

**First Regular Session
Seventy-first General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 17-0157.01 Bob Lackner x4350

HOUSE BILL 17-1223

HOUSE SPONSORSHIP

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House Committees

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A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A FRAUD REPORTING HOTLINE TO BE**
102 **ADMINISTERED BY THE STATE AUDITOR, AND, IN CONNECTION**
103 **THEREWITH, ESTABLISHING REFERRAL AND REPORTING**
104 **PROCESSES AND STATE AUDITOR INVESTIGATIVE AUTHORITY.**

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://leg.colorado.gov/>.)

Legislative Audit Committee. Section 1 of 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

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
Amended 2nd Reading
April 3, 2017

any individual may report an allegation of fraud committed by a state employee (employee) or an individual acting under a contract with a state agency (contracted individual). This system is referred to in the bill as the "fraud hotline" or "hotline" and any report to the hotline as a "hotline call".

Section 1 defines "fraud" to mean occupational fraud or the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets.

Section 1 prohibits the auditor from disclosing publicly, or when making a referral to another state agency, the identity of any individual who contacts the fraud hotline unless the individual grants the auditor express permission to make such disclosure. These restrictions do not apply when the auditor makes a disclosure to a law enforcement agency, a district attorney, or the attorney general in connection with a criminal investigation.

Under the bill, the auditor is responsible for administering the hotline, including the screening of hotline calls and consulting and coordinating with state agencies to refer allegations of fraud by an employee or contracted individual that are reported to the hotline. In connection with the administration of the hotline, the bill requires the auditor to:

- ! Publicize the existence and purpose of the hotline on the official website of the office of the state auditor; and
- ! Prepare and maintain workpapers for the purpose of documenting the activities of his or her office in connection with hotline calls and investigations.

All workpapers prepared or maintained by the auditor in connection with hotline calls and investigations must be held as strictly confidential by the auditor. These restrictions do not apply to communication by and among the auditor, a state agency, the governor, the legislative audit committee (committee), a law enforcement agency, a district attorney, or the attorney general.

Upon receiving a hotline call, the auditor must conduct an initial screening of the call to determine whether the matter being reported constitutes an allegation of fraud committed by an employee or a contracted individual. The auditor is required to forward all hotline calls alleging fraud by a medicaid recipient to the program integrity section within the department of health care policy and financing and all calls alleging fraud by a medicaid provider or contractor to the medicaid fraud control unit of the office of the attorney general.

If the auditor determines that a hotline call constitutes an allegation of fraud committed by an employee or contracted individual, the auditor is required to consult and coordinate with the management or designee of the affected state agency or, in the case of alleged fraud involving a gubernatorial appointee, the governor's office for the purpose of referring

the hotline call and any related workpapers to the affected agency. Upon receiving a referred hotline call from the auditor, the state agency is responsible for determining and taking appropriate action to respond to the referred hotline call and reporting back to the auditor. In determining appropriate action, the state agency may request either the assistance of the auditor to participate in an investigation or request that the auditor conduct the entire investigation.

When, at the request of a state agency, the auditor either participates in or conducts an investigation of a hotline call, the following additional requirements apply:

- ! The auditor is granted complete access to all of the books, accounts, reports, vouchers, or other records or information maintained by the agency that are directly related to the scope of the investigation;
- ! The auditor is required to report the results of the investigation to the head of the affected agency or, in the case of alleged fraud involving a gubernatorial appointee, to the governor's office. The auditor is also required to provide any workpapers prepared or maintained by the auditor during the investigation.
- ! If the investigation finds evidence that the amount of the alleged fraud exceeds \$100,000, the auditor is also required to report the results of the investigation to the committee and, with the approval of the committee, to the governor; and
- ! If the investigation finds evidence of apparently illegal transactions or misuse or embezzlement of public funds or property, the auditor is required to immediately report the matter to a law enforcement agency, a district attorney, or the attorney general, as appropriate.

When a state agency is referred a hotline call by the auditor and has not requested that the auditor either participate in or conduct the entire investigation, the state agency is required to report back to the auditor within 90 days on the disposition of the referral, including action the agency has taken to respond to the fraud allegation and the results of any subsequent investigation by the agency. If the state agency has not reached a disposition of the referred hotline call within 90 days, the agency must report to the auditor the current status of the referral as of the 90-day deadline. This reporting requirement continues every 90 days thereafter until the agency has reached a disposition of the referred hotline call.

Commencing with state fiscal year 2018-19, section 1 also requires the auditor to prepare an annual report to the committee providing an aggregate summary of activity relating to the fraud hotline during the preceding state fiscal year.

Section 2 adds the administration of the hotline to existing statutory provisions specifying the auditor's powers and duties.

Sections 3 and 4 prohibit retaliation against either a state employee or an entity under contract with a state agency resulting from the employee's disclosure of information to the hotline except where the employee discloses information with disregard for its truth or falsity.

