

State of Washington

Joint Legislative Audit and Review Committee (JLARC)

**Status Report:
Implementation of State Auditor
I-900 Recommendations
to the Legislature**

As required by Initiative 900

June 20, 2012



Table of Contents

Summary of Implementation of SAO Recommendations to the Legislature	1
Detail on Specific SAO Recommendations to the Legislature	2
Newly Issued 2011 Recommendations.....	3
Department of Printing, Printing Services	3
Department of Labor & Industries Prescription Drugs.....	7
Crime Victims Programs, Department of Commerce, Department of Labor & Industries, Department of Social and Health Services.....	8
K-20 Education Network Activity Assessment.....	11
Opportunities to Reduce State Mail Volume and Costs	13
Previously Unresolved 2010 Recommendations.....	17
Mid-Columbia Public Utility Districts.....	17
Previously Unresolved 2009 Recommendations.....	18
Three Public Hospital Districts: Valley Medical Center, Evergreen Healthcare, Stevens Hospital	18
Eight Counties' Building Permit and Inspection Fees: Clark, Klickitat, Pacific, Pend Oreille, Skamania, Walla Walla, Whatcom, Yakima.....	19
Previously Unresolved 2008 Recommendations.....	20
Open Public Records Practices at 30 Government Entities	20
School Districts' Administration and Support Services	22
Use of Impact Fees in Federal Way, Olympia, Maple Valley, Redmond, and Vancouver	24

Initiative 900 Requires JLARC Report

In November 2005, the people of the State of Washington approved Initiative 900. The initiative directs the State Auditor's Office (SAO) to conduct performance audits of state and local government agencies.

The initiative also includes the following direction with regard to performance audits of state government: "An annual report will be submitted by the Joint Legislative Audit and Review Committee by July 1st of each year detailing the status of the legislative implementation of the State Auditor's recommendations." This report represents JLARC's compliance with this requirement for 2012.

Five 2011 SAO Performance Audits with Recommendations to the Legislature

This is the sixth annual report that JLARC has released on the status of recommendations to the Legislature made by the State Auditor's performance audits.¹ During Calendar Year 2011, the State Auditor released five new performance audit reports with specific recommendations to the Legislature. In Calendar Year 2011, the State Auditor also issued two performance reviews and an additional three performance audits, each of which did not include specific recommendations to the Legislature. JLARC held public hearings on all of the State Auditor's performance audits and reviews issued during that time period.

This JLARC report provides information on the implementation status of 11 specific recommendations to the Legislature included in those 2011 performance audits. In addition, JLARC tracks previous years' recommendations for four years. For example, for an SAO recommendation to the Legislature issued in Calendar Year 2008, JLARC reviewed legislative activity in the 2009, 2010, 2011, and 2012 legislative sessions. This report includes updated information on the status of eight unresolved recommendations to the Legislature in performance audits issued by SAO between Calendar Years 2008 and 2010.

Summary of Implementation of SAO Recommendations to the Legislature

Table 1 summarizes implementation of the recommendations to the Legislature in the SAO's performance audits issued in Calendar Years 2008 through 2011. The table uses the following reporting categories:

- **Implemented – Adopted As Presented** – Legislative action implementing an SAO recommendation in the manner that it was presented in the audit;
- **Implemented – Addressed with Different Approach** – Legislative action where the Legislature addressed the issue raised in the recommendation, but via a different approach;
- **Legislature Made Different Policy Choice** – Legislative action where the Legislature was aware of the recommendation and made a different policy choice than what the SAO recommended;
- **Bills Introduced on Topic But Not Adopted** – Situation where individual legislators introduced bills on the topic covered in the recommendation, but the Legislature did not adopt the recommendation;

¹ Many of the recommendations in the SAO performance audits are directed to state or local government agencies rather than to the Legislature. This report does not provide information on implementation of those recommendations. For local governments, Initiative 900 directs that "an annual report will be submitted by the legislative body by July 1st of each year detailing the status of the legislative implementation of the State Auditor's recommendations."

- **Other Circumstances** – This category denotes recommendations where other relevant circumstances apply; and
- **Related or No Information** – Related information is provided when available.

