



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1618

PRINTERS NO. 2569

PRIME SPONSOR: Fee

COST / (SAVINGS)

FUND	FY 2015/16	FY 2016/17
General Fund	See fiscal impact	See fiscal impact

SUMMARY: House Bill 1618, printer's number 2569, amends the act of April 9, 1929 (P.L. 177, No. 175), known as The Administrative Code of 1929, by adding an article to establish the Office of State Inspector General.

ANALYSIS: The bill adds a new article (proposed as Article V-A) to The Administrative Code to establish the Office of State Inspector General as an independent office to conduct investigations and performance reviews of State agencies to provide increased accountability and oversight to deter and identify waste, fraud, abuse and illegal acts. Beginning January 16, 2019, the Governor shall nominate a State Inspector General who shall serve for a term of six years. The nomination of the State Inspector General shall be confirmed by an affirmative vote of two-thirds of all members of the Senate. No later than 90 days prior to the end of the term of a State Inspector General, the Governor shall make a nomination for the next State Inspector General. The State Inspector General may serve no more than two terms and may not seek election nor accept appointment to a political office during his or her tenure or for one year thereafter. The Governor may remove the State Inspector General for cause.

The State Inspector General shall have the following powers and duties:

- Select, appoint and employ officers and employees to carry out the functions, powers and duties of the office;
- Investigate and report on the administration of a program and operation of an executive agency if it is determined to be necessary;
- Consult with the Office of General Counsel or the Attorney General to insure any reports to be issued do not have an adverse impact on a grand jury proceeding or prosecution being conducted by a law enforcement agency;
- Request information and assistance from federal, state or local government agencies;
- Obtain information, documents, reports, answers, records, accounts, papers and other necessary data and documentary evidence from officers and employees of an executive agency and the Executive Department;
- Issue subpoenas relating to any matter pertinent to an investigation;
- Conduct criminal, civil and administrative investigations, and provide information and evidence that relates to criminal acts to appropriate law enforcement officials;
- Make referrals to the Auditor General for the audit of an executive agency's operations and functions;

- Receive and investigate complaints from any source;
- Engage in prevention activities, including, but not limited to, review of legislation, review of rules, regulations, policies, procedures and transactions, training and education;
- Recommend remedial actions to be taken by an executive agency to overcome or correct operating or maintenance deficiencies and inefficiencies, and monitor implementation of recommendations made; and
- Maintain information on the cost of investigations and cooperate with administrative and prosecutorial agencies to recover costs from nongovernmental entities involved in willful misconduct.

An appropriation for the Office shall be made in a separate line item and shall be under the jurisdiction of the State Inspector General.

The Office of Inspector General was created by Executive Order 1987-7 and is currently aligned under the Executive Offices where it benefits from administrative support functions of the Executive branch, including human resources, fiscal support services and information technology services. In 2014-15, the Office of Inspector General was appropriated State funds, through two General Fund line items, totaling \$16,857,000 for its functions, including welfare fraud investigation functions. The Office of Inspector General also received a total of \$13,605,000 in federal funds through four federal appropriations and \$1,111,000 in augmenting revenue from special fund investigation reimbursements. The Office of Inspector General has a current complement of 261 filled and 60 vacant positions to carry out its investigative and reporting functions.

FISCAL IMPACT: The enactment of this bill will have no adverse effect on Commonwealth funds. It is projected that the costs for the Office of State Inspector General shall increase beyond those of the current Office of Inspector General, perhaps by as much as \$1,000,000 in future years as increased costs will be incurred for additional staffing to handle expanded duties of the Office and to cover the cost of administrative support services (human resources, fiscal, and information technology) that will no longer be provided by executive branch agencies (i.e. Office of Administration). The General Fund appropriation for the Office of State Inspector General will have to include funds to cover the projected increased costs; however, it is anticipated that any increased costs will be offset by recoveries as waste, fraud and abuse in Commonwealth programs is identified and deterred.

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House Appropriations Committee (R)

DATE: November 24, 2015

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.