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*House of Representatives*  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

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**MEMORANDUM**

**DATE:** January 10, 2011

**FROM:** Rep. Gordon R. Denlinger

A handwritten signature in black ink, appearing to read 'G. Denlinger'.

**TO:** All House Members

**SUBJECT:** Reintroduction of Legislation – Prior HB 2011 - Welfare Efficiency Initiative

In the near future I will be re-introducing a piece of legislation that was a component of the House Republican Welfare Efficiency Initiative in the previous session. The specific component that I am introducing as an individual bill is the Welfare Efficiency Audit.

Over the past several months, we have heard of numerous instances of government waste from within the Department of Public Welfare. On January 28<sup>th</sup>, 2009, Auditor General Jack Wagner found a 14% error rate in determinations of Medicaid eligibility. Using the data provided by the Auditor General, one can easily extrapolate a cost to these faulty determinations of \$150 million. Furthermore, just this month, we heard of charges being filed against a group of individuals who committed \$500,000 in fraud through Philadelphia's Low-Income Home Energy Assistance Program. We do not need further evidence to understand that a thorough review of administrative practices to protect against government waste and fraud is in order.

My legislation tasks the Auditor General with providing for a thorough and comprehensive "fraud examination" throughout the Department of Public Welfare. A fraud examination is very similar to a forensic audit but is more focused on asset misappropriation and is required to be completed in compliance with AICPA (American Institute of Certified Public Accountants) standards.

Under this legislation, the Auditor General is required to provide for this fraud examination within sixty days of enactment. Within 120 days after the beginning of the fraud examination, the results must be provided to the Auditor General who shall make the report available to the General Assembly for action.

Auditor General Wagner said, “A dollar wasted is a dollar that could have gone to help a truly needy person receive the medical assistance he or she deserves. With the commonwealth facing widening budget deficits, the Department of Public Welfare must do all that it can to monitor the state’s Medicaid program, to make sure all funds are being spent efficiently, effectively, and for their intended purpose.” The Auditor General is absolutely correct. My legislation will unearth any fraud and abuse that exists in DPW so that the General Assembly may make the proper reforms and focus public assistance on those who are rightfully eligible.

If you are interested in supporting this legislation, please contact Jessica Murphy at [Jlmurphy@pahousegop.com](mailto:Jlmurphy@pahousegop.com).