Table 1 – Implementation of SAO I-900 Recommendations to the Legislature:
Status Following the 2012 Legislative Sessions

Current Implementation Status	Recommendations		
	2011	2008-10	Total
Implemented:			
Adopted as Presented	0	5	5
Addressed with Different Approach	3	0	3
Legislature Made Different Policy Choice	1	1	2
Bills Introduced on Topic But Not Adopted	2	1	3
Other Circumstances	1	3	4
Related or No Information	4	5	9
Total	11	15	26

Detail on Specific SAO Recommendations to the Legislature

What follows are details on the specific recommendations to the Legislature in the five SAO performance audits from Calendar Year 2011. The details also include an update on the status of any unresolved recommendations to the Legislature in SAO performance audits issued between Calendar Years 2008 and 2010. For each of these performance audits, this JLARC report provides:

- A brief summary of the subject of the performance audit;
- The text of each recommendation to the Legislature;
- The current implementation status for each recommendation;
- Identification of related legislation; and
- Where appropriate, a comment section to provide additional explanation/context about the Legislature’s actions or the categorization of implementation status.

Each section ends with reporting on any additional legislative activity since last year’s report such as public hearings, work sessions, and related budget activity. The audit reports are grouped by year and listed in the order in which the State Auditor released them.

Initiative 900 also states that “justification must be provided for recommendations not implemented.” Since no individual or entity can singularly speak to the reason for legislative action or inaction, JLARC’s auditors could not identify sufficient and appropriate evidence to make definitive conclusions about why recommendations have not been implemented to date. However, the information provided in the comment sections does, in some cases, provide a context for the Legislature’s actions.

Newly Issued 2011 Recommendations

Department of Printing, Printing Services

Released April 25, 2011

About the Audit

This audit looked broadly at how to reduce what the state pays for printing without losing the ability to manage what is, collectively, a high volume of printing business. The audit concluded that printing is not a core government service but that communicating with those whom government serves is a critical function and that all forms of communication are necessary. The audit concluded that even if the State Printer were eliminated there would be state printing costs to meet that function. This audit issued six recommendations, three of which were directed fully or partially to the Legislature.

SAO Recommendation to the Legislature

To establish a more market-based printing environment in Washington State, lawmakers should allow state agencies to obtain bids from private vendors and should require them to solicit bids from the Department of Printing for all jobs that require the services of a print shop. This will require the Legislature to eliminate the Department's "right of first refusal" that prohibits agencies from seeking multiple bids from private vendors. This approach will assure agencies that they are receiving the lowest price and will provide the Department of Printing with the opportunity to bid on every job and demonstrate its competitiveness. Washington should follow similar practices to those used in other states to ensure agencies follow standard state procurement regulations.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2011 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
ESSB 5931	✓	✓	✓	✓	✓

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
No Related Legislation					

Comments

ESSB 5931 of 2011, which was enacted during the 2011 1st Special Session, created the Department of Enterprise Services, eliminated the State Printer, and moved the duties to the Department of Enterprise Services. The printing provisions at the new agency did not include the "right of first refusal." The legislation also required the Office of Financial Management to contract out bulk printing services in the 2011-13 Biennium unless it finds, in the procurement process, that the services cannot be provided by the private sector at a reduced cost and greater efficiency.

Department of Printing, Printing Services

Released April 25, 2011

SAO Recommendation to the Legislature

To enable the Department of Printing to compete effectively in a market-based printing environment, lawmakers should remove the Franklin Guide price cap and enable the Department to set competitive prices for individual jobs with the overall goal of achieving long-term financial stability. Currently, state law (RCW 43.78.080) contains a price cap that makes it difficult for the Department to recover its production costs. Removing the Franklin Guide price cap and providing for direct competition between the Department and private printers should help ensure state agencies receive competitive prices for their printing needs and would enable the Department to compete without the restriction of a statutory price cap.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2011 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
ESSB 5931	✓	✓	✓	✓	✓

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
No Related Legislation					

Comments

ESSB 5931 of 2011, which was enacted during the 2011 1st Special Session, created the Department of Enterprise Services, eliminated the State Printer, and moved the duties to the Department of Enterprise Services. In eliminating the agency, the statutory Franklin Guide price cap was also eliminated. It was not restored in the new agency.

