

LLS NO. 17-0157.01

CONCERNING THE CREATION OF INVESTIGATIVE AUTHORITY FOR THE STATE  
AUDITOR RELATED TO HOTLINE REPORTING OF FRAUD IN STATE  
GOVERNMENT

---

WHAT WOULD THIS BILL DO?

This Bill would add a new Section 2-3-110.5, C.R.S., that:

- Directs the State Auditor to establish and maintain a fraud reporting hotline whereby anyone may report an allegation of fraud committed by a current or former state employee or an individual acting under a contract with a state agency.
- Provides the State Auditor with the authority and access to agency records and information necessary to conduct initial screening and subsequent investigation of hotline calls. Allows the State Auditor to refer hotline calls to other state, federal, or local agencies, law enforcement agencies, and district attorneys, as appropriate.
- Requires the State Auditor to transmit a copy of the investigation report to the head of the affected state agency, the governor, or the Legislative Audit Committee if, based on the State Auditor's investigation, there is sufficient evidence to reasonably conclude that fraud has occurred. The State Auditor may also transmit a copy of the investigation report to a law enforcement agency or a district attorney.
- Requires that any workpapers, reports, materials, or other ancillary information gathered by the State Auditor in connection with fraud hotline activities, including the identity of any person who contacts the fraud hotline or who provides information to further an investigation, be held strictly confidential and not intended for public release. However, the State Auditor may make disclosures to the affected state agency, the governor, the Legislative Audit Committee, a law enforcement agency, or a district attorney.
- Requires the State Auditor to prepare an annual report, which is a public document, to the Legislative Audit Committee that summarizes the fraud hotline activities during the preceding year.

WHY ARE THESE CHANGES BEING REQUESTED?

In July 2013, the Office of the State Auditor (OSA) took over operation of a fraud reporting hotline from the Office of the State Controller. This hotline is a mechanism through which anyone can report concerns about fraud being committed by state employees or persons acting under a contract with a state agency. However, provisions in statute related to the State Auditor's audit authority, such as access to records, workpaper confidentiality, and the ability to conduct investigations, do not currently extend to fraud hotline activities. Based on the OSA's experience operating the fraud hotline for the last 3 years, establishing a statutory framework for the hotline would improve the OSA's ability to receive and respond effectively to reported fraud allegations.

First Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO

DRAFT  
9.21.16

DRAFT

LLS NO. 17-0157.01 Bob Lackner x4350

COMMITTEE BILL

Legislative Audit Committee

**BILL TOPIC: "OSA Fraud Hotline"**

**A BILL FOR AN ACT**

101 **CONCERNING THE CREATION OF INVESTIGATIVE AUTHORITY FOR THE**  
102 **STATE AUDITOR RELATED TO HOTLINE REPORTING OF FRAUD IN**  
103 **STATE GOVERNMENT.**

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/bills summaries>.)*

The bill requires the state auditor (auditor) to establish and administer a telephone number, fax number, email address, mailing address, or internet-based form whereby any individual may report an allegation of fraud committed by a state employee or an individual acting under a contract with a state agency (agency). This system is referred to

*Capital letters indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.*

in the bill as the "fraud hotline" or "hotline" and any report to the hotline as a "hotline call".

The bill specifies the manner in which the auditor is to respond to a hotline call. If the auditor determines through initial screening that a hotline call falls within the scope of his or her authority and makes an allegation of fraud committed by a state employee or an individual acting under a contract with an agency that must be investigated further, the auditor is required to assign the investigation to one or more members of his or her staff qualified to conduct fraud investigations. In his or her discretion, the auditor may refer an allegation of fraud to the agency involved so the agency may conduct an investigation in lieu of, or in addition to, the auditor's own investigation. In such circumstances, the agency is required to report back to the auditor the results of the investigation, including any actions the agency has taken or intends to take as a result of the investigation.

At any point during the auditor's investigation, the auditor may refer the matter to an appropriate law enforcement agency or to the district attorney of the judicial district in which the fraud is alleged to have occurred.

The auditor is required to issue a written investigation report upon the completion of any investigation. The investigation report is not a public document and must be maintained as strictly confidential by the auditor; except that, where the auditor has sufficient evidence to reasonably conclude that fraud has been committed, based upon the investigation, the auditor is required to notify the affected agency, the governor, and the legislative audit committee (committee) in accordance with requirements specified in the bill. Notwithstanding these mandatory reporting requirements, the bill specifies circumstances in which the auditor has permission to disclose the report to certain individuals or entities.

