

INITIATIVE 288

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. 288 to the Legislature 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.** Inherent in any organization is a tendency
7 to grow and there is always a danger it will become unmanageable and
8 inefficient in the process. In private industry, competition provides
9 the pressure to force efficiencies. If a business does not produce a
10 useful quality product at a reasonable cost, it will not survive.
11 There is no such external pressure in government, so other mechanisms
12 must be created to prevent waste and excessive overhead. Government
13 must do its own policing and the taxpayers who finance government
14 should demand that they do so. Every dollar taken from a taxpayer
15 should be spent wisely since it is money that could otherwise be used
16 to support a child, pay a mortgage, or help in other ways to provide
17 financial security for a family. Every tax dollar wasted could have
18 been used instead to help someone in need. The intent of this act is
19 to create a mechanism whereby conscientious public employees and

1 concerned citizens can join together to improve state government and
2 ensure that funds are spent on programs that work and not siphoned away
3 by excessive overhead or needless duplication of effort.

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

6 (1) The state auditor shall undertake ongoing independent,
7 objective, and comprehensive performance audits of state government,
8 which shall be performed in accordance with government auditing
9 standards and funded by the general fund.

10 (2) For the purposes of this act, "government auditing standards"
11 means the generally accepted government auditing standards as published
12 by the comptroller general of the United States general accounting
13 office.

14 (3) For the purposes of this act, "state government" or "state
15 agency" or "state agencies" includes any agencies, boards, commissions,
16 departments, committees, offices, programs, or services within the
17 executive branch of state government, including any institution of
18 higher education.

19 (4) The performance audit report must include:

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

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

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

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

29 (e) Analysis and recommendations for pooling information technology
30 systems across agency lines;

31 (f) Analysis of the roles and functions of state agencies,
32 programs, and services and their compliance with statutory authority
33 and recommendations for eliminating or changing those roles and
34 functions and ensuring compliance with statutory authority;

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

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

4 (i) Identification and recognition of best practices.

5 (5) The state auditor may require any state agency to provide all
6 information required for completion of any audit, and each state agency
7 shall fully and completely cooperate with the state auditor for the
8 purposes of this section. The costs of complying with these
9 requirements are paid for by the agency.

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

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

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

1 (b) The state auditor shall create subsequent auditing schedules
2 for all state agencies and present subsequent audit work plans to the
3 citizens' advisory committee and the joint legislative audit and review
4 committee within thirty days after each plan is created for their
5 review and comment. The citizens' advisory committee and the joint
6 legislative audit and review committee shall present their respective
7 comments in writing within thirty days after they receive a subsequent
8 audit work plan from the auditor. Within sixty days after the state
9 auditor has completed a subsequent performance audit of a state agency,
10 program, or service, the auditor shall present its final performance
11 audit report to the legislature and the governor and make the report
12 available to the public upon request and on its web site.

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

19 (10) The office of the economic and revenue forecast council shall
20 establish a peer group rating system using as benchmarks only those
21 states having the same number of electoral votes as Washington or
22 having plus or minus one electoral vote as does Washington and shall
23 issue a budgeting and economic climate report based on the peer group
24 rating system. The report shall include an analysis of any peer group
25 state performance audits of state agencies and the effects on each
26 state's budgeting and economic climate. The office of the economic and
27 revenue forecast council shall submit its budgeting and economic
28 climate report to the legislature, the governor, and the state auditor
29 no later than December 31, 2003, and shall, thereafter, make the report
30 available to the public upon request and on its web site. The office
31 of the economic and revenue forecast council shall update its budgeting
32 and economic climate each year and submit each year's report to the
33 legislature, the governor, and the state auditor no later than December
34 31st of each year and shall make each year's report available to the
35 public upon request and on its web site. The legislature shall use the
36 budgeting and economic report as submitted from the office of the
37 economic and revenue forecast council as the basis for determining
38 Washington state's competitive economic standing in relation to the
39 other states within the peer group.

