

SENATE BILL NO. 28

INTRODUCED BY JERGESON, COBB, L. NELSON, PAVLOVICH,
KEATING, BERGSAGEL, FRANKLIN, DEVLIN
BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE

IN THE SENATE

DECEMBER 2, 1993 INTRODUCED AND REFERRED TO COMMITTEE
ON FINANCE & CLAIMS.

 FIRST READING.

DECEMBER 10, 1993 ON MOTION, ADVERSE COMMITTEE
REPORT ADOPTED.

DECEMBER 11, 1993 PRINTING REPORT.

 SECOND READING, DO PASS AS AMENDED.

 ENGROSSING REPORT.

 THIRD READING, PASSED.
AYES, 31; NOES, 18.

 TRANSMITTED TO HOUSE.

IN THE HOUSE

DECEMBER 13, 1993 INTRODUCED AND REFERRED TO COMMITTEE
ON STATE ADMINISTRATION.

 FIRST READING.

DECEMBER 15, 1993 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

DECEMBER 16, 1993 SECOND READING, CONCURRED IN.

 THIRD READING, CONCURRED IN.
AYES, 89; NOES, 11.

 RETURNED TO SENATE.

IN THE SENATE

DECEMBER 16, 1993 RECEIVED FROM HOUSE.

DECEMBER 17, 1993 SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *28*
2 INTRODUCED BY *J. J. ...*
3 BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE *...*
4 *Franklin ...*
5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE
6 LEGISLATIVE AUDITOR TO ESTABLISH A TOLL-FREE NUMBER FOR THE
7 REPORTING OF WASTE, FRAUD, AND ABUSE IN STATE GOVERNMENT;
8 PROVIDING FOR THE REVIEW, VERIFICATION, AND REFERRAL OF
9 INFORMATION RECEIVED THROUGH THE TOLL-FREE NUMBER; PROVIDING
10 FOR CORRECTIVE ACTION; PROVIDING THAT ANY MONEY RECOVERED BE
11 DEPOSITED IN THE GENERAL FUND; AND PROVIDING AN EFFECTIVE
12 DATE."
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14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 NEW SECTION. Section 1. Legislative auditor to
16 establish and maintain toll-free number for reporting fraud,
17 waste, and abuse -- procedures. (1) The legislative auditor
18 shall establish and maintain a toll-free telephone number
19 for use by Montana residents for the reporting of fraud,
20 waste, and abuse in state government. The legislative
21 auditor shall review all telephone calls received at the
22 toll-free number and shall maintain a record of each call.
23 The legislative auditor shall:

24 (a) analyze and verify the information received from
25 each telephone call; or

1 (b) refer the information for appropriate action to the
2 agency that is or appears to be the subject of the call.

3 (2) A state agency that receives information referred
4 to it by the legislative auditor pursuant to this section
5 shall take adequate and appropriate action to investigate
6 and remedy any fraud, waste, or abuse discovered as a result
7 of the referral. The agency shall report in writing to the
8 legislative auditor concerning the results of its
9 investigation and those measures taken to correct any fraud,
10 waste, or abuse discovered as a result of the referral.

11 (3) Information received at the toll-free number is
12 confidential until the time that the legislative auditor or
13 other appropriate agency determines the validity of the
14 information and takes corrective action. After the
15 legislative auditor or other appropriate agency takes action
16 to verify the fraud, waste, or abuse complained of and takes
17 any corrective action, information concerning the subject of
18 the complaint and the remedy, if any, is public information
19 unless precluded by law.

20 (4) The legislative auditor shall, as directed by the
21 legislative audit committee, periodically report to the
22 committee on:

23 (a) the use of the toll-free number;

24 (b) the results of the reviews, verifications, and
25 referrals; and

1 (c) any corrective actions taken by the appropriate
2 agencies.

3 (5) Information received at the toll-free number
4 concerning a governmental entity other than state government
5 may be referred by the legislative auditor to an appropriate
6 federal, state, or local government agency.

7 (6) If the legislative auditor determines that as a
8 result of a review and verification or referral pursuant to
9 this section, a waste of state resources has occurred, the
10 legislative auditor shall report the matter in writing to
11 the legislative fiscal analyst.

12 (7) The legislative auditor shall advertise the
13 existence and purpose of the toll-free number in an
14 appropriate manner.

15 NEW SECTION. Section 2. Deposit of money recovered.
16 Unless otherwise provided by law, money recovered as a
17 result of an action taken pursuant to [section 1] must be
18 deposited in the state general fund.

19 NEW SECTION. Section 3. Severability. If a part of
20 [this act] is invalid, all valid parts that are severable
21 from the invalid part remain in effect. If a part of [this
22 act] is invalid in one or more of its applications, the part
23 remains in effect in all valid applications that are
24 severable from the invalid applications.

25 NEW SECTION. Section 4. Codification instruction.

1 [Sections 1 and 2] are intended to be codified as an
2 integral part of Title 5, chapter 13, and the provisions of
3 Title 5, chapter 13, apply to [sections 1 and 2].