Subject to certain exceptions specified in the bill, the bill requires any workpapers or other ancillary information gathered by the auditor in connection with receiving and investigating hotline calls, including the identity of any individual who contacts the fraud hotline or who provides information that assists an investigation, to be held as strictly confidential by the auditor and not intended for public release.

The bill specifies penalties for willfully and knowingly disclosing confidential information and for obstructing access to or examination of records or information necessary for the completion of an investigation.

Commencing with state fiscal year 2018-19, the bill requires the auditor to prepare an annual report to the committee summarizing activity relating to the fraud hotline during the preceding year.

---

1 *Be it enacted by the General Assembly of the State of Colorado:*

1           **SECTION 1.** In Colorado Revised Statutes, **add** 2-3-110.5 as  
2 follows:

3           **2-3-110.5. Fraud hotline - investigations - confidentiality -**  
4 **access to records - definitions.** (1) AS USED IN THIS SECTION, UNLESS  
5 THE CONTEXT OTHERWISE REQUIRES:

6           (a) "COMMITTEE" MEANS THE LEGISLATIVE AUDIT COMMITTEE  
7 CREATED IN SECTION 2-3-101 (1).

8           (b) "EMPLOYEE" MEANS AN INDIVIDUAL CURRENTLY OR FORMERLY  
9 EMPLOYED BY A STATE AGENCY.

10           (c) "FRAUD HOTLINE" OR "HOTLINE" MEANS THE SYSTEM CREATED  
11 AND MAINTAINED BY THE STATE AUDITOR PURSUANT TO SUBSECTION  
12 (2)(a) OF THIS SECTION.

13           (d) "HOTLINE CALL" MEANS A REPORT OF INFORMATION TO THE  
14 FRAUD HOTLINE REGARDLESS OF WHETHER SUCH REPORT IS MADE BY  
15 TELEPHONE, FAX, EMAIL, OR ANOTHER INTERNET-BASED FORMAT.

16           (e) "INVESTIGATION" MEANS AN INVESTIGATION BY THE STATE  
17 AUDITOR OF A REPORT TO THE FRAUD HOTLINE OF AN ALLEGATION OF  
18 FRAUD COMMITTED BY A STATE EMPLOYEE OR AN INDIVIDUAL ACTING  
19 UNDER A CONTRACT WITH A STATE AGENCY.

20           (f) "INVESTIGATION REPORT" MEANS THE FINAL WRITTEN REPORT  
21 OF THE STATE AUDITOR'S INVESTIGATION ISSUED IN ACCORDANCE WITH  
22 SUBSECTION (3)(h) OF THIS SECTION.

23           (g) "STATE AGENCY" OR "AGENCY" MEANS ALL DEPARTMENTS,  
24 INSTITUTIONS, AND AGENCIES OF STATE GOVERNMENT, INCLUDING  
25 INSTITUTIONS OF HIGHER EDUCATION AND THE LEGISLATIVE AND JUDICIAL  
26 DEPARTMENTS OF THE STATE.

27           (2) (a) THE STATE AUDITOR SHALL ESTABLISH AND ADMINISTER A

1 TELEPHONE NUMBER, FAX NUMBER, EMAIL ADDRESS, MAILING ADDRESS,  
2 OR INTERNET-BASED FORM WHEREBY ANY INDIVIDUAL MAY REPORT AN  
3 ALLEGATION OF FRAUD COMMITTED BY AN EMPLOYEE OR AN INDIVIDUAL  
4 ACTING UNDER A CONTRACT WITH AN AGENCY.

5 (b) THE STATE AUDITOR MAY REQUEST THAT AN INDIVIDUAL  
6 SUBMITTING AN ALLEGATION TO THE FRAUD HOTLINE PROVIDE HIS OR HER  
7 NAME AND CONTACT INFORMATION, BUT NO PERSON WHO SUBMITS AN  
8 ALLEGATION TO THE HOTLINE IS REQUIRED TO PROVIDE HIS OR HER NAME  
9 AND CONTACT INFORMATION.

10 (c) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION (2)(c),  
11 THE STATE AUDITOR IS SOLELY RESPONSIBLE FOR ADMINISTERING THE  
12 HOTLINE AND FOR INVESTIGATING ANY ALLEGATION OF FRAUD BY AN  
13 EMPLOYEE OR AN INDIVIDUAL ACTING UNDER A CONTRACT WITH AN  
14 AGENCY THAT IS REPORTED TO THE HOTLINE. IN CONNECTION WITH THE  
15 AUDITOR'S ADMINISTRATIVE POWERS AND DUTIES UNDER THIS SECTION,  
16 THE STATE AUDITOR MAY CONTRACT WITH ANY PRIVATE ENTITY TO  
17 PERFORM ANY ACT NECESSARY TO FACILITATE SUCH ADMINISTRATION.