Department of Printing, Printing Services

Released April 25, 2011

SAO Recommendation to the Legislature

To reduce duplication of services, streamline coordination and management of printing services and minimize long-term costs, the Office of Financial Management should direct WSDOT, Employment Security Department, Department of Social and Health Services, and Department of Labor and Industries to consolidate their printing equipment and staff with the Department of Printing. We also recommend that the Legislative branch, Office of Superintendent of Public Instruction, and Attorney General's Office consolidate printing equipment and staff with the Department of Printing. This would allow the state to better coordinate statewide printing, take advantage of any existing efficiencies at agency print shops, and align equipment and staffing with statewide demand. While some excess capacity is desirable at the Department to accommodate normal fluctuations in demand, the current level of duplication is unnecessary.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2011 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
ESSB 5931	✓	✓	✓	✓	✓

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
No Related Legislation					

Comments

ESSB 5931 of 2011, which was enacted during the 2011 1st Special Session, created the Department of Enterprise Services, eliminated the State Printer, and moved the duties to the Department of Enterprise Services. The Secretary of the Senate and Chief Clerk of the House of Representatives official response to this recommendation noted some flaws in the underlying materials supporting this recommendation. These included: not addressing the unique demands of the legislative session on the printing process, confidentiality concerns related to using an outside printer, and the fact that the legislative printing contracts are not standard contracts and consequently do not increase costs during the time between sessions when equipment does not run at full capacity. The response notes that it did use the State Printer for those jobs that met its criteria and would continue to look for additional opportunities to do so. The response also noted that it is a separate branch of government under the Constitution with a different governing role to ensure checks and balances among the branches.

Department of Printing, Printing Services

Released April 25, 2011

Additional Legislative Action

- JLARC held an I-900 public hearing on May 18, 2011.
- On January 24, 2012 the House General Government Appropriations Committee held a Work Session on DES. DES reported that they were in the process of seeking bids for the storage and distribution of certain printed items and coordinating print activities in agencies.

Department of Labor & Industries Prescription Drugs

Released May 4, 2011

About the Audit

This audit focused on the Department of Labor & Industries (L&I) prescription drug purchases for injured workers as part of the workers' compensation program. The main question the audit sought to answer was whether the workers' compensation program pays a reasonable and appropriate amount for prescription drugs. The audit found that L&I has attained a relatively high generic drug use rate, has limited the amount of drugs dispensed to injured workers, and is using many leading practices to contain drug costs. It also found that L&I has missed significant savings opportunities by not regularly updating its drug pricing schedule. The audit includes one recommendation to the Legislature to further reduce drug costs.

SAO Recommendation to the Legislature

We recommend the Legislature revise state law (RCW 69.41.190) to permit physicians to prescribe brand-name drugs only when generic therapeutic equivalents are not available. To accomplish this, lawmakers should modify the carve-out provision so it no longer exempts certain drug classes from the generic requirement, and should modify the "dispense-as-written" provision so it no longer prohibits pharmacists from substituting less expensive, therapeutically equivalent generics. If the law were changed, physicians who thought a brand-name drug was needed still could obtain prior approval from L&I to prescribe that drug. This recommendation would not result in therapeutic interchange (requiring physicians to prescribe drugs with different active ingredients).

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

Additional Legislative Action

- JLARC held an I-900 public hearing on May 18, 2011.

Crime Victims Programs, Department of Commerce, Department of Labor & Industries, Department of Social and Health Services

Released June 13, 2011

About the Audit

This audit reviewed the Crime Victims Compensation (CVC) program at the departments of Commerce, Labor & Industries (L&I), and Social and Health Services (DSHS). The audit found that the CVC program should be financially stable through the 2011-13 Biennium. The audit noted, however, a projected federal funding reduction in 2014 could increase future state funding requirements. The audit identified opportunities for the state to further reduce program expenses and improve efficiency by capping certain benefits and simplifying L&I's benefit payment process. The audit also found significant overlap among the crime victims and domestic violence grant programs at Commerce and DSHS and determined that consolidating these programs at DSHS could improve efficiencies, reduce operating costs, and streamline services. The audit determined that it would be cost-prohibitive to merge the CVC program at L&I with the grant programs. This audit issued five recommendations to the Legislature.

SAO Recommendation to the Legislature

The Legislature should extend or make permanent the 2010 crime victims benefit reductions. Preserving current benefits will prevent the need for the state to increase spending by \$3.6 million annually after July 2015. This action will be key to maintaining a financially stable program after the 2013-15 Biennium. Washington's current maximum benefit of \$50,000 is the ninth highest among the 50 states. The legislature should refine the new law so that all statutory references to benefit levels are consistent.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
SSB 6389	✓	✓			

Comments

SSB 6389 of 2012, which was not enacted, would have established a new funding source for crime victims' services through the Department of Commerce's Office of Crime Victims' Advocacy (OCVA) and created the Crime Victims' Services Account in the State Treasury.

Crime Victims Programs, Department of Commerce, Department of Labor & Industries, Department of Social and Health Services

Released June 13, 2011

SAO Recommendation to the Legislature

The Legislature should authorize L&I's director to reduce CVC benefit levels when funding levels fall short. Officials in three states said this authority was vital to effectively managing their programs. This would also maximize the number of crime victims who receive benefits.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

SAO Recommendation to the Legislature

The Legislature should cap the amount paid for sexual assault exams. Six of the eight states we reviewed set limits ranging from \$400 to \$800 per exam. Capping reimbursement amounts at \$800 could save Washington's program about \$167,000 per year.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

SAO Recommendation to the Legislature

The Legislature should amend the law to require local police departments, upon request, to submit crime reports to the CVC program within a specified time. Based on requirements in other states, we recommend a period between 10 or 14 days. This change could cut CVC administrative costs by about \$49,000 annually and reduce the amount of time eligible victims must wait to receive benefits.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

Crime Victims Programs, Department of Commerce, Department of Labor & Industries, Department of Social and Health Services

Released June 13, 2011

SAO Recommendation to the Legislature

We recommend the Legislature consolidate the three grant programs we reviewed at Commerce and DSHS for victims of crime and domestic violence into a single program within DSHS. This merger would reduce program duplication and costs, better align program goals and agency missions, and unify budgeting and planning to maximize efficiency. It also could improve service delivery to providers by reducing the administrative burden of dealing with separate grant monitors and multiple sets of requirements.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
HB 2573	✓				

Comments

HB 2573 of 2012, which was not enacted, would have transferred one grant program from DSHS, shelters for victims of domestic violence, to the Office of the Attorney General.

Additional Legislative Action

- JLARC held an I-900 public hearing on June 23, 2011.
- The 2012 Supplemental Operating Budget included \$50,000 General-Fund State for Fiscal Years 2012 and 2013 for the Department of Labor and Industries crime victims' compensation program to pay claims for mental health services for certain clients.

K-20 Education Network Activity Assessment

Released June 30, 2011

About the Audit

This audit assessed the K-20 Educational Network in terms of whether it continues to merit state investment. The assessment answers three questions: 1) Does the activity continue to serve the purpose for which it was created? A: Yes. 2) What does the activity cost the state to operate, and what would be the effect if it were eliminated? A: The initial two-year cost of the K-20 Network was \$42.3 million. General Fund appropriations before 2009-11 were approximately \$20 million per biennium, and decreased to \$16 million per biennium in 2009-11. Eliminating the Network would result in increased costs for participating agencies and school districts. Some may not be able to find comparable services at any price. 3) Does the state have more cost-effective ways to achieve the objectives of the activity? A: No. This audit includes one recommendation to the Legislature.

SAO Recommendation to the Legislature

We recommend the Legislature continue to support the K-20 Network as a tool to improve educational services to K-12 schools, colleges and universities. The network should continue to ensure equal access for all participants, regardless of their size or location, to high-quality administrative services and instructional tools such as video conferencing and distance education.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2011 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
SHB 1841	✓	✓			
SB 5761	✓				
ESSB 5931	✓	✓	✓	✓	✓

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
No Related Legislation					

Comments

ESSB 5931 of 2011, which was enacted during the 2011 1st Special Session, included a reorganization of the Office of the Chief Information Officer (CIO). CIO duties include establishing goals and measurable objectives for the K-20 Network, developing a budget for Network development, operation, and expansion, adopting and monitoring the implementation of a methodology to evaluate the effectiveness of the Network, and maintaining a technical plan for the Network.