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

3 This section sets forth the major fiscal duties and
4 responsibilities of officers and agencies of the executive branch. The
5 regulations issued by the governor pursuant to this chapter shall
6 provide for a comprehensive, orderly basis for fiscal management and
7 control, including efficient accounting and reporting therefor, for the
8 executive branch of the state government and may include, in addition,
9 such requirements as will generally promote more efficient public
10 management in the state.

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

33 (2) Except as provided in chapter 43.88C RCW, the director of
34 financial management is responsible for quarterly reporting of primary
35 operating budget drivers such as applicable workloads, caseload
36 estimates, and appropriate unit cost data. These reports shall be
37 transmitted to the legislative fiscal committees or by electronic means
38 to the legislative evaluation and accountability program committee.
39 Quarterly reports shall include actual monthly data and the variance

1 between actual and estimated data to date. The reports shall also
2 include estimates of these items for the remainder of the budget
3 period.

4 (3) The director of financial management shall report at least
5 annually to the appropriate legislative committees regarding the status
6 of all appropriated capital projects, including transportation
7 projects, showing significant cost overruns or underruns. If funds are
8 shifted from one project to another, the office of financial management
9 shall also reflect this in the annual variance report. Once a project
10 is complete, the report shall provide a final summary showing estimated
11 start and completion dates of each project phase compared to actual
12 dates, estimated costs of each project phase compared to actual costs,
13 and whether or not there are any outstanding liabilities or unsettled
14 claims at the time of completion.

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

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

26 Each agency head or authorized designee shall be assigned the
27 responsibility and authority for establishing and maintaining internal
28 audits following the standards of internal auditing of the institute of
29 internal auditors;

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

35 (c) Establish policies for allowing the contracting of child care
36 services;

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

1 (e) Review any pay and classification plans, and changes
2 thereunder, developed by any agency for their fiscal impact: PROVIDED,
3 That none of the provisions of this subsection shall affect merit
4 systems of personnel management now existing or hereafter established
5 by statute relating to the fixing of qualifications requirements for
6 recruitment, appointment, or promotion of employees of any agency. The
7 director shall advise and confer with agencies including appropriate
8 standing committees of the legislature as may be designated by the
9 speaker of the house of representatives and the president of the senate
10 regarding the fiscal impact of such plans and may amend or alter the
11 plans, except that for the following agencies no amendment or
12 alteration of the plans may be made without the approval of the agency
13 concerned: Agencies headed by elective officials;

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

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

21 (5) The treasurer shall:

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

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

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

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

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

36 It shall be unlawful for the treasurer to disburse public funds in
37 the treasury except upon forms or by alternative means duly prescribed
38 by the director of financial management. These forms or alternative
39 means shall provide for authentication and certification by the agency

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

29 (6) The state auditor shall:

30 (a) Report to the legislature the results of current post audits
31 that have been made of the financial transactions of each agency; to
32 this end the auditor may, in the auditor's discretion, examine the
33 books and accounts of any agency, official, or employee charged with
34 the receipt, custody, or safekeeping of public funds. Where feasible
35 in conducting examinations, the auditor shall utilize data and findings
36 from the internal control system prescribed by the office of financial
37 management. The current post audit of each agency may include a
38 section on recommendations to the legislature as provided in ~~((e))~~
39 (d) of this subsection.

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

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

8 (d) Perform or participate in performance ((verifications and
9 performance)) audits ((as expressly authorized by the legislature in
10 the omnibus biennial appropriations acts or in the performance audit
11 work plan approved by the joint legislative audit and review
12 committee)). A performance audit for the purpose of this section is an
13 objective and systematic examination of evidence for the purpose of
14 providing an independent assessment of the performance of a state
15 agency, program, or service in order to provide information for
16 improving public accountability and facilitating decision making by
17 those who have the responsibility to initiate or oversee corrective
18 action. Performance audits include economy, efficiency, and program
19 audits.