18 (d) THE STATE AUDITOR SHALL PUBLICIZE THE EXISTENCE AND  
19 PURPOSE OF THE HOTLINE ON THE OFFICIAL WEBSITE OF THE OFFICE OF THE  
20 STATE AUDITOR AND THROUGH OTHER MEANS AS DETERMINED BY THE  
21 STATE AUDITOR.

22 (3) (a) UPON RECEIVING A HOTLINE CALL, THE STATE AUDITOR  
23 SHALL CONDUCT AN INITIAL SCREENING OF THE CALL TO DETERMINE IF THE  
24 MATTER BEING REPORTED FALLS WITHIN THE SCOPE OF HIS OR HER  
25 AUTHORITY UNDER THIS SECTION AND, IF SO, WHETHER FURTHER  
26 INVESTIGATION IS WARRANTED. THE STATE AUDITOR MAY REFER TO  
27 ANOTHER STATE, FEDERAL, OR LOCAL GOVERNMENTAL AGENCY ANY

1 HOTLINE CALLS THAT DO NOT FALL WITHIN THE SCOPE OF HIS OR HER  
2 AUTHORITY UNDER THIS SECTION.

3 (b) IF THE STATE AUDITOR DETERMINES THROUGH THE INITIAL  
4 SCREENING THAT A HOTLINE CALL FALLS WITHIN THE SCOPE OF HIS OR HER  
5 AUTHORITY UNDER THIS SECTION AND THAT AN ALLEGATION OF FRAUD  
6 COMMITTED BY AN EMPLOYEE OR AN INDIVIDUAL ACTING UNDER A  
7 CONTRACT WITH AN AGENCY MUST BE INVESTIGATED FURTHER, THE STATE  
8 AUDITOR SHALL ASSIGN THE INVESTIGATION TO ONE OR MORE MEMBERS  
9 OF HIS OR HER STAFF QUALIFIED TO CONDUCT FRAUD INVESTIGATIONS. AN  
10 INVESTIGATION BY THE STATE AUDITOR DOES NOT CONSTITUTE A  
11 CRIMINAL INVESTIGATION BY A LAW ENFORCEMENT AGENCY.

12 (c) IN PERFORMING THE INITIAL SCREENING OF A HOTLINE CALL TO  
13 DETERMINE WHETHER AN INVESTIGATION IS WARRANTED, AND IN  
14 CONDUCTING ANY SUBSEQUENT INVESTIGATION OF THE HOTLINE CALL,  
15 THE STATE AUDITOR HAS ACCESS AT ALL TIMES TO ALL OF THE BOOKS,  
16 ACCOUNTS, REPORTS, VOUCHERS, OR OTHER RECORDS OR INFORMATION IN  
17 ANY DEPARTMENT, INSTITUTION, OR AGENCY TO THE SAME EXTENT AS THE  
18 AUDITOR MAY EXERCISE UNDER SECTION 2-3-107 (2)(a) WITH RESPECT TO  
19 THE STATE AUDITOR'S POWERS UNDER THIS PART 1 MORE GENERALLY.

20 (d) IN HIS OR HER DISCRETION, THE STATE AUDITOR MAY REFER AN  
21 ALLEGATION OF FRAUD TO THE AFFECTED AGENCY SO THE AGENCY MAY  
22 CONDUCT AN INVESTIGATION IN LIEU OF, OR IN ADDITION TO, THE STATE  
23 AUDITOR'S OWN INVESTIGATION. IN CONNECTION WITH THIS REFERRAL,  
24 THE STATE AUDITOR SHALL TRANSMIT TO THE AFFECTED AGENCY ALL  
25 WORKPAPERS, MATERIALS, AND OTHER ANCILLARY INFORMATION THE  
26 AUDITOR HAS GATHERED AS OF THE DATE OF THE REFERRAL.

27 (e) IF, IN ACCORDANCE WITH SUBSECTION (3)(d) OF THIS SECTION,

1 THE STATE AUDITOR REFERS A FRAUD ALLEGATION TO THE AFFECTED  
2 AGENCY, THE AGENCY SHALL REPORT BACK TO THE STATE AUDITOR ON  
3 THE RESULTS OF THE INVESTIGATION INCLUDING ANY ACTIONS THE  
4 AGENCY HAS TAKEN OR INTENDS TO TAKE AS A RESULT OF THE  
5 INVESTIGATION.