SB 5761 and SHB 1841 (companion bills) of 2011, which were not enacted, included language to manage and consolidate information technology in addition to reorganizing the Office of the Chief Information Officer and its oversight and planning of the K-20 network.

K-20 Education Network Activity Assessment

Released June 30, 2011

Additional Legislative Action

- JLARC held an I-900 public hearing on July 20, 2011.
- The House Committee on Ways and Means scheduled a work session for November 2011 to include a briefing on the reorganization of the Office of the CIO.
- The House General Government Appropriations & Oversight Committee scheduled a work session in January 2012 to include an update on Washington State's Information Technology strategy.

Opportunities to Reduce State Mail Volume and Costs

Released November 1, 2011

About the Audit

This audit sought to identify ways state agencies could reduce outgoing mail volumes to achieve cost savings. SAO identified the four state agencies with the largest mail volumes (the departments of Employment Security, Labor & Industries, Licensing, and Social and Health Services) and analyzed in detail 55 of the mailings the agencies sent that included more than 100,000 pieces per year. The audit found that 1) in more than half of the high-volume mailings, state or federal law required the agencies to “provide” the information, not necessarily to mail it; 2) 20 percent of the high-volume mailings analyzed provided information the agencies were not required to deliver in any form; and 3) in some cases, laws require agencies to provide information by “mail,” which limits an agency’s ability to reduce mail volumes. The audit includes one recommendation to the Legislature.

SAO Recommendation to the Legislature

The Legislature should remove from state law all requirements to “mail” documents. This action would provide all state agencies with greater flexibility to use the most appropriate and cost-effective methods of delivering documents and information.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

Opportunities to Reduce State Mail Volume and Costs

Released November 1, 2011

2011 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
HB 1040	✓	✓	✓	✓	✓
ESHB 1725	✓	✓	✓	✓	✓
SSB 5067	✓	✓	✓	✓	✓

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
SHB 1259	✓	✓	✓		
ESHB 2197	✓	✓	✓	✓	✓
HB 2206	✓				
E2SHB 2253	✓	✓	✓		
HB 2293	✓	✓	✓	✓	✓
SHB 2316	✓	✓			
HB 2393	✓	✓	✓	✓	✓
HB 2400	✓	✓	✓		
HB 2401	✓	✓	✓		
HB 2419	✓				
2SHB 2452	✓	✓	✓	✓	✓
HB 2505	✓				
SHB 2638	✓	✓			
SB 6149	✓				
ESSB 6150	✓	✓	✓	✓	✓
SB 6151	✓				
ESSB 6180	✓	✓	✓		
SSB 6198	✓	✓			
SB 6222	✓	✓			
SB 6347	✓	✓			
SB 6349	✓	✓	✓		
ESSB 6607	✓	✓	✓		

Opportunities to Reduce State Mail Volume and Costs

Released November 1, 2011

Comments

Legislation in 2011

SAO released its report in November 2011. JLARC staff asked SAO staff if they could share a list of the RCWs where the study found state law requires an agency to “mail” something. SAO shared a list of six such RCWs. The Legislature addressed the SAO concern for five of these six RCWs in three bills during the 2011 Regular Session. These are the bills identified above for 2011. In its November 2011 report, the SAO audit states that “State law (RCW 51.52.050) requires L&I to ‘mail’ employment verification notices to employers to determine eligibility for potential claimants.” In fact, in April 2011, the Legislature had changed this statute to allow L&I to send correspondence by secure electronic means (ESHB 1725, Section 9).

Legislation in 2012

JLARC would characterize the Legislature’s work on this recommendation as partial implementation. There are a number of statutes beyond the list of six RCWs that SAO provided that include the requirement for someone to “mail” something. In 2012, legislators considered several bills that included changes to specific instances where the statute uses “mail.” Some of these bills passed the Legislature, while others did not.

