

Sponsor Statement

House Bill 86

“An Act establishing in the office of the ombudsman a state executive branch employee fraud, waste, and abuse hotline program.”

According to the 2002 *Report to the Nation on Occupational Fraud and Abuse* over \$400 billion annually is lost to fraud and abuse in U.S. organizations. Instances of fraud, waste, or abuse can be especially egregious when it is public money that is being stolen or wasted. Government waste erodes the public trust and strikes deep at the foundation of our democracy.

State governments have established a wide variety of programs and systems to protect public resources. State fraud and abuse hotlines have been established across the country with varying results. In Oregon, the establishment of a fraud, waste, and abuse hotline has led to \$4.13 million in savings.

In Alaska there are two primary entities that investigate complaints or allegations of fraud, waste or abuse: the legislative audit division and the ombudsman.

House Bill 86 establishes, in the ombudsman’s office a hotline, for state employees to report fraud, waste, or abuse. Under HB 86, state employees would be able to report anonymously through a hotline while under the protection of the state’s whistleblower protection laws. The results of investigations conducted based on complaints made through the hotline would be reported to the legislature through the ombudsman’s regular process. HB 86 provides the legislature with another tool to monitor state spending and protect the public’s trust.