6 (f) AT ANY POINT DURING THE STATE AUDITOR'S INVESTIGATION,  
7 THE STATE AUDITOR MAY REFER THE MATTER TO AN APPROPRIATE LAW  
8 ENFORCEMENT AGENCY OR TO THE DISTRICT ATTORNEY OF THE JUDICIAL  
9 DISTRICT IN WHICH THE FRAUD IS ALLEGED TO HAVE OCCURRED. IN  
10 CONNECTION WITH THIS REFERRAL, THE STATE AUDITOR SHALL TRANSMIT  
11 TO THE LAW ENFORCEMENT AGENCY OR DISTRICT ATTORNEY, AS  
12 APPLICABLE, ALL WORKPAPERS, MATERIALS, AND OTHER ANCILLARY  
13 INFORMATION THE AUDITOR HAS GATHERED AS OF THE DATE OF THE  
14 REFERRAL. THE STATE AUDITOR IS FURTHER PERMITTED TO WORK WITH  
15 AND PROVIDE INFORMATION TO THE LAW ENFORCEMENT AGENCY OR  
16 DISTRICT ATTORNEY ON AN ONGOING BASIS FOR THE PURPOSE OF  
17 ASSISTING IN ANY SUBSEQUENT CRIMINAL INVESTIGATION OF THE  
18 REFERRED MATTER.

19 (g) A DETERMINATION BY THE STATE AUDITOR THAT, BASED UPON  
20 AN INVESTIGATION, THERE IS NOT SUFFICIENT EVIDENCE TO REASONABLY  
21 CONCLUDE THAT AN EMPLOYEE OR AN INDIVIDUAL ACTING UNDER A  
22 CONTRACT WITH AN AGENCY COMMITTED FRAUD CONSTITUTES  
23 COMPLETION OF THE INVESTIGATION.

24 (h) THE STATE AUDITOR SHALL ISSUE A WRITTEN INVESTIGATION  
25 REPORT UPON THE COMPLETION OF ANY INVESTIGATION CONDUCTED BY  
26 THE STATE AUDITOR PURSUANT TO THIS SECTION. THE STATE AUDITOR HAS  
27 DISCRETION TO DETERMINE THE CONTENTS AND FORMAT OF THE

1 INVESTIGATION REPORT.

2 (i) AN INVESTIGATION REPORT AND ANY RELATED WORKPAPERS,  
3 MATERIALS, OR OTHER ANCILLARY INFORMATION GATHERED DURING THE  
4 INVESTIGATION DOES NOT CONSTITUTE PUBLIC DOCUMENTS AND MUST BE  
5 MAINTAINED AS STRICTLY CONFIDENTIAL BY THE STATE AUDITOR; EXCEPT  
6 THAT:

7 (I) THE STATE AUDITOR SHALL TRANSMIT A COPY OF THE  
8 INVESTIGATION REPORT TO:

9 (A) THE HEAD OF THE AFFECTED AGENCY, IF, BASED UPON THE  
10 INVESTIGATION, THERE IS SUFFICIENT EVIDENCE TO REASONABLY  
11 CONCLUDE THAT FRAUD HAS BEEN COMMITTED BY AN EMPLOYEE OF THAT  
12 AGENCY OR AN INDIVIDUAL ACTING UNDER A CONTRACT WITH THAT  
13 AGENCY. THE STATE AUDITOR MAY ALSO PROVIDE TO THE HEAD OF THE  
14 AFFECTED AGENCY ANY WORKPAPERS, MATERIALS, OR OTHER ANCILLARY  
15 INFORMATION GATHERED DURING THE INVESTIGATION.

16 (B) THE GOVERNOR, IF, BASED UPON THE INVESTIGATION, THERE  
17 IS SUFFICIENT EVIDENCE TO REASONABLY CONCLUDE THAT FRAUD HAS  
18 BEEN COMMITTED BY A GUBERNATORIAL APPOINTEE. THE STATE AUDITOR  
19 MAY ALSO PROVIDE TO THE GOVERNOR ANY WORKPAPERS, MATERIALS, OR  
20 OTHER ANCILLARY INFORMATION GATHERED DURING THE INVESTIGATION.

