CERTIFICATION OF ENROLLMENT

SENATE BILL 5414

Chapter 135, Laws of 2025

69th Legislature
2025 Regular Session

PERFORMANCE AUDITS—SOCIAL EQUITY IMPACT ANALYSIS AND PUBLIC HEARINGS

EFFECTIVE DATE: July 27, 2025

Passed by the Senate March 4, 2025
Yeas 30 Nays 19

DENNY HECK

President of the Senate

Passed by the House April 9, 2025
Yeas 59 Nays 39

LAURIE JINKINS

Speaker of the House of Representatives

Approved April 22, 2025 9:59 AM

BOB FERGUSON

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5414** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

Secretary

FILED

April 22, 2025

Secretary of State
State of Washington

SENATE BILL 5414

Passed Legislature - 2025 Regular Session

State of Washington 69th Legislature 2025 Regular Session

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Identification of best practices; and

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

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

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

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

(7) 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. Justification must be provided for recommendations not implemented. Details of other corrective action must be provided as well. For performance audits of local governments and their agencies, programs, and accounts, the corresponding legislative body must consider the state auditor reports in connection with its spending practices.

(8) 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. Justification must be provided for recommendations not implemented. Details of other corrective action must be provided as well. The people encourage the state auditor to aggressively pursue the largest, costliest governmental entities first but to pursue all governmental entities in due course.

(9) Follow-up performance audits on any state and local government, agency, account, and program may be conducted when determined necessary by the state auditor. Revenues from the performance audits of government account, created in RCW 43.09.475, shall be used for the cost of the audits.

Passed by the Senate March 4, 2025.
Passed by the House April 9, 2025.
Approved by the Governor April 22, 2025.
Filed in Office of Secretary of State April 22, 2025.

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