the authority  
20 provided under this act to the fullest extent possible in order to  
21 maximize the intent of this act and to ensure government efficiencies  
22 are achieved through performance audits authorized by this act within  
23 the funds available for such exercise.

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