21 (C) THE COMMITTEE AND, WITH THE APPROVAL OF THE  
22 COMMITTEE, TO THE GOVERNOR IF, BASED UPON THE INVESTIGATION,  
23 THERE IS SUFFICIENT EVIDENCE TO REASONABLY CONCLUDE THAT FRAUD  
24 HAS BEEN COMMITTED BY AN EMPLOYEE OR AN INDIVIDUAL UNDER  
25 CONTRACT WITH AN AGENCY AND IF THE AMOUNT OF THE FRAUD EXCEEDS  
26 ONE PERCENT OF THE AFFECTED AGENCY'S GENERAL FUND APPROPRIATION  
27 FOR THE STATE FISCAL YEAR IN WHICH THE ALLEGED FRAUD HAS



1 OCCURRED. THE STATE AUDITOR MAY ALSO PROVIDE TO THE COMMITTEE  
2 OR THE GOVERNOR, AS APPLICABLE, ANY WORKPAPERS, MATERIALS, OR  
3 OTHER ANCILLARY INFORMATION GATHERED DURING THE INVESTIGATION.

4 (II) NOTWITHSTANDING THE REPORTING REQUIREMENTS SPECIFIED  
5 IN SUBSECTION (3)(i)(I) OF THIS SECTION, THE STATE AUDITOR MAY  
6 TRANSMIT A COPY OF THE INVESTIGATION REPORT TO:

7 (A) THE HEAD OF THE AFFECTED AGENCY, THE GOVERNOR, OR THE  
8 COMMITTEE, IF, IN THE JUDGMENT OF THE STATE AUDITOR, THE  
9 CIRCUMSTANCES OF THE INVESTIGATION WARRANT MAKING SUCH  
10 DISCLOSURE; OR

11 (B) A LAW ENFORCEMENT AGENCY OR A DISTRICT ATTORNEY IF,  
12 IN THE JUDGMENT OF THE STATE AUDITOR, THE CIRCUMSTANCES OF THE  
13 INVESTIGATION WARRANT MAKING SUCH DISCLOSURE.

14 (4) (a) THE STATE AUDITOR SHALL PREPARE AND MAINTAIN  
15 WORKPAPERS, REPORTS, MATERIALS, AND OTHER ANCILLARY  
16 INFORMATION FOR THE PURPOSE OF DOCUMENTING THE ACTIVITIES OF HIS  
17 OR HER OFFICE IN CONNECTION WITH RECEIVING, SCREENING, REFERRING,  
18 AND INVESTIGATING HOTLINE CALLS.

19 (b) EXCEPT AS OTHERWISE SPECIFIED IN THIS SUBSECTION (4) AND  
20 IN SUBSECTION (3) OF THIS SECTION, ANY WORKPAPERS, REPORTS,  
21 MATERIALS, OR OTHER ANCILLARY INFORMATION GATHERED BY THE STATE  
22 AUDITOR IN CONNECTION WITH RECEIVING, SCREENING, REFERRING, AND  
23 INVESTIGATING HOTLINE CALLS, INCLUDING WITHOUT LIMITATION THE  
24 IDENTITY OF ANY INDIVIDUAL WHO CONTACTS THE FRAUD HOTLINE OR  
25 WHO PROVIDES INFORMATION THAT ASSISTS AN INVESTIGATION MUST BE  
26 HELD AS STRICTLY CONFIDENTIAL BY THE STATE AUDITOR AND IS NOT  
27 INTENDED FOR PUBLIC RELEASE; EXCEPT THAT THE STATE AUDITOR MAY

1 DISCLOSE SUCH INFORMATION TO:

2 (I) ANOTHER STATE, FEDERAL, OR LOCAL GOVERNMENTAL AGENCY  
3 IN ACCORDANCE WITH SUBSECTION (3)(a) OF THIS SECTION;

4 (II) ANOTHER STATE AGENCY IN ACCORDANCE WITH SUBSECTION  
5 (3)(d) OF THIS SECTION;

6 (III) A LAW ENFORCEMENT AGENCY OR A DISTRICT ATTORNEY IN  
7 ACCORDANCE WITH SUBSECTION (3)(f) OF THIS SECTION; OR

8 (IV) ANOTHER STATE AGENCY, THE GOVERNOR, THE COMMITTEE,  
9 A LAW ENFORCEMENT AGENCY, OR A DISTRICT ATTORNEY IN ACCORDANCE  
10 WITH SUBSECTION (3)(i) OF THIS SECTION.

