

***NOTICE OF REFERENDUM: CHAPTER 275, LAWS OF 1961**

Cliff Yelle, State Auditor, sponsored a referendum (Referendum Measure No. 33) against Chapter 275, Laws of 1961. The signature campaign was successful. As a consequence, this act will be submitted to the voters for acceptance or rejection at the November 6, 1962 state general election.

For this reason, whether or not said Chapter 275 will ever become effective law will not be known until after such state election has been held.

VICTOR A. MEYERS,
Secretary of State.

***CHAPTER 275.**

[H. B. 662.]

CITIES AND TOWNS—INDEPENDENT AUDITS.

AN ACT relating to auditing of accounts, and providing for the auditing of accounts of municipal corporations; adding five new sections to chapter 43.09 RCW; and amending section 8, chapter 76, Laws of 1909 and RCW 43.09.260.

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

New section. SECTION 1. There is added to chapter 43.09 RCW a new section to read as follows:

Definitions. As used in sections 1 through 5 of this amendatory act:

"Municipal corporation". (1) "Municipal corporation" means a city or town.

"Board". (2) "Board" means the state board of accountancy.

"Accountants". (3) "Accountants" means and indicates all accountants whose names are included in the special roster prepared and maintained by the board, as required in section 5 of this amendatory act.

New section. SEC. 2. There is added to chapter 43.09 RCW a new section to read as follows:

Independent audit of municipal corporation. Notice of. Each municipal corporation, within ninety days before the end of its regular year, must notify the state auditor's office if the municipal corporation intends to have its fiscal affairs examined by an independent accountant included in the special roster maintained by the board under section 5 of this amendatory act. This notice must be in writing, indicating the accountant to be hired.

The state auditor will verify the accountant's registration with the board of accountancy list and shall notify the municipal corporation that the accountant has been approved by the board.

Notice of accountant's registration.

SEC. 3. There is added to chapter 43.09 RCW a new section to read as follows:

New section.

Audit of accounts and fiscal affairs of every municipal corporation which has elected to have audits made by an independent accountant as provided for in section 2 of this amendatory act shall be officially audited and examined at least once each fiscal year, or oftener if deemed advisable by the municipal corporation.

Audits annually—Contracts for—Compensation for.

The audits and examinations shall be by contracts entered into by the municipal corporation and accountants.

Municipal corporations may contract with accountants to make system installations or revisions deemed necessary by the municipal corporations.

Compensation shall be paid in the same manner as other claims against the municipal corporation are paid.

SEC. 4. There is added to chapter 43.09 RCW a new section to read as follows:

New section.

The state auditor, in cooperation with the board, shall prescribe the minimum standards of audit reports, certificates and audit procedures.

Standards for audit reports—Inspection.

Two copies of the audit reports shall be furnished to the state auditor who will review for compliance with minimum standards and will, in turn, forward one copy to the attorney general's office. If an audit report is found to be deficient, the state auditor shall so notify the attorney general for enforcing compliance with minimum standards.

SEC. 5. There is added to chapter 43.09 RCW a new section to read as follows:

New section.

The board shall prepare and maintain a special roster of accountants authorized to conduct the

Roster of accountants—
Examination for admission to.

municipal audits required by section 2 of this amendatory act. Admission to the roster shall be by examination conducted by the board at a time and place prescribed by the board, including sufficient notice. Only certified public accountants and licensed public accountants holding licenses to practice in the state of Washington shall be eligible to take the examination.

Roster fee.

Accountants passing the examination shall continue to be listed on the roster provided a fee of twenty-five dollars is paid annually. This fee shall be used by the board to defray the examination costs and roster cost.

RCW 43.09.260 amended.

SEC. 6. Section 8, chapter 76, Laws of 1909 and RCW 43.09.260 are each amended to read as follows:

State auditor. Examination of financial affairs of taxing districts—
Reports—
Action by attorney general.

The state auditor, the chief examiner, and every state examiner shall have power by himself or by any person legally appointed to perform the service, to examine into all financial affairs of every public office and officer.

The examination of the financial affairs of townships, cities and towns, shall be made at least once every year, whether examined by a state examiner or by independent examiners as provided for in sections 1 through 5 of this amendatory act; all other examinations shall be made at least once a year, except for school districts, being once every two years.

On every such examination, inquiry shall be made as to the financial condition and resources of the taxing district; whether the Constitution and laws of the state, the ordinances and orders of the taxing district, and the requirements of the division of municipal corporations have been properly complied with; and into the methods and accuracy of the accounts and reports.

The state auditor, his deputies, every state examiner and every person legally appointed to perform

such service, may issue subpoenas and compulsory process and direct the service thereof by any constable or sheriff, compel the attendance of witnesses and the production of books and papers before him at any designated time and place, and may administer oaths.

When any person summoned to appear and give testimony neglects or refuses so to do, or neglects or refuses to answer any question that may be put to him touching any matter under examination, or to produce any books or papers required, the person making such examination shall apply to a superior court judge of the proper county to issue a subpoena for the appearance of such person before him; and the judge shall order the issuance of a subpoena for the appearance of such person forthwith before him to give testimony; and if any person so summoned fails to appear, or appearing, refuses to testify, or to produce any books or papers required, he shall be subject to like proceedings and penalties for contempt as witnesses in the superior court. Wilful false swearing in any such examination shall be perjury and punishable as such.

Except as provided in sections 1 through 5 of this amendatory act a report of such examination shall be made in triplicate, one copy to be filed in the office of the state auditor, one in the auditing department of the taxing district reported upon, and one in the office of the attorney general. If any such report discloses malfeasance, misfeasance, or nonfeasance in office on the part of any public officer or employee, within thirty days from the receipt of his copy of the report, the attorney general shall institute, in the proper county, such legal action as is proper in the premises by civil process and prosecute the same to final determination to carry into effect the findings of the examination.

It shall be unlawful for the county commissioners or any board or officer to make a settlement or com-

promise of any claim arising out of such malfeasance, misfeasance, or nonfeasance, or any action commenced therefor, or for any court to enter upon any compromise or settlement of such action, without the written approval and consent of the attorney general and the state auditor.

Passed the House March 2, 1961.

Passed the Senate March 9, 1961.

Approved by the Governor March 20, 1961.

CHAPTER 276.

[S. B. 137.]

CLAIMS AGAINST IRRIGATION DISTRICTS
FOR DAMAGES.

AN ACT relating to irrigation districts; and amending section 36, page 690, Laws of 1890, as last amended by section 1, chapter 216, Laws of 1937, and RCW 87.08.030, 87.08.040 and 87.08.050.

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

SECTION 1. Section 36, page 690, Laws of 1890, as last amended by section 1, chapter 216, Laws of 1937 (heretofore divided and codified as RCW 87.08.030, 87.08.040 and 87.08.050) are divided and amended to read as set forth in sections 2 through 4 of this act.

SEC. 2. (RCW 87.08.030) The treasurer of the county in which is located the office of the district shall be ex officio treasurer of the district, and any county treasurer handling district funds shall be liable upon his official bond and to criminal prosecution for malfeasance and misfeasance, or failure to perform any duty as county or district treasurer. The treasurer of each county in which lands of the district are located shall collect and receipt for all assessments levied on lands within his county. There shall be deposited with the district treasurer all

RCW 78.08.030
amended.
Irrigation
districts.
Treasurer—
Duties—
Claims.