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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE RESOLUTION

No. 361 Session of  
2003

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INTRODUCED BY LEWIS, ARMSTRONG, BIANCUCCI, CAPPELLI, CRAHALLA,  
CREIGHTON, DALLY, DeWEESE, GEORGE, GOODMAN, GRUCELA, HANNA,  
HERSHEY, HUTCHINSON, REICHLEY, RUBLEY, SATHER, SCAVELLO,  
TIGUE, TURZAI, WATSON, GORDNER, S. MILLER AND SEMMEL,  
JULY 17, 2003

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REFERRED TO COMMITTEE ON RULES, JULY 17, 2003

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## A RESOLUTION

1 Urging the respective boards of trustees of the State Employees'  
2 Retirement System (SERS) and the Public School Employees'  
3 Retirement System (PSERS) to cooperate with the Department of  
4 the Auditor General's special performance audits of SERS and  
5 PSERS and with the timely and professional completion of the  
6 special performance audits.

7 WHEREAS, An unfortunate dispute has arisen between the  
8 Department of the Auditor General, the Treasurer's Office, the  
9 Office of Attorney General and the boards of trustees of the  
10 pension systems regarding the authority of the department to  
11 conduct independent special performance audits of the systems  
12 and the authority of the boards of trustees to spend system  
13 assets to pay for such audits; and

14 WHEREAS, The General Assembly encourages the boards of  
15 trustees to efficiently and prudently manage and oversee the  
16 retirement assets of these systems; and

17 WHEREAS, The boards of trustees have declined the Department  
18 of the Auditor General's requests and subpoenas for documents

1 needed for its special performance audits, and the Department of  
2 the Auditor General in turn commenced an action against the  
3 boards of trustees in the Commonwealth Court of Pennsylvania;  
4 and

5 WHEREAS, The boards of trustees acknowledged the need for  
6 performance audits of the systems in seeking to contract their  
7 own audits from an outside consultant selected, directed and  
8 paid by the systems; and

9 WHEREAS, The Office of Attorney General rejected the boards  
10 of trustees' proposed contracts citing section 402 of The Fiscal  
11 Code, which directs that an administrative board is prohibited  
12 from expending any funds appropriated to it by the House of  
13 Representatives for an audit of its affairs unless the  
14 Department of the Auditor General shall fail or refuse to  
15 conduct such audit; and

16 WHEREAS, The Department of the Auditor General has publicly  
17 declared its policy to only seek reimbursement of costs  
18 associated with the retention of outside consultants should such  
19 assistance be required and that the systems would not be  
20 required to reimburse the department for time and expenses  
21 incurred by department employees in conducting performance  
22 audits; and

23 WHEREAS, The unproductive extension of this dispute is  
24 costly, time-consuming and disruptive to taxpayers and system  
25 assets and unnecessarily calls into question the prudent  
26 management of those assets by the boards of trustees; therefore  
27 be it

28 RESOLVED, That the House of Representatives urge all  
29 departments, SERS, PSERS and their respective boards of trustees  
30 to cooperate fully with the Department of the Auditor General's

1 special performance audits of SERS and PSERS; and be it further  
2 RESOLVED, That the House of Representatives urge the boards  
3 of trustees and the Department of the Auditor General to enter  
4 into an agreement on the costs of the performance audits that  
5 provides for reimbursement of the department's expenses in  
6 amounts not to exceed the amounts which the boards of trustees  
7 were prepared to pay to the outside consultants they had sought;  
8 and be it further

9 RESOLVED, That the House of Representatives urge the Auditor  
10 General to not unduly alarm elderly annuitants and to provide  
11 that audits be conducted and findings presented in an entirely  
12 professional, nonpartisan manner; and be it further

13 RESOLVED, That copies of this resolution be transmitted to  
14 the Governor, the Senate, SERS, PSERS and the individual members  
15 of the respective boards of trustees.