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HOUSE BILL 1008

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State of Washington

64th Legislature

2015 Regular Session

By Representatives Smith and Hudgins

Prefiled 12/08/14.

1 AN ACT Relating to authorizing the state auditor to conduct  
2 audits of state government and local agencies' data storage and  
3 management practices thereby protecting privacy and securing personal  
4 information from computer hacking or misuse of data; and amending RCW  
5 43.09.050, 43.09.055, and 43.09.185.

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

7 **Sec. 1.** RCW 43.09.050 and 1992 c 118 s 6 are each amended to  
8 read as follows:

9 The auditor shall:

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

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

16 (3) Investigate improper governmental activity under chapter  
17 42.40 RCW;

18 (4) In his or her discretion, conduct an audit of a state or  
19 local agency's data management and storage practices;

20 (5) Inform the attorney general in writing of the necessity for  
21 the attorney general to direct prosecutions in the name of the state

1 for all official delinquencies in relation to the assessment,  
2 collection, and payment of the revenue, against all persons who, by  
3 any means, become possessed of public money or property, and fail to  
4 pay over or deliver the same, and against all debtors of the state;

5 ~~((+5))~~ (6) Give information in writing to the legislature,  
6 whenever required, upon any subject relating to the financial affairs  
7 of the state, or touching any duties of his or her office;

8 ~~((+6))~~ (7) Report to the director of financial management in  
9 writing the names of all persons who have received any moneys  
10 belonging to the state, and have not accounted therefor;

11 ~~((+7))~~ (8) Authenticate with his or her official seal papers  
12 issued from his or her office;

13 ~~((+8))~~ (9) Make his or her official report annually on or before  
14 the 31st of December.

15 **Sec. 2.** RCW 43.09.055 and 1998 c 232 s 3 are each amended to  
16 read as follows:

17 The state auditor may, where there is reasonable cause to believe  
18 that a misuse of state moneys has occurred, or misuse or  
19 inappropriate management of citizen data, conduct an audit of  
20 financial, data management, and legal compliance of any entity that  
21 receives public moneys through contract or grant in return for  
22 services. This authority includes examinations of ~~((not-for-profit~~  
23 ~~corporations—wh))~~ nonprofit corporations that provide personal  
24 services to a state agency or to clients of a state agency. Such a  
25 financial audit shall be performed in a manner consistent with this  
26 chapter, and may be performed according to an agreed upon procedures  
27 engagement as in the existing 1998 standards of the American  
28 institute of certified public accountants professional standards  
29 section 600.

30 The state auditor may charge the contracting agency, whether  
31 state or local, for the costs of an audit of a ~~((not-for-profit))~~  
32 nonprofit corporation that receives public moneys through contract or  
33 grant in return for services. Any contracting agency that is  
34 responsible to the state auditor for such costs shall use due  
35 diligence to recover costs from the audited entity.

36 **Sec. 3.** RCW 43.09.185 and 1995 c 301 s 8 are each amended to  
37 read as follows:

1 State agencies and local governments shall immediately report to  
2 the state auditor's office known or suspected loss of public funds or  
3 assets, computer breaches, or other illegal activity.

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