- SHB 1259, which was not enacted, would have provided homeowner associations the option to provide meeting notices to homeowners via electronic transmission, rather than just by mail or hand delivery.
- ESHB 2197, which was enacted, includes revisions to Article 7 of the Uniform Commercial Code to incorporate new rules for electronic documents of title.
- HB 2206, which was not enacted, would have allowed the Department of Licensing to extend driver’s licenses by mail or by electronic commerce.
- E2SHB 2253, which was not enacted, would have created a new section within the State Environmental Policy Act chapter which allows a community meeting notice to be mailed “or otherwise verifiably provided.”
- HB 2293, which was enacted, allows a consumer cooperative (e.g., REI) to provide required materials accompanying a meeting notice by posting the information or materials on an electronic network, rather than providing written or printed copies. In addition, the articles of incorporation or bylaws of a consumer cooperative may allow annual meetings to take place by means of electronic or other remote communications, rather than a physical assembly at a specific geographic location. A Senate companion (SB 6151) was not enacted.
- SHB 2316, which was not enacted, would have created a new section within the chapter of law on health care information access and disclosure which instructs a mental health service provider to release certain information to specific requesting parties such as law enforcement officers, personnel of a city or county jail, or designated mental health professionals. It also would have allowed a written request for this information to include requests by e-mail or facsimile.
- HB 2393, which was enacted, allows employers to report to the State Support Registry by mail or by transmitting it electronically or by other means authorized by the Registry. A Senate companion (SB 6222) was not enacted.
- HB 2400, which was not enacted, would have allowed the Department of Licensing to notify a habitual traffic offender of the revocation of his/her driver’s license by first-class mail, rather than by certified mail.
- HB 2401 and SB 6347 (companion bills), which were not enacted, would have authorized the Department of Social and Health Services, in certain cases, to use first-class mail rather than certified mail to serve a parent owing child support with legal notice that DSHS is seeking sanctions through the Department of Licensing.
- HB 2419 and ESSB 6180 (companion bills), which were not enacted, would have allowed a county auditor to notify a voter by mail, e-mail, or telephone if the voter neglects to sign the ballot declaration or if the handwriting

Opportunities to Reduce State Mail Volume and Costs

Released November 1, 2011

of the signature on the ballot declaration does not match the signature in the voter registration file. As part of a requirement that the Secretary of State notify individuals who have made written request for notification of the exact language of a ballot title and summary, the bills would have removed the requirement that the notification be by telephone and by mail and, if requested, by other electronic means. In the case where the boundaries of any electoral jurisdiction are changed, the bills would have allowed the county auditor to mail a notice to each registered voter or to make personalized jurisdiction information available online.

- 2SHB 2452, which was enacted, creates a new section on a requirement for agencies to notify contractors and potential bidders of all competitive solicitations which allows agencies to provide that notification by mail, electronic transmission, newspaper advertisements, or other means as may be appropriate. A Senate companion (SSB 6198) was not enacted.
- HB 2505, which was not enacted, would have allowed the Department of Licensing to notify a habitual traffic offender of the revocation of his/her driver's license by mail, rather than by certified mail.
- SHB 2638, which was not enacted, would have allowed a county assessor to send a required assessment, notice, or other information electronically, rather than by regular mail, if certain conditions were met.
- SB 6149, which was not enacted, would have allowed the Department of Licensing to extend driver's licenses by mail or by electronic commerce.
- ESSB 6150, which was enacted, allows the Department of Licensing to extend driver's licenses by mail or by electronic commerce.
- SB 6349, which was not enacted, would have allowed the Department of Licensing to notify a habitual traffic offender of the revocation of his/her driver's license by mail, rather than by certified mail.
- ESSB 6607, which was not enacted, would have directed the Department of Enterprise Services, in consultation with the Office of the Chief Information Officer, to develop a state policy on the purchasing and use of state agency mailings. The state policy was to seek to reduce the unnecessary use of state mailings, minimize the costs associated with such communications, and replace state mailings with electronic communications where possible and effective. In addition, the bill directed the Department to periodically review state statutes that mandate agency mailings and recommend reductions where appropriate.

Additional Legislative Action

- JLARC held an I-900 public hearing on November 30, 2011.
- The 2012 Supplemental Operating Budget (3ESHB 2127) reduces funding for state agencies to reflect efficiencies related to state agency use of mailing, cell phones, printing, and information technology.

