RELATING TO STATE GOVERNMENT.

An Act relating to state government and prescribing the powers and duties of state officers and employees with respect to audit, pre-audit, the control of expenditures and encumbrances under appropriations and the making of financial reports; creating the office of Director of Budget and providing for the powers, duties, method of appointment, and compensation of the Director of Budget; abolishing the division of budget, accounts and control and the office of Supervisor of Budget, Accounts and Control in the Department of Finance, Budget and Business and transferring their powers and duties to the Director of Budget; changing the name of the Department of Finance, Budget and Business to the Department of Public Institutions; amending sections 3, 6, 8, 9, 11, and 13, chapter 196, Laws of 1941 (secs. 11018-3, -6, -8, -9, -11, and -12, Rem. Rev. Stat.; secs. 945-53, -59, -63, -65, -69, and -71, PPC); amending section 37a, chapter 7, Laws of 1921, as enacted by section 12, chapter 196, Laws of 1941 (sec. 10795-1, Rem. Rev. Stat.; sec. 233-47, PPC), and renumbering it section 37-1; repealing chapter 234, Laws of 1945; providing penalties, and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. Section 3, chapter 196, Laws of 1941 (sec. 11018-3, Rem. Rev. Stat.; sec. 945-53, PPC) is amended to read as follows:

Section 3. It shall be the duty of the State Auditor, through the Division of Departmental Audits, to make a post-audit of every state department as herein defined, at least once each year. A report of each such post-audit upon completion thereof, shall be made in quintuplicate and one copy shall be transmitted to the Governor, one copy transmitted to the Director of Budget, one copy transmitted to the Attorney General, one copy transmitted to the state department audited, and one copy kept on file in the office of the State Auditor.
Sec. 2. Section 6, chapter 196, Laws of 1941 (sec. 11018-6, Rem. Rev. Stat.; sec. 945-59, PPC) is amended to read as follows:

Section 6. The Governor may from time to time, in his discretion provide for a post-audit of the books, accounts and records of the State Auditor, and the funds under his control, such audit to be made either by independent qualified public accountants or the Director of Budget, as he may determine. The expense of making such audit shall be paid from appropriations made therefor from the general fund.

Sec. 3. There is hereby created in the office of Governor the office of "Director of Budget." The Director of Budget shall be appointed by the Governor with the consent of the senate; shall hold office during the pleasure of the Governor, and shall receive an annual salary of seven thousand five hundred dollars ($7,500). The first appointment of the Director of Budget shall be made immediately upon the taking effect of this act. The Director of Budget shall have and exercise all the powers and duties now vested in and authorized to be performed by the Division of Budget, Accounts and Control and the Supervisor of the Division of Budget, Accounts and Control in the Department of Finance, Budget and Business and such other powers and duties as may be prescribed by law. He shall have the power to appoint such assistants, deputies and other personnel as may be necessary to carry out the provisions of this act. As the personal representative of the Governor with respect to fiscal matters it shall be his duty to attend the meetings of the administrative board.

Sec. 4. As of the effective date of this act the Division of Budget, Accounts and Control and the office of Supervisor of the Division of Budget, Accounts and Control in the Department of Finance, Budget and Business are hereby abolished and their
powers and duties shall devolve upon the Director of Budget: Provided, That the abolishment of said division and said office shall not in any way affect the validity of any act performed before the taking effect of this act and the appointment of a Director of Budget hereunder, nor shall it affect or impair any rights, powers or privileges which shall have accrued prior to the taking effect of this act. All moneys appropriated to the Department of Finance, Budget and Business for the Division of Budget, Accounts and Control are hereby transferred to the Director of Budget created by this act. All files, records, accounts, business and property of any kind pertaining to the Division of Budget, Accounts and Control and/or the office of supervisor thereof shall be transferred to the Director of Budget on the effective date of this act.

Sec. 5. From and after the effective date of this act the Department of Finance, Budget and Business shall be known and designated as the Department of Public Institutions.

Sec. 6. Section 8, chapter 196, Laws of 1941 (sec. 11018-8, Rem. Rev. Stat.; sec. 945-63, PPC) is amended to read as follows:

Section 8. The total of each appropriation out of the State Treasury or funds under its control for any state department as herein defined, shall be considered the maximum amount necessary to meet the requirements of any such state department for the purposes covered by such appropriation during the designated biennium. The making of expenditures or the incurring of obligations under any appropriation or from any fund under the control of any such state department, shall be subject to the powers hereinafter granted to the Governor to control and revise expenditures and obligations under appropriations. The Governor, in the exercise of his duties under the constitution as the chief
executive officer of the state, shall, subject to the limitations hereinafter provided, have and maintain direct and effective financial control and supervision over all state departments as herein defined, except the legislature, the judiciary and the state institutions of higher education hereinafter specifically mentioned, for the purpose of promoting efficient and economical administration of the affairs of this state.

