

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2797 Session of
2008

INTRODUCED BY REED, BEYER, BOYD, CALTAGIRONE, CAUSER, CLYMER, CREIGHTON, CUTLER, DALLY, DePASQUALE, EVERETT, FREEMAN, GINGRICH, GRELL, M. KELLER, KING, KORTZ, MACKERETH, MAJOR, MANN, MARSHALL, MARSICO, MELIO, MUSTIO, NAILOR, NICKOL, PETRI, PYLE, REICHLEY, ROCK, ROHRER, RUBLEY, SAYLOR, SCAVELLO, SIPTROTH, SONNEY, STERN, R. STEVENSON, SWANGER, TRUE, VULAKOVICH, WOJNAROSKI AND HICKERNELL, SEPTEMBER 29, 2008

REFERRED TO COMMITTEE ON FINANCE, SEPTEMBER 29, 2008

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled,
2 as amended, "An act relating to the finances of the State
3 government; providing for the settlement, assessment,
4 collection, and lien of taxes, bonus, and all other accounts
5 due the Commonwealth, the collection and recovery of fees and
6 other money or property due or belonging to the Commonwealth,
7 or any agency thereof, including escheated property and the
8 proceeds of its sale, the custody and disbursement or other
9 disposition of funds and securities belonging to or in the
10 possession of the Commonwealth, and the settlement of claims
11 against the Commonwealth, the resettlement of accounts and
12 appeals to the courts, refunds of moneys erroneously paid to
13 the Commonwealth, auditing the accounts of the Commonwealth
14 and all agencies thereof, of all public officers collecting
15 moneys payable to the Commonwealth, or any agency thereof,
16 and all receipts of appropriations from the Commonwealth,
17 authorizing the Commonwealth to issue tax anticipation notes
18 to defray current expenses, implementing the provisions of
19 section 7(a) of Article VIII of the Constitution of
20 Pennsylvania authorizing and restricting the incurring of
21 certain debt and imposing penalties; affecting every
22 department, board, commission, and officer of the State
23 government, every political subdivision of the State, and
24 certain officers of such subdivisions, every person,
25 association, and corporation required to pay, assess, or
26 collect taxes, or to make returns or reports under the laws
27 imposing taxes for State purposes, or to pay license fees or
28 other moneys to the Commonwealth, or any agency thereof,

1 every State depository and every debtor or creditor of the
2 Commonwealth," further providing for audits of accounts of
3 debtors and agents of the Commonwealth, for audits of affairs
4 of departments, boards and commissions and for audits of
5 agencies receiving State aid.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Section 401 of the act of April 9, 1929 (P.L.343,
9 No.176), known as The Fiscal Code, is amended by adding a
10 subsection to read:

11 Section 401. Audits of Accounts of Debtors and Agents of the
12 Commonwealth.--The Department of the Auditor General shall have
13 the power, and its duty shall be,

14 * * *

15 (f) To audit the financial affairs of the unified judicial
16 system and the General Assembly and its legislative service
17 agencies.

18 Section 2. Section 402 of the act, amended May 31, 1957
19 (P.L.237, No.115) and March 18, 1971 (P.L.109, No.4), is amended
20 to read:

21 Section 402. Audits of Affairs of Departments, Boards and
22 Commissions.--Except as may otherwise be provided by law it
23 shall be the duty of the Department of the Auditor General to
24 make all audits of transactions after their occurrence, which
25 may be necessary, in connection with the administration of the
26 financial affairs of the government of this Commonwealth, with
27 the exception of those of the Department of the Auditor General.
28 It shall be the duty of the Governor to cause such audits to be
29 made of the affairs of the Department of the Auditor General.

30 At least one audit shall be made each year of the affairs of
31 every department, board, and commission of the executive
32 [branch], legislative and judicial branches of the government,

1 and all collections made by departments, boards, or commissions,
2 and the accounts of every State institution, shall be audited
3 quarterly.

4 Special audits of the affairs of all departments, boards,
5 commissions, or officers, may be made whenever they may, in the
6 judgment of the Auditor General, appear necessary[, and].

7 Special audits of the affairs of executive departments, boards,
8 commissions, or officers shall be made whenever the Governor
9 shall call upon the Auditor General to make them.

10 Copies of all audits made by the Department of the Auditor
11 General shall be promptly submitted to the Governor and shall be
12 made available to the public on the Auditor General's Internet
13 website.

14 Unless the Department of the Auditor General shall fail or
15 refuse to make annual, quarterly, or special audits, as
16 hereinabove required, it shall be unlawful for any other
17 administrative department, any independent administrative board
18 or commission, or any departmental administrative or advisory
19 board or commission, to expend any money appropriated to it by
20 the General Assembly for any audit of its affairs, or, in the
21 case of departments, of any boards or commissions connected with
22 them, except for the reimbursement of the General Fund for
23 audits made by the Department of the Auditor General as provided
24 by law, or for the payment of the compensation and expenses of
25 such auditors as are regularly employed as part of the
26 administrative staffs of such departments, boards, or
27 commissions, respectively.

28 Section 3. Section 403 of the act is amended to read:

29 Section 403. Audits of Agencies Receiving State Aid.--The
30 Department of the Auditor General shall have the power, and its

1 duty shall be, to audit the accounts and records of every
2 person, association, corporation, and public agency, receiving
3 an appropriation of money, payable out of any fund in the State
4 Treasury, or entitled to receive any portion of any State tax
5 for any purpose whatsoever, as far as may be necessary to
6 satisfy the department that the money received was expended or
7 is being expended for no purpose other than that for which it
8 was paid. Copies of all such audits shall be furnished to the
9 Governor and shall be made available to the public on the
10 Auditor General's Internet website.

11 If at any time the department shall find that any money
12 received by any person, association, corporation, or public
13 agency, has been expended for any purpose other than that for
14 which it was paid, or if the department finds evidence of a
15 criminal act, it shall forthwith notify the [Governor, and]
16 appropriate Federal and State law enforcement officials. The
17 department shall decline to approve any further requisition for
18 the payment of any appropriation, or any further portion of any
19 State tax, to such person, association, corporation or public
20 agency, until an amount equal to that improperly expended shall
21 have been expended for the purpose for which the money
22 improperly expended was received from the State Treasury.

23 Section 4. This act shall take effect immediately.