

**GEORGE DUNBAR, MEMBER  
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56<sup>TH</sup> LEGISLATIVE DISTRICT**



**House of Representatives**  
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As a courtesy to Mr. Epstein with Rock the Capital, the LAAC agreed after its February 2022 meeting to post relevant public comment received from Rock the Capital regarding the LAAC report. The following is the relevant public comment submitted to the LAAC on June 28, 2022 by Mr. Epstein:

# ROCK CAPITAL

*"The price of apathy is to be ruled by evil men." – Plato*

## **Legislative Accounts Record Largest Surplus in 20 Years: Audit Findings and Recommendations**

- **Expenditures:** **\$417,709,000.**
- **Largest legislative surplus in 20 years:**  
**\$264,296,313.**
- **Disbursed:**  
**\$379,632,282.**
- **Pension obligations:**  
**\$ 49,602,028.**

### **House of Representatives**

- Appropriations: \$230,936,000.
- Balance available: \$122,810,444. Disbursed: \$213,784,509.
- Pension Obligations Deficit: (\$28,269,107)

### **Legislative Service Agencies**

- Appropriations: \$64,916,000.
- Balance available: \$75,171,598. Disbursed: \$43,869,741.
- Pension Obligation Deficit: (\$4,022,323)

### **Senate**

- Senate Appropriations: \$121,857,000.
- Balance available: \$66,314,271. Disbursed: \$121,978,032.
- Senate Pension Obligations Deficit: (\$17,310,633)

### **Notes/Enclosures**

Note, #1: Retirement benefits, "may need be adjusted as more current information becomes available, and any adjustment could be significant."

Note, #2: Increases in expenses.

Note, #3: Benefits accounts.

## **Auditor's "Suggestions":**

- **Improve documentation.**
- **Institute a succession plan.**
- **Eliminate advance appropriations.**
- **Improve Legislative Service process.**
- **Create a back-up processes and improve documentation.**
- **Transition to a full accrual system for House leadership accounts.**
- **Create a system to transfer institutional knowledge and improve training.**

## **Rock the Capital's Recommendations - Irregularities and Non Compliance:**

Historically, the legislature has ignored most of the observations and recommendations made by the Committee's certified public accountants. The Committee does not allow public input on how the legislature spends its cash stash during its annual hearing. Rock the Capital has collected recommendations made by auditors, legislators, regulators, and concerned citizens since 2006. We hope that the LAAC will strive to implement the following recommendations:

Since at least 2008, the auditor hired to report on the surplus has recommended that the Legislature consider adopting a policy that establishes and monitors the appropriate amount of surplus, i.e., floors and ceilings. In the past, House and Senate Republican and Democratic caucuses, both agreed the legislative surplus should be capped, but they have not reached an agreement on where it should be set.

- 1) Implement a protocol for capping the legislative surplus.**
- 2) The Audit should disclose the nature and amount of any findings of irregularities and improprieties.**
- 3) The Audit should also provide descriptions of large, unusual, and/or inappropriate sums disbursed by use of the “advance appropriation method.”**
- 4) The Legislature has failed to implement recommendations made by the Committee's contracted CPA firms to consolidate House checking accounts. The House of Representatives in recent years has maintained up to 36 separate checkbooks. Auditors have recommended reducing the number of accounts to defeat the “...opportunity for errors to be committed...”**

**There is no reason to postpone consolidation and standardization of the accounts.**

- 5) Moreover, the House also lacks a standard leave policy to match the consistent policy throughout state Senate offices. A standard leave policy needs to be adopted by the House of Representatives.**
- 6) Throughout the Legislature, employees aren't required to itemize expenses they paid for with a credit card when they get reimbursed. A standard and uniform policy of itemized expenses accounting needs to be implemented.**
- 7) In light of the matters disclosed and discussed in the Footnotes of previous Audited Financial Statements, it is obvious that the information presented is not useful from the standpoint of informing either the Legislative Audit Advisory Commission, members of the General Assembly, or the public as to the nature, appropriateness or efficacy of significant expenditures of tax dollars.**

**Implement a protocol that utilizes meaningful descriptions as to the nature of the amounts disbursed.**

**8) Additionally, please incorporate meaningful classifications of expenditures by easily understandable expense classifications. The audited financial statements and related information should provide sufficient detail and clarity about expenditures for citizens to learn with reasonable certainty what activities are being conducted by the General Assembly and the appropriateness of such activities.**

**9) We respectfully request that the Committee authorize an independent forensic audit of all leadership accounts, including but not limited to “advance appropriation disbursement accounts” under the direct or indirect control of the legislative leaders of the General Assembly, the Chief Clerk of the House and Senate, and/or their respective staff or other representatives.**

**10) The Committee should adopt and implement an opportunity period for public comment and public testimony at its next public meeting.**

**Clearly, the annual expenditures of the General Assembly are of vital interest to the public. Citizens have the right to know the nature and amount of all expenditures of their taxes and that such expenditures advance legitimate public interests. Thank you for your attention to this request. We look forward to your favorable reply.**