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

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

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

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

9 (b) "CONTRACTED INDIVIDUAL" MEANS AN INDIVIDUAL
10 CURRENTLY OR FORMERLY ACTING UNDER A CONTRACT, PURCHASE
11 ORDER, OR OTHER SIMILAR AGREEMENT FOR THE PROCUREMENT OF GOODS
12 AND SERVICES WITH A STATE AGENCY; EXCEPT THAT "CONTRACTED
13 INDIVIDUAL" DOES NOT INCLUDE INDIVIDUALS OR ENTITIES THAT PROVIDE
14 SERVICES OR RECEIVE BENEFITS UNDER TITLE XIX OR TITLE XXI OF THE
15 FEDERAL "SOCIAL SECURITY ACT".

16 (c) "EMPLOYEE" MEANS AN INDIVIDUAL CURRENTLY OR FORMERLY
17 EMPLOYED BY A STATE AGENCY; EXCEPT THAT "EMPLOYEE" DOES NOT
18 INCLUDE INDIVIDUALS OR ENTITIES THAT PROVIDE SERVICES OR RECEIVE
19 BENEFITS UNDER TITLE XIX OR TITLE XXI OF THE FEDERAL "SOCIAL
20 SECURITY ACT".

21 (d) "FRAUD" MEANS OCCUPATIONAL FRAUD OR THE USE OF ONE'S
22 OCCUPATION FOR PERSONAL ENRICHMENT THROUGH THE DELIBERATE

1 MISUSE OR MISAPPLICATION OF THE EMPLOYING ORGANIZATION'S
2 RESOURCES OR ASSETS. THE DEFINITION OF FRAUD SPECIFIED IN THIS
3 SUBSECTION (1)(d) IS USED EXCLUSIVELY FOR PURPOSES OF THE FRAUD
4 HOTLINE TO BE ADMINISTERED BY THE STATE AUDITOR IN ACCORDANCE
5 WITH THIS SECTION AND SHALL NOT BE CONSTRUED TO APPLY TO ANY
6 OTHER SECTION OF THE COLORADO REVISED STATUTES.

7 (e) "FRAUDHOTLINE" OR "HOTLINE" MEANS THE SYSTEM CREATED
8 AND MAINTAINED BY THE STATE AUDITOR PURSUANT TO SUBSECTION
9 (2)(a) OF THIS SECTION.

10 (f) "HOTLINE CALL" MEANS A REPORT OF INFORMATION TO THE
11 FRAUD HOTLINE REGARDLESS OF WHETHER SUCH REPORT IS MADE BY
12 TELEPHONE, FAX, EMAIL, OR ANOTHER INTERNET-BASED FORMAT.

13 (g) "INVESTIGATION" MEANS AN INVESTIGATION OF A REPORT TO
14 THE FRAUD HOTLINE OF AN ALLEGATION OF FRAUD COMMITTED BY AN
15 EMPLOYEE OR A CONTRACTED INDIVIDUAL. "INVESTIGATION" DOES NOT
16 CONSTITUTE A CRIMINAL INVESTIGATION.

17 (h) "STATE AGENCY" OR "AGENCY" MEANS ALL DEPARTMENTS,
18 INSTITUTIONS, AND AGENCIES OF STATE GOVERNMENT, INCLUDING THE
19 OFFICE OF THE GOVERNOR, INSTITUTIONS OF HIGHER EDUCATION, AND THE
20 LEGISLATIVE AND JUDICIAL DEPARTMENTS OF THE STATE.

21 (i) "STATE AUDITOR" MEANS THE STATE AUDITOR OR HIS OR HER
22 DESIGNEE.

23 (2) (a) THE STATE AUDITOR SHALL ESTABLISH AND ADMINISTER A
24 TELEPHONE NUMBER, FAX NUMBER, EMAIL ADDRESS, MAILING ADDRESS,
25 OR INTERNET-BASED FORM WHEREBY ANY INDIVIDUAL MAY REPORT AN
26 ALLEGATION OF FRAUD COMMITTED BY AN EMPLOYEE OR A CONTRACTED
27 INDIVIDUAL.

1 (b) (I) THE STATE AUDITOR MAY REQUEST THAT AN INDIVIDUAL
2 SUBMITTING AN ALLEGATION TO THE FRAUD HOTLINE PROVIDE HIS OR HER
3 NAME AND CONTACT INFORMATION, BUT NO PERSON WHO SUBMITS AN
4 ALLEGATION TO THE HOTLINE IS REQUIRED TO PROVIDE HIS OR HER NAME
5 AND CONTACT INFORMATION. IN ADDITION, IN ACCORDANCE WITH
6 FEDERAL LAWS AND REGULATIONS, NOTHING IN THIS SECTION PERMITS AN
7 EMPLOYEE OF A FINANCIAL INSTITUTION TO DISCLOSE PERSONALLY
8 IDENTIFIABLE OR CONFIDENTIAL INFORMATION WHEN MAKING A REPORT
9 TO THE HOTLINE.

10 (II) THE STATE AUDITOR SHALL NOT DISCLOSE PUBLICLY, OR WHEN
11 MAKING A REFERRAL TO ANOTHER STATE AGENCY IN ACCORDANCE WITH
12 SUBSECTION (3)(b) OