

HOUSE BILL REPORT

HB 2334

As Reported By House Committee On:

Government Operations

Title: An act relating to the appointment of an inspector general within the office of the state auditor.

Brief Description: Creating an inspector general within the state auditor's office.

Sponsors: Representatives Stevens, Thompson, Smith, Boldt, Sterk, Mulliken, Lambert, Hargrove, Sheahan, Backlund, Johnson, Campbell and McMahan.

Brief History:

Committee Activity:

Government Operations: 1/30/96, 2/2/96 [DPS].

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Reams, Chairman; Cairnes, Vice Chairman; Goldsmith, Vice Chairman; Hargrove; Honeyford; Hymes; Mulliken; D. Schmidt and Van Luven.

Minority Report: Do not pass. Signed by 6 members: Representatives Rust, Ranking Minority Member; Scott, Assistant Ranking Minority Member; Conway; R. Fisher; Scheuerman and Wolfe.

Staff: Bill Lynch (786-7092).

Background: The State Auditor's Office is responsible for auditing the accounts of all collectors of revenue and other holders of public money that pay the money into the state treasury. The auditor may also inspect the books of any person responsible for safekeeping and disbursing public money. The auditor is also responsible for investigating improper governmental activity under the state "whistleblower" program.

Summary of Substitute Bill: The Office of Inspector General is created within the State Auditor's Office. The mission of the Inspector General is to conduct and supervise independent investigations relating to fraud or abuse within, or in programs administered by the Department of Social and Health Services (DSHS), except for

provider fraud as it relates to the DSHS administration of funds under Title XIX of the Social Security Act, Medicaid.

The mission of the Inspector General also includes providing leadership and coordination in recommending policies and procedures designed to detect and prevent fraud or abuse within DSHS, and providing a method of informing the secretary of DSHS, the Legislature, and members of the public about fraud or abuse identified by the Inspector General or the State Auditor's Office and the corrective action taken to deal with it.

The auditor appoints the Inspector General based on the person's integrity and demonstrated ability in law enforcement management, public administration, and investigations.

The Inspector General is responsible for conducting, supervising, coordinating, and providing policy direction for fraud or abuse investigations within DSHS; reviewing and making recommendations regarding existing and proposed legislation, and regulations relating to the programs and operations of DSHS as it relates to fraud and abuse; recommending policies and improved systems to prevent fraud or abuse within DSHS; recommending policies for and conducting, supervising, and coordinating relationships between DSHS and other entities with respect to matters relating to the prevention and detection of fraud or abuse, and identifying and prosecuting participants in fraud or abuse; and keeping the Secretary of DSHS, the Legislature, and the public informed through reports.

If the Inspector General concludes that there is probable cause to believe that a violation of federal or state criminal law has occurred, then the Inspector General must refer an investigation to the appropriate prosecuting authority for criminal prosecution. The Inspector General may also recommend that a special inquiry judge be designated.

The Inspector General must submit a report to the appropriate legislative committees by January 1, 1997, and biennially thereafter, that summarizes the activities of the office. A draft of the report must be forwarded to the Secretary of DSHS at least 20 days prior to the date that the report is to be issued.

The report may contain only disclosable information, but must include a description of instances of fraud and abuse discovered as a result of Inspector General investigations; recommendations for improving the activities of the office with respect to the instances of fraud or abuse identified; an identification of each significant recommendation described in previous reports on which corrective action has or has not been completed; and a summary of matters referred for prosecution, the charges filed, and the convictions entered during the reporting period.

The Inspector General may have prompt access to all information available to DSHS that relate to operations of the office that are not prohibited from disclosure. The Inspector General may also issue subpoenas; administer oaths and take testimony; enter into contracts with public and private entities for audits, studies, and other services.

The Inspector General may also investigate complaints or information received from DSHS employees concerning improper governmental action. The identity of the employee may not be disclosed unless the Inspector General determines that disclosure is unavoidable, except where required by state law. Retaliatory action may not be taken or threatened against an employee making a complaint unless the complaint was made with willful disregard for its truth or falsity. The Inspector General may also investigate complaints filed by persons who are not DSHS employees if they would constitute fraud or abuse, if true.

The State Auditor is authorized to employ necessary personnel and purchase the necessary facilities, equipment, and supplies for the Inspector General. The State Auditor may also delegate any function pertaining to the whistleblower program to the Inspector General.

The Inspector General program is placed on the sunset review schedule and is scheduled to terminate on June 30, 2001.

Substitute Bill Compared to Original Bill: Provisions which required a DSHS employee who was investigating whether a child is a victim of abuse or neglect, or whether a child is a dependent child, or terminating the parent-child relationship, to provide warnings to parents and receive the parents' permission before entering the home are deleted. Other changes are made to make the bill consistent with the state whistleblower law.

Appropriation: None.

Fiscal Note: Requested on January 30, 1996.

Effective Date of Substitute Bill: The bill takes effect on July 1, 1996.

Testimony For: DSHS is not listening to citizens. The largest number of state whistleblower cases come from DSHS. Children are coerced into making false accusations.

Testimony Against: None.

Testified: Representative Stevens, prime sponsor; and Linda Sheler, State Auditor's Office. Citizens: Donna Rodriguez; Kimberly Allbee; Mandilee Richardson; Paul

Classer; Connie and Robert Roberson; and Paul O'Connor.