

Thank you Chairman. Thank you members of the Appropriations Committee and to the Appropriations Committee staff.

You've all worked long hours over the past year and been diligent to produce the information that you've been asked to in order to help us make decisions that affect the lives and livelihoods of every Pennsylvanian.

I want both members and staff to know I truly do appreciate the work that has been done because I know that what is to follow could be misinterpreted as a personal attack rather than a wakeup call for all of us.

During the investigation conducted by Representative Grove and me it has become obvious the executive branch has the ability to maneuver funds through a number of accounts and make it virtually impossible for someone without the skills and training of a forensic accountant to decipher.

As the impasse went on I was trying to find out where the money the governor was spending was coming from. Again and again I heard the term "ledger five". When I inquired as to where this ledger was and who controlled the money I was told to think "slush fund."

OK, but who has it? Where did the money come from and how much is in it? No one seemed to know.

After months of asking, Treasury tells us in a meeting with Senators and the Auditor General that it is not a fund but a list of rules on how to raid funds for money during an impasse.

It was the first time most of us in the room either learned of its existence or became aware that it was not actually a ledger of credits and debits to an account, but rather an operating manual for raiding funds.

It has become painfully obvious to me that there is a lot that this body does not know. For the sake of the people we serve **we need to know.**

For the sake of our constituents we need to be seeking the facts to gain understanding.

Again, my comments are not meant to degrade anyone. The legislature has been relying on prior practices of simply trusting the executive branch to provide complete and accurate information for years. But events of the past year have proven we need to make some changes.

I do not know the resumes of everyone on the team, but to the degree I have been able to detect to date this body does not possess the ability to conduct a complete and accurate accounting of income and expenditures to the level of **a trained forensic accounting team.**

Total revenues (state and federal) for the commonwealth put us on-par with Fortune 25 Company Marathon Petroleum at \$91.4 Billion. Shareholders of Marathon would consider it a complete abrogation of the corporate board's responsibilities not to have qualified accountants reporting directly to the board and accountable to it nor providing accurate data on where the money is going.

They would demand as well the ability of board members to quickly gain access to information as to the purpose of both expenditures and the shifting of funds from one account to another. So far we have not been able to get that information.

Corporate boards, either on their own or at the direction of a majority of shareholders, will hire an outside team of forensic accountants to conduct a complete review looking for fraud, waste, abuse or misuse of corporate assets when there appears to be a break-down in accounting and reporting methods such as we've seen over the past year.

Although we have a team of accountants managing the over 150 accounts the Commonwealth maintains I have serious questions as to whether their responsibilities individually include more than a couple of funds or to monitor how funds are shifted from one account to another under the nebulous "Ledger Five" rules and to what purpose.

I've been told that within the past 10 years a commission or other body recommended a forensic accounting review of the state's spending. It is further my understanding such a review was never accomplished.

Last year I observed the budget hearings via PCN and was dismayed at what seemed to be merely scratching at the veneer of the executive branches reporting of spending. This year I've attended as many as possible. While I've seen increased probing of the particulars, these hearings lack the definitive resources for in-depth review of expenditures of our citizen's money.

Because of these issues, and those that were brought to light during the course of the investigative work Rep. Grove and I conducted as well as the Senate Joint Appropriations and Finance Committee hearing the day preceding the governor's budget address, I respectfully call on the leadership of the House to initiate a forensic accounting of the Commonwealth's spending for the past 32 months (from the beginning of the 2014 – 2015 budget).

My recommendation as to who should be hired is only that it be a firm with a reputation for rooting out fraud, waste, abuse and misdirection of funds in corporations within the Fortune 100 level (Publix supermarket chain is at 101 and has revenues similar to the Commonwealth's state revenues at just over \$30 Billion).

Our shareholders, the citizens of the Common Wheel, or Commonwealth of Pennsylvania deserve to know the money that is taken from them is being spent wisely and that the people they hire are obtaining complete and accurate information in order to make wise decisions.

Thank you for your time and consideration.