4 NEW SECTION. Section 5. Effective date. [This act] is
5 effective July 1, 1994.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0028, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION: An act requiring the Legislative Auditor to establish a toll-free number for the reporting of waste, fraud, and abuse in state government; providing for the review, verification, and referral of information received through the toll-free number; providing for corrective action; and providing that any money recovered be deposited in the general fund.

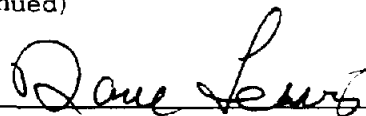
ASSUMPTIONS:

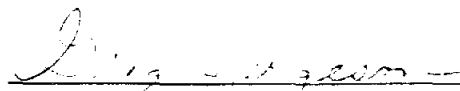
1. The Legislative Auditor would provide a 24-hour toll-free number (1-800) requiring a dedicated phone line for all incoming calls.
2. The Legislative Auditor would install an answering machine.
3. The Legislative Auditor would assign personnel to periodically review and screen the calls.
4. No full-time equivalent positions (FTE) will be added to meet the requirements of this bill. However, there will be a reduction in state special revenue collections as billable work hours are redirected to these new duties funded by the general fund. The reduction in state special revenue in FY95 is estimated to be \$21,676 based upon the staff time necessary to monitor the calls, determine resolution of each call, follow up on certain calls, and administer the hotline calculated at the office's average billing rate of approximately \$30/hour.
5. Operating expenses, which include monthly telephone charges and advertising costs, are based on current rates established by the Department of Administration and Montana State University.
6. Estimates are based on 43 calls per month averaging 5 minutes per call.
7. General fund savings or increased general fund revenue, if any, resulting from the resolution of calls made to the toll-free line are not subject to reasonable estimate.

FISCAL IMPACT:Office of the Legislative Auditor

	FY '94			FY '95		
<u>Expenditures:</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
FTE	63.50	63.50	0.00	63.50	63.50	0.00
Personal Services	2,343,032	2,343,032	0	2,378,988	2,378,988	0
Operating Expenses	377,131	377,131	0	338,696	345,020	6,324
Equipment	<u>12,475</u>	<u>12,475</u>	<u>0</u>	<u>12,256</u>	<u>12,256</u>	<u>0</u>
Total	2,732,638	2,732,638	0	2,729,940	2,736,264	6,324
<u>Funding:</u>						
General Fund	1,307,400	1,307,400	0	1,306,907	1,313,231	6,324
State Special	<u>1,425,238</u>	<u>1,425,238</u>	<u>0</u>	<u>1,423,033</u>	<u>1,423,033</u>	
Total	2,732,638	2,732,638	0	2,729,940	2,736,264	6,324

(continued)

 12-4
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning


 GREG JERGESON, PRIMARY SPONSOR DATE
 Fiscal Note for SB0028, as introduced

SB 28

Fiscal Note Request, SB0028, as introduced

Form BD-15 page 2

(continued)

<u>Revenue:</u>	<u>FY '94</u>			<u>FY '95</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
State Special - leg. audit fees	1,269,438	1,269,438	0	1,225,700	1,204,024	(21,676)
<u>Net Impact:</u>						
General Fund (01)			0			6,324
State Special (02)			0			21,676

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The future costs for operation of the fraud hotline in the Office of the Legislative Auditor could vary significantly depending on: (1) the extent of office involvement in follow-up on calls received which will be affected by the type and significance of the calls received, and (2) the extent of advertisement of the hotline.

COMMITTEE ON
FINANCE & CLAIMS

53rd Legislature
Special Session 11/93

LC 0076/01

LC 0076/01

ADVERSE COMMITTEE REPORT
MINORITY REPORT ADOPTED

1 *Senate* BILL NO. *28*

2 INTRODUCED BY *J. J. Jackson*
3 BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE *Boating*

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3 (2) A state agency that receives information referred
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5 shall take adequate and appropriate action to investigate
6 and remedy any fraud, waste, or abuse discovered as a result
7 of the referral. The agency shall report in writing to the
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9 investigation and those measures taken to correct any fraud,
10 waste, or abuse discovered as a result of the referral.

11 (3) Information received at the toll-free number is
12 confidential until the time that the legislative auditor or
13 other appropriate agency determines the validity of the
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21 legislative audit committee, periodically report to the
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12 (7) The legislative auditor shall advertise the
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15 NEW SECTION. Section 2. Deposit of money recovered.
16 Unless otherwise provided by law, money recovered as a
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19 NEW SECTION. Section 3. Severability. If a part of
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5 effective July 1, 1994.

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5 NEW SECTION. Section 5. Effective date. [This act] is
6 effective July 1, 1994.

7 NEW SECTION. SECTION 6. TERMINATION. [THIS ACT]
8 TERMINATES JULY 1, 1995.

-End-

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