

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1483 Session of
2011

INTRODUCED BY DENLINGER, GINGRICH, CUTLER, BAKER, BOYD, BROOKS,
CALTAGIRONE, CLYMER, D. COSTA, DAVIDSON, EVERETT, FLECK,
GEIST, GIBBONS, GILLEN, GRELL, GROVE, HARRIS, HESS,
HICKERNELL, HUTCHINSON, KAUFFMAN, MAJOR, METCALFE, MILLARD,
MILLER, MILNE, MOUL, MURT, PICKETT, PYLE, READSHAW, REICHLEY,
ROAE, SAYLOR, SIMMONS, STERN, SWANGER, TALLMAN, TAYLOR,
TOEPEL, VULAKOVICH, WAGNER AND WATSON, MAY 9, 2011

REFERRED TO COMMITTEE ON HEALTH, MAY 9, 2011

AN ACT

1 Providing for a fraud examination of the Department of Public
2 Welfare.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Welfare
7 Efficiency Audit Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Asset misappropriation." Any theft or misuse of taxpayer or
13 Commonwealth of Pennsylvania assets or funds.

14 "Auditor General." The Auditor General of the Commonwealth.

15 "Corruption." The use by an individual of personal influence

1 in a transaction to obtain an unauthorized benefit for a person
2 contrary to the individual's duty to the Department of Public
3 Welfare and to the Commonwealth.

4 "Department." The Department of Public Welfare of the
5 Commonwealth.

6 "Fraud." An act of either of the following:

7 (1) Asset misappropriation.

8 (2) Corruption.

9 "Fraud examination." An examination of activity that
10 consists of gathering, verifying, processing, analyzing and
11 reporting on data in order to obtain facts or evidence in a
12 predefined context relating to fraud, misconduct or any other
13 violation of law and giving preventative advice. A fraud
14 examination shall be conducted in accordance with American
15 Institute of Certified Public Accountants guidelines for fraud
16 examinations.

17 "Misconduct." Any violation of law, regulations, internal
18 policies or public expectation of ethical conduct, including
19 fraudulent reporting, asset misappropriation, obtaining revenue
20 or assets by fraudulent or illegal means, avoiding expenses or
21 liabilities by fraudulent or illegal acts, and incurring
22 expenses or liabilities for fraudulent or illegal acts.

23 Section 3. Fraud examination.

24 (a) Contract.--Within 60 days of the effective date of this
25 section, the Auditor General shall enter into a contract
26 pursuant to 62 Pa.C.S. § 518 (relating to competitive selection
27 procedures for certain services) with a certified public
28 accountant who is also certified as a certified forensic
29 accountant or in financial forensics or is a certified fraud
30 examiner for the purposes of conducting a fraud examination of

1 the department. The fraud examination shall be completed no
2 later than 120 days after the Auditor General has entered into a
3 contract under this subsection.

4 (b) Duties of the Auditor General.--

5 (1) The Auditor General shall ensure that the fraud
6 examination provides for all of the following:

7 (i) An inspection and analysis of practices and
8 policies of the department.

9 (ii) An inspection of the facts and evidence of
10 practices and policies of the department for any fraud or
11 misconduct.

12 (iii) An analysis of the facts and evidence of
13 practices and policies of the department and
14 specifically, how those practices and policies affect the
15 potential for fraud or misconduct in the department.

16 (iv) A statistically significant sampling of
17 recipient and provider data and information for any
18 evidence of fraud or misconduct.

19 (v) Recommendations on changes to the practices and
20 policies of the department to increase operational
21 efficiencies.

22 (vi) Recommendations on changes to practices and
23 policies of the department to deter fraud or misconduct.

24 (vii) A report of the audit to the Auditor General
25 on the findings of the forensic audit, including the
26 information specified under subparagraphs (i), (ii),
27 (iii), (iv), (v) and (vi).

28 (2) The Auditor General shall, upon receipt of the
29 report under paragraph (1), forward any findings of fraud or
30 misconduct to the appropriate legal authorities.

1 (3) Within 10 days of receipt of the audit report by the
2 Auditor General under paragraph (1), the Auditor General
3 shall provide a copy of the audit report to the Majority
4 Leader of the Senate, the Minority Leader of the Senate, the
5 Majority Leader of the House of Representatives, the Minority
6 Leader of the House of Representatives, the chair and
7 minority chair of the Public Health and Welfare Committee of
8 the Senate and the chair and minority chair of the Health and
9 Human Services Committee of the House of Representatives.

10 Section 10. Effective date.

11 This act shall take effect immediately.