

PATRICK J. HARKINS, MEMBER
1ST LEGISLATIVE DISTRICT

331 IRVIS OFFICE BUILDING
P.O. BOX 202001
HARRISBURG, PENNSYLVANIA 17120-2001
PHONE: (717) 787-7406
FAX: (717) 780-4775

460 EAST 26TH STREET
ERIE, PENNSYLVANIA 16504
PHONE: (814) 459-1949
FAX: (814) 871-4854
WEBSITE: WWW.REPHARKINS.COM



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

COMMITTEES

GAMING OVERSIGHT, CHAIRMAN

CAUCUSES

AUTISM AND INTELLECTUAL DISABILITIES
EARLY CHILDHOOD EDUCATION
LAW ENFORCEMENT, CO-CHAIRMAN
PA SAFE
SPORTSMEN'S

NORTHWEST DELEGATION, SECRETARY

May 9, 2023

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 April 24, 2023 by Mr. Epstein:

ROCK CAPITAL

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

Testimony of Rock the Capital Re: "Statement of financial Affairs of the General Assembly: Year Ended June 30, 202." Submitted on April 24, 2023

Summary

• Expenditures:	
2021:	\$417,709,000.
2022:	\$419,549,000.
• Largest legislative surplus in 20 years:	\$261,296,313.
Increase:	\$28 million.
Disbursed:	
2021:	\$379,632,282.
2022:	\$391,686,755.
Pension obligations:	
2021:	\$ 49,602,028.
2022:	\$ 49,486,101.

Legislative Service Agencies

2022: "The 13 legislative service agencies – which include the Legislative Budget and Finance Committee, the Capitol Preservation Committee and the Independent Regulatory Review Commission – ended the year with \$101.9 million in reserve, which is 156% of their combined \$62.2 million appropriation." ("Patriot News, March 9, 2023)

Auditor's "Suggestions": 2022.

0.

Auditor's "Suggestions": 2021

- **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.**

*** Refer to Rock the Capital's Recommendation #1.**

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

Historically, the legislature has ignored most of the observations and recommendations made by the Commission's certified public accountants. The Commission 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) The Commission should reinstitute the practice of publishing the Auditor's recommendations which was abolished in 2022.**
- 2) Implement a protocol for capping the legislative surplus.**
- 3) The Audit should disclose the nature and amount of any findings of irregularities and improprieties.**
- 4) The Audit should also provide descriptions of large, unusual, and/or inappropriate sums disbursed by use of the "advance appropriation method."**
- 5) The Legislature has failed to implement recommendations made by the Commission'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.

6) 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.

7) 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.

8) 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.

9) 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.

10) We respectfully request that the Commission 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.

11) The Commission 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.