



2013 ASSEMBLY BILL 196

May 13, 2013 – Introduced by Representatives WEININGER, JACQUE, HONADEL, NASS, STONE, BIES, TITTL, BERNIER, A. OTT, STRACHOTA, SCHRAA, BORN and ENDSLEY, cosponsored by Senators GUDEX, LASEE and LEIBHAM. Referred to Committee on Government Operations and State Licensing.

1 **AN ACT** *to create* 16.32 and 20.505 (1) (kn) of the statutes; **relating to:** creating
2 an incentive program for reporting fraud to a state hotline, granting
3 rule-making authority, and making an appropriation.

Analysis by the Legislative Reference Bureau

Currently, the state has established two hotlines that receive reports from individuals who suspect fraudulent activity in state programs. The Legislative Audit Bureau administers the first hotline to receive reports of fraud, waste, and mismanagement in state government. The office of the inspector general in the Department of Health Services maintains the second hotline to receive reports on suspected fraudulent activity in public assistance programs.

Under this bill, the Department of Administration (DOA) must establish an incentive program, by rule, for individuals who report suspected fraudulent activity or agency mismanagement to an existing fraud hotline or to any other fraud hotline established by a state agency. The incentive program established by DOA must include a reward payment of up to 5 percent of the amount of state funds that are recovered or saved as the result of a report to the individual who made the report that led to the recovery or savings.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

ASSEMBLY BILL 196**SECTION 1**

1 **SECTION 1.** 16.32 of the statutes is created to read:

2 **16.32 Incentives to report fraud to a fraud hotline. (1)** In this section:

3 (a) "Agency" means an office, department, independent agency, association, or
4 other body in state government created or authorized to be created by the
5 constitution or any law, that is entitled to expend moneys appropriated by law,
6 including the legislature and the courts, but not including an authority created in
7 subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 232, 233, 234, 237, 238, or
8 279.

9 (b) "Fraud hotline" means the toll-free telephone number established under s.
10 13.94 (1) (br), a hotline maintained by the department of health services to receive
11 reports of fraud in public assistance programs, or any other hotline maintained by
12 an agency to receive reports of fraud in state government.

13 **(2)** The department shall establish an incentive program, by rule, that rewards
14 an individual who reports suspected fraudulent activity or mismanagement in a
15 program that is administered by an agency. The department shall pay reward
16 payments under this subsection from the appropriation under s. 20.505 (1) (kn). The
17 department shall establish the incentive program to provide all of the following:

18 (a) If a report of suspected fraudulent activity to a fraud hotline leads to a
19 recovery of state funds, the department shall provide a reward payment to the
20 individual or individuals who reported the fraudulent activity to the fraud hotline.
21 The total amount the department may provide as reward payments for a single
22 recovery is 5 percent of the state funds that are recovered as a result of eliminating
23 the reported fraudulent activity.

24 (b) If a report to a fraud hotline of suspected mismanagement by an agency
25 leads to an agency saving state funds, the department shall provide a reward

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1 payment to the individual or individuals who reported the mismanagement to the
2 fraud hotline. The total amount the department may provide as reward payments
3 for a single act of mismanagement is 5 percent of the state funds that are saved over
4 a 12-month period, as determined by the department, as a result of eliminating the
5 reported mismanagement.

6 (3) The department may assess an agency that recovers or saves state funds
7 as the result of a report to a fraud hotline for the amount of a reward payment made
8 under sub. (2) related to a report that led to the recovery or savings. An agency that
9 pays an assessment under this subsection shall pay the assessment from the
10 appropriation for administration of the program in which the reported fraudulent
11 activity occurred unless payment from that appropriation is prohibited.
12 Notwithstanding ss. 20.115 to 20.765, if payment from the appropriation for
13 administration of the program is prohibited, the agency shall pay the assessment
14 from a general program operations appropriation of the agency, as determined by the
15 agency. If the program is administered from more than one appropriation, the
16 agency shall pay the assessment from the appropriation or appropriations for
17 program administration, as determined by the agency.

18 **SECTION 2.** 20.505 (1) (kn) of the statutes is created to read:

19 20.505 (1) (kn) *Reward payments for reporting fraud.* All moneys received from
20 assessments under s. 16.32 (3) to provide reward payments under s. 16.32 (2).

21 **SECTION 3. Nonstatutory provisions.**

22 (1) DEPARTMENT OF ADMINISTRATION; RULES. The department of administration
23 shall present the statement of scope of the rules required under section 16.32 (2) of
24 the statutes, as created by this act, to the governor for approval under section
25 227.135 (2) of the statutes, no later than the first day of the 4th month beginning after

ASSEMBLY BILL 196**SECTION 3**

1 the effective date of this subsection. The department of administration shall submit,
2 in proposed form, the rules required under section 16.32 (2) of the statutes, as created
3 by this act, to the legislative council staff under section 227.15 (1) of the statutes no
4 later than the first day of the 7th month beginning after the day on which the
5 governor approves the statement of scope for the rules.

6

(END)