



## HOUSE COMMITTEE ON APPROPRIATIONS

### FISCAL NOTE

HOUSE BILL NO. 39

PRINTERS NO. 1043

PRIME SPONSOR: Grove

#### COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
General Fund	\$0	See fiscal impact

**SUMMARY:** House Bill 39, printer's number 1043, amends The Administrative Code to provide for recovery audits. The act shall take effect in 180 days after enactment.

**ANALYSIS:** This legislation requires the Secretary of the Budget to establish a schedule for the review of Commonwealth agency expenditures for improper payments and payment recovery for any agency that makes over \$50 million in payments to vendors, entities, or individuals. The Secretary must then provide a copy of a recovery audit report to the Governor, the Inspector General and the General Assembly.

Contracts for auditors can allow for the payment of reasonable compensation for services provided, which may include compensation determined by the application of a specified percentage of the total amount of state money recovered during an audit. The bill further allows for auditors to pursue legal action to recover an overpaid amount and may allow for the performance of existing payment auditing procedures. Recovery audits of a payment made during the 90-day period after the date the payment was made are not permitted.

**FISCAL IMPACT:** Based on the specifics of a contract with an auditor, there may be increased administrative costs to conduct the new recovery audits. If compensation is based solely on a percentage of a recovered amount, there should be no adverse fiscal impact on Commonwealth funds. Any improper payments recovered would benefit Commonwealth funds, however, the amount of improper payments that could be recovered is indeterminable at this time.

**PREPARED BY:** Casey Martin  
House Appropriations Committee (R)

**DATE:** April 6, 2021

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