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

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

30 The state auditor, upon completing an audit for legal and financial
31 compliance under chapter 43.09 RCW (~~or a performance verification~~),
32 may report to the joint legislative audit and review committee or other
33 appropriate committees of the legislature, in a manner prescribed by
34 the joint legislative audit and review committee, on facts relating to
35 the management or performance of governmental programs (~~where such~~
36 ~~facts are discovered incidental to the legal and financial audit or~~
37 ~~performance verification. The auditor may make such a report to a~~
38 ~~legislative committee only if the auditor has determined that the~~
39 ~~agency has been given an opportunity and has failed to resolve the~~

1 management or performance issues raised by the auditor. If the auditor
2 makes a report to a legislative committee, the agency may submit to the
3 committee a response to the report. This subsection (6) shall not be
4 construed to authorize the auditor to allocate other than de minimis
5 resources to performance audits except as expressly authorized in the
6 appropriations acts or in the performance audit work plan. The results
7 of a performance audit conducted by the state auditor that has been
8 requested by the joint legislative audit and review committee must only
9 be transmitted to the joint legislative audit and review committee)).

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

26 ((e)) (f) Promptly report any irregularities to the attorney
27 general.

28 ((f)) (g) Investigate improper governmental activity under
29 chapter 42.40 RCW.

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

31 (a) Make post audits of the financial transactions of any agency
32 and management surveys and program reviews as provided for in chapter
33 44.28 RCW as well as performance audits and program evaluations. To
34 this end the joint committee may in its discretion examine the books,
35 accounts, and other records of any agency, official, or employee.

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

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

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

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

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

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

25 The estimates shall include statements or tables which indicate, by
26 agency, the state funds which are required for the receipt of federal
27 matching revenues. The estimates shall be revised as necessary to
28 reflect legislative enactments and adopted appropriations and shall be
29 included with the initial biennial allotment submitted under RCW
30 43.88.110. The estimates must reflect that the agency considered any
31 alternatives to reduce costs or improve service delivery identified in
32 the findings of ((a)) any performance audit of the agency by the state
33 auditor or the joint legislative audit and review committee. Nothing
34 in this subsection requires performance audit findings to be published
35 as part of the budget.

36 (2) Each state agency shall define its mission and establish
37 measurable goals for achieving desirable results for those who receive
38 its services and the taxpayers who pay for those services. Each agency

1 shall also develop clear strategies and timelines to achieve its goals.
2 This section does not require an agency to develop a new mission or
3 goals in place of identifiable missions or goals that meet the intent
4 of this section. The mission and goals of each agency must conform to
5 statutory direction and limitations.

6 (3) For the purpose of assessing program performance, each state
7 agency shall establish program objectives for each major program in its
8 budget. The objectives must be consistent with the missions and goals
9 developed under this section. The objectives must be expressed to the
10 extent practicable in outcome-based, objective, and measurable form
11 unless an exception to adopt a different standard is granted by the
12 office of financial management and approved by the legislative
13 committee on performance review. The office of financial management
14 shall provide necessary professional and technical assistance to assist
15 state agencies in the development of strategic plans that include the
16 mission of the agency and its programs, measurable goals, strategies,
17 and performance measurement systems.

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

22 (5) It is the policy of the legislature that each agency's budget
23 proposals must be directly linked to the agency's stated mission and
24 program goals and objectives. Consistent with this policy, agency
25 budget proposals must include integration of performance measures that
26 allow objective determination of a program's success in achieving its
27 goals. The office of financial management shall develop a plan to
28 merge the budget development process with agency performance assessment
29 procedures. The plan must include a schedule to integrate agency
30 strategic plans and performance measures into agency budget requests
31 and the governor's budget proposal over three fiscal biennia. The plan
32 must identify those agencies that will implement the revised budget
33 process in the 1997-1999 biennium, the 1999-2001 biennium, and the
34 2001-2003 biennium. In consultation with the legislative fiscal
35 committees, the office of financial management shall recommend
36 statutory and procedural modifications to the state's budget,
37 accounting, and reporting systems to facilitate the performance
38 assessment procedures and the merger of those procedures with the state
39 budget process. The plan and recommended statutory and procedural

1 modifications must be submitted to the legislative fiscal committees by
2 September 30, 1996.