11 (c) ANY INFORMATION THE STATE AUDITOR SHARES WITH AN  
12 INDIVIDUAL PURSUANT TO SUBSECTION (3)(d) OR SUBSECTION (3)(i)(I) OR  
13 (3)(i)(II)(A) OF THIS SECTION, INCLUDING WITHOUT LIMITATION, ANY  
14 WORKPAPERS, REPORTS, MATERIALS, OR OTHER ANCILLARY INFORMATION  
15 GATHERED BY THE STATE AUDITOR IN CONNECTION WITH RECEIVING,  
16 SCREENING, REFERRING, AND INVESTIGATING HOTLINE CALLS, MUST BE  
17 HELD BY THE INDIVIDUAL TO WHOM THE INFORMATION HAS BEEN  
18 DISCLOSED AS STRICTLY CONFIDENTIAL AND NOT INTENDED FOR PUBLIC  
19 RELEASE.

20 (5) (a) (I) ANY INDIVIDUAL WHO WILLFULLY AND KNOWINGLY  
21 DISCLOSES INFORMATION REQUIRED TO BE KEPT CONFIDENTIAL IN  
22 ACCORDANCE WITH SUBSECTION (4)(c) OF THIS SECTION IS GUILTY OF A  
23 MISDEMEANOR AND, UPON CONVICTION THEREOF, SHALL BE PUNISHED BY  
24 A FINE OF NOT MORE THAN FIVE HUNDRED DOLLARS.

25 (II) SUBSECTION (5)(a)(I) OF THIS SECTION DOES NOT APPLY TO  
26 COMMUNICATION BY AND AMONG THE STATE AUDITOR, A STATE AGENCY,  
27 THE GOVERNOR, THE COMMITTEE, A LAW ENFORCEMENT AGENCY, A

1 DISTRICT ATTORNEY, OR THEIR EMPLOYEES, FOR THE PURPOSE OF  
2 RECEIVING, SCREENING, REFERRING, AND INVESTIGATING HOTLINE CALLS.

3 (b) ANY EMPLOYEE OF AN AGENCY WHO FAILS OR REFUSES TO  
4 PERMIT ACCESS TO OR EXAMINATION BY THE STATE AUDITOR ANY AGENCY  
5 RECORDS OR INFORMATION NECESSARY FOR THE COMPLETION OF AN  
6 INVESTIGATION OR WHO INTERFERES IN ANY WAY WITH SUCH ACCESS OR  
7 EXAMINATION IS GUILTY OF A MISDEMEANOR AND, UPON CONVICTION  
8 THEREOF, SHALL BE PUNISHED BY A FINE OF NOT LESS THAN ONE HUNDRED  
9 DOLLARS NOR MORE THAN ONE THOUSAND DOLLARS, OR BY  
10 IMPRISONMENT IN THE COUNTY JAIL FOR NOT LESS THAN ONE MONTH NOR  
11 MORE THAN TWELVE MONTHS, OR BY BOTH SUCH FINE AND IMPRISONMENT.

12 (6) COMMENCING WITH STATE FISCAL YEAR 2018-19, THE STATE  
13 AUDITOR SHALL PREPARE AN ANNUAL REPORT TO THE COMMITTEE  
14 SUMMARIZING ACTIVITY RELATING TO THE FRAUD HOTLINE DURING THE  
15 PRECEDING YEAR. THE ANNUAL REPORT MUST BE ACCESSIBLE TO THE  
16 PUBLIC AND POSTED ON THE OFFICIAL WEBSITE OF THE OFFICE OF THE  
17 STATE AUDITOR.

18 **SECTION 2.** In Colorado Revised Statutes, 2-3-103, **add** (9.7)  
19 as follows:

20 **2-3-103. Duties of state auditor - definition.** (9.7) IT IS THE  
21 DUTY OF THE STATE AUDITOR TO ESTABLISH AND ADMINISTER THE FRAUD  
22 HOTLINE AS SPECIFIED IN SECTION 2-3-110.5.

23 **SECTION 3. Act subject to petition - effective date.** This act  
24 takes effect at 12:01 a.m. on the day following the expiration of the  
25 ninety-day period after final adjournment of the general assembly (August  
26 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a  
27 referendum petition is filed pursuant to section 1 (3) of article V of the

1 state constitution against this act or an item, section, or part of this act  
2 within such period, then the act, item, section, or part will not take effect  
3 unless approved by the people at the general election to be held in  
4 November 2018 and, in such case, will take effect on the date of the  
5 official declaration of the vote thereon by the governor. [ASK  
6 COMMITTEE]