Previously Unresolved 2010 Recommendations

Mid-Columbia Public Utility Districts

Released May 19, 2010

About the Audit

This audit focused on three mid-Columbia public utility districts (PUDs) that own and operate hydroelectric facilities on the Columbia River. They are Chelan County PUD, Douglas County PUD, and Grant County PUD. The audit objectives covered the nine elements of a performance audit included in I-900 as well as five specific objectives related to providing citizens useful and accurate financial, performance and policy information; achieving effective and efficient planning, designing, and construction management; efficiently soliciting, procuring and managing contracts; effectively managing administrative operations; and efficiently managing operational expenses. An overarching recommendation from the audit includes one recommendation to the Legislature.

SAO Recommendation to the Legislature

We recommend the Legislature consider increasing the threshold for Chapter 54.04.070(2) RCW. Specifically: *(2) Any work ordered by a district commission, the estimated cost of which is in excess of twenty-five thousand dollars, exclusive of sales tax, shall be by contract. However, a district commission may have its own regularly employed personnel perform work which is an accepted industry practice under prudent utility management without a contract. For purposes of this section, "prudent utility management" means performing work with regularly employed personnel utilizing material of a worth not exceeding one hundred fifty thousand dollars in value without a contract. This limit on the value of material being utilized in work being performed by regularly employed personnel shall not include the value of individual items of equipment purchased or acquired and used as one unit of a project.* (Emphasis added in SAO report)

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2011 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

Comments

In 2008, the Legislature raised the maximum estimated cost of work done by PUDs without contracting from \$10,000 to \$25,000, and the maximum cost of material used in that work from \$50,000 to \$150,000. (See C. 216, L. 2008, ESSB 6560, revising RCW 54.04.070.) The audit recommends that the Legislature further increase those amounts.

Previously Unresolved 2009 Recommendations

Three Public Hospital Districts: Valley Medical Center, Evergreen Healthcare, Stevens Hospital

Released November 12, 2009

About the Audit

This audit focused on the three largest public hospital districts in the state: King County Public Hospital District 1 (Valley Medical Center); King County Public Hospital District 2 (Evergreen Healthcare); and Snohomish County Public Hospital District 2 (Stevens Hospital). The audit objective was to determine whether opportunities for improvement existed in the following areas of hospital operations for the three districts: transparency and citizen outreach; process and procedures used in negotiating and determining CEO compensation and severance; nursing and administrative staffing levels; procurement and inventory management related to medical supplies; and construction reporting and monitoring. The audit includes one recommendation to the Legislature.

SAO Recommendation to the Legislature

The Legislature should amend state law to explicitly limit gifts and compensation to physicians from vendor representatives.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2010 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

2011 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

2012 Related Legislation

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No Related Legislation

Comments

The federal Patient Protection and Affordable Care Act, which became law on March 30, 2010, includes reporting on payments or other transfers of value to hospitals, doctors, and other practitioners from manufacturers of drugs, devices, biological products or medical supplies covered by Medicare or Medicaid. (42 U.S.C. §1320a-7i).

Eight Counties' Building Permit and Inspection Fees: Clark, Klickitat, Pacific, Pend Oreille, Skamania, Walla Walla, Whatcom, Yakima

Released December 29, 2009

About the Audit

As required by legislation enacted in 2009 (SB 5120), this audit focused on the reasonableness of building and inspection fees imposed by eight counties in the state. The audit includes one recommendation to the Legislature.

SAO Recommendation to the Legislature

The Legislature should develop legislation that:

- Allows for thresholds of working capital from surplus building permit revenues;
- Defines building permit processing activities and allowable expenses; and
- Specifically allows for appropriate indirect costs for all permit types.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2010 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

2011 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

Previously Unresolved 2008 Recommendations

Open Public Records Practices at 30 Government Entities

Released May 19, 2008

About the Audit

This audit was designed to answer the following question: How effective were 10 selected cities, 10 selected counties, and 10 selected state agencies at responding to 10 public record requests in a prompt and cooperative manner? An overarching recommendation from the audit includes one recommendation to the Legislature.

SAO Recommendation to the Legislature

The Legislature should provide funding to the Attorney General's Office to establish and maintain a public records training curriculum.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2009 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
HB 1017	✓				
SB 5339	✓				

2010 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
HB 2736	✓				
SB 6383	✓				

2011 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
No Related Legislation					

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
HB 2572	✓				

Open Public Records Practices at 30 Government Entities

Released May 19, 2008

Comments

HB 1017 and SB 5339 (companion bills) of 2009, which were not enacted, would have created a committee to study and report on the feasibility of creating a board with Public Records Act and Open Public Meetings Act responsibilities. Both bills included the provision of public training on the Public Records Act and the Open Public Meetings Act to the duties of such a board.