3 (6) In the year of the gubernatorial election, the governor shall
4 invite the governor-elect or the governor-elect's designee to attend
5 all hearings provided in RCW 43.88.100; and the governor shall furnish
6 the governor-elect or the governor-elect's designee with such
7 information as will enable the governor-elect or the governor-elect's
8 designee to gain an understanding of the state's budget requirements.
9 The governor-elect or the governor-elect's designee may ask such
10 questions during the hearings and require such information as the
11 governor-elect or the governor-elect's designee deems necessary and may
12 make recommendations in connection with any item of the budget which,
13 with the governor-elect's reasons therefor, shall be presented to the
14 legislature in writing with the budget document. Copies of all such
15 estimates and other required information shall also be submitted to the
16 standing committees on ways and means of the house and senate.

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

19 The auditor shall:

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

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

26 (3) Investigate improper governmental activity under chapter 42.40
27 RCW;

28 (4) Inform the attorney general in writing of the necessity for the
29 attorney general to direct prosecutions in the name of the state for
30 all official delinquencies in relation to the assessment, collection,
31 and payment of the revenue, against all persons who, by any means,
32 become possessed of public money or property, and fail to pay over or
33 deliver the same, and against all debtors of the state;

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

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

4 (7) Authenticate with his or her official seal papers issued from
5 his or her office;

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

8 (9) Undertake ongoing independent, objective, and comprehensive
9 performance audits of state agencies, which shall be performed in
10 accordance with government auditing standards and funded by the general
11 fund.

12 NEW SECTION. Sec. 6. A new section is added to chapter 43.09 RCW
13 to read as follows:

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

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

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

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

23 (2) At least one citizen member of the committee shall have
24 verifiable experience and expertise in private sector financial
25 management, accounting, or auditing. One citizen member of the
26 committee shall have experience with the media and act as public
27 relations coordinator. The remaining three citizen members shall have
28 general management or business experience obtained primarily in a
29 private for-profit business.

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

34 (4) Citizen members shall attempt to protect the interest of
35 taxpayers so should not have interests in conflict of that objective.
36 No citizen member may be selected who has obtained a substantial
37 portion of his or her wealth from government in either a direct or
38 indirect manner. Citizens who receive compensation by a private firm

1 that derives thirty percent or more of its revenue from government
2 contracts or citizens whose profession involves attempts to influence
3 or effect government action would be excluded from selection.

4 (5) The citizens' oversight committee for government accountability
5 shall submit reports and recommendations to the state auditor regarding
6 the initiation, scope, compliance, and accountability of performance
7 audits, and for achieving, increasing, and improving state government
8 efficiency, effectiveness, organization, operations, accountability,
9 and cost savings. The committee shall provide recommendations
10 regarding funding for future audits.

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

15 (7) All appointed members of the citizens' oversight committee
16 shall be reimbursed for travel expenses incurred in the performance of
17 duties of the citizens' oversight committee in accordance with RCW
18 43.03.050 and 43.03.060. All appointed members shall receive a per
19 diem of seventy dollars per day when performing duties of the citizens'
20 oversight committee.

21 NEW SECTION. **Sec. 7.** The sum of five million dollars, or as much
22 thereof as may be necessary, is appropriated from the general fund to
23 the state auditor for the fiscal year ending June 30, 2005, for the
24 purposes of this act.

25 NEW SECTION. **Sec. 8.** This act shall be liberally construed so as
26 to effectuate its purposes and the state auditor and the joint
27 legislative audit and review committee shall exercise the authority
28 provided under this act to the fullest extent possible in order to
29 maximize the intent of this act and to ensure government efficiencies
30 are achieved through performance audits authorized by this act within
31 the funds available for such exercise.

--- END ---