SEC. 7. Section 9, chapter 196, Laws of 1941 (sec. 11018-9, Rem. Rev. Stat.; sec. 945-65, PPC) is amended to read as follows:

Section 9. No appropriation for any state department except the legislature and the judiciary, shall become available for disbursement until the responsible head of such state department has submitted in quadruplicate, to the Director of Budget, quarterly estimates of the amount required for each proposed object or purpose of expenditure to be made during the ensuing quarter of the fiscal year, and until such estimates shall have been approved by the Governor. Supplemental estimates may be submitted at any time, requesting additional allowances or revisions of approved current allowances, when necessitated by unforeseeable conditions. The Director of Budget shall examine each such estimate or supplemental estimate to determine whether appropriations are available therefor, whether the proposed expenditures are lawful, whether such expenditures can be made without the probability of exhausting such appropriations before the end of the appropriation period and whether there will be sufficient revenue available to meet such contemplated expenditures. The Director of Budget shall make a written report of his findings and recommendations and immediately transmit the same together with such estimates and supplemental estimates, if any, to the Governor. The Governor
may approve such estimates and supplemental estimates in whole or in part and he shall endorse his action thereon and transmit one copy to the State Auditor, one copy to the forwarding state department, one copy to the Director of Budget and retain one copy on file in his office: Provided, That the quarterly or supplemental estimates submitted by the University of Washington, the Washington State College, the Central Washington College of Education, the Eastern Washington College of Education and the Western Washington College of Education, shall not be subject to revision by the Governor. It shall be unlawful for any state department or any officer or employee thereof, or any disbursing officer, to incur any indebtedness or financial obligation or to make any expenditures in excess of the quarterly allotment or supplemental allotment approved by the Governor as herein required.

Sec. 8. Section 11, chapter 196, Laws of 1941 (sec. 11018-11, Rem. Rev. Stat.; sec. 945-69, PPC) is amended to read as follows:

Section 11. The Director of Budget shall provide for the keeping of such appropriation accounts and for the installation and maintenance of such accounting systems and methods as may be necessary to prevent the making of expenditures or the incurring of obligations in excess of the approved allotments or supplemental allotments herein provided, and no warrant for any expenditure chargeable against any such allotment or supplemental allotment shall be drawn or paid from the State Treasury or funds under its control unless the voucher or other authority therefor shall have endorsed thereon a certificate by the Director of Budget that such proposed expenditure is for an item authorized by an approved allotment or supplemental allotment.
Sec. 9. Each state department shall submit to the State Auditor and to the Director of Budget monthly reports of receipts, expenditures and balances on hand for the preceding month of all trust or other funds of such department not subject to appropriation out of the State Treasury. Such reports shall be by funds on such forms and in such detail as shall be prescribed by the Director of Budget and shall be filed not later than the 15th day of the succeeding month. Such reports shall be in addition to the quarterly estimates required by section 9, chapter 196, Laws of 1941 as amended by this act.

Sec. 10. Section 37a, chapter 7, Laws of 1921, as enacted by section 12, chapter 196, Laws of 1941 (sec. 10795-1, Rem. Rev. Stat.; sec. 233-47, PPC) is renumbered as section 37-1 and amended to read as follows:

Section 37-1. Before any requisition or estimate for the purchase of materials or supplies shall be acted upon by the Division of Purchasing such requisition or estimate shall be referred to the Director of Budget for investigation (a) as to the condition of the allotment for the state department submitting such requisition or estimate, (b) as to whether such proposed expenditure has been authorized by an approved allotment or supplemental allotment to such department and (c) as to whether the amount of such proposed expenditure will cause the allotment or supplemental allotment, if any, to be exceeded. If the Director of Budget finds that any such proposed expenditure is not in accord with any approved allotment for such department he shall endorse his findings upon such voucher or estimate and the same shall forthwith be returned to the forwarding state department. No purchase order shall be valid unless it bears a certificate by the Director of Budget that it is in accordance with an approved allotment.
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SEC. 11. Section 13, chapter 196, Laws of 1941 (sec. 11018-12, Rem. Rev. Stat.; sec. 945-71, PPC) is amended to read as follows:

Section 13. The Governor, through the Director of Budget, is authorized to require all state departments subject to the provisions of this act to keep such records and accounts as shall be necessary for the administration of this act and he is further authorized, in his discretion, to maintain one or more employees in any such state department to carry out the purposes of this act. Through the Director of Budget, he may make and promulgate such rules and regulations as are necessary and proper for the effective administration of this act.

SEC. 12. Any state officer or employee who shall incur obligations or make expenditures in excess of appropriations or approved allotments or shall violate any other provision of this act shall be guilty of a gross misdemeanor and shall also be liable on his official bond for illegal expenditures or obligations incurred by him.

SEC. 13. Chapter 234, Laws of 1945 is hereby repealed.

SEC. 14. This act is necessary for the immediate support of the state government and its existing public institutions and shall take effect April 1, 1947.

Passed the Senate February 24, 1947.
Passed the House March 5, 1947.

Approved by the Governor March 13, 1947, with the exception of Sections 6, 7, 9, 10 and 12, which are vetoed.