HB 2736 and SB 6383 (companion bills) of 2010, which were not enacted, would have established an independent office of open records to provide: information and training relating to the implementation and enforcement of the Public Records Act; impartial administrative reviews of appeals under the Public Records Act; and an annual report on its activities and findings to the Governor and the Legislature, including any recommendations for legislation.

HB 2572 of 2012, which was not enacted, would have required the Attorney General's Office to develop and implement a training program on public records disclosure, a training seminar for public records officers, and establish a process for periodic certification.

Neither the Attorney General's Office nor the Governor requested additional funding for a public records training curriculum in the 2012 Supplemental Operating Budget.

School Districts' Administration and Support Services

Released September 30, 2008

About the Audit

This audit was designed to answer the following questions at the 10 largest school districts in Washington:

- How economical are each school district's administrative operations, administrative costs, administrative salaries, and administrative staffing levels? If not economical, what is the impact on costs and resources?
- How efficient are each school district's administrative operations? If not efficient, what is the impact on cost and available resources?

The audit includes three recommendations to the Legislature, one of which was already resolved. The two remaining recommendations are identified below.

SAO Recommendation to the Legislature

A review is necessary at the state level to determine if the process to approve funds for planning, design, and construction is too lengthy and could be shortened. This would reduce the need and time for housing students in portables statewide.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2009 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

2010 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

2011 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

School Districts' Administration and Support Services

Released September 30, 2008

Comments

At the Legislature's direction, JLARC issued a report in January 2010 entitled "K-12 Pilot Facility Inventory, Condition and Use System (Report 10-2)," that analyzes the feasibility of collecting data about K-12 buildings, including portables. It also provides cost options to the Legislature to fund a data system for collecting information about K-12 buildings. The Legislature appropriated \$250,000 to the Office of the Superintendent of Public Instruction (OSPI) to fund one of the JLARC cost options in the 2010 Supplemental Budget (ESHB 2836). In February 2011, OSPI reported to the Levy & Local Effort Assistance Technical Working Group that pilot testing of the School Facilities Inventory and Condition System is scheduled to begin in May 2011, and that once it is fully implemented, the Legislature will "have increased ability to assess the inventory and condition of K-12 facilities, to target resources, and for capital planning."

SAO Recommendation to the Legislature

To more accurately capture program cost, the Legislature should authorize the optional use of enterprise funds to account for the school districts' business-like activities.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2009 Related Legislation

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No Related Legislation

2010 Related Legislation

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No Related Legislation

2011 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

Use of Impact Fees in Federal Way, Olympia, Maple Valley, Redmond, and Vancouver

Released October 14, 2008

About the Audit

This audit was designed to determine 1) the method each city uses to calculate impact fees based on the direction in state law; 2) how each city demonstrates that these fees are appropriate; and 3) how effectively each city uses impact fees to pay for public facilities that a) correspond to the demand for public facilities from new development, and b) benefit new development proportionate to its share of the financing of new or expanded facilities; and are consistent with a comprehensive plan or a capital element of a comprehensive land use plan that has been adopted in accordance with state law. The audit includes two recommendations to the Legislature.

SAO Recommendation to the Legislature

The Legislature should amend RCW 82.02.090 to better define capital facilities and alleviate ambiguity.

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2009 Related Legislation

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No Related Legislation

2010 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

2011 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
SSB 5131	✓	✓			

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

Use of Impact Fees in Federal Way, Olympia, Maple Valley, Redmond, and Vancouver

Released October 14, 2008

SAO Recommendation to the Legislature

The Legislature should consider modifying RCW 82.02.070 to better define “separate interest-bearing accounts.”

Implementation Status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- Related or no information

2009 Related Legislation

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No Related Legislation

2010 Related Legislation

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No Related Legislation

2011 Related Legislation

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No Related Legislation

2012 Related Legislation

Bill #	Bill Introduced	Out of Fiscal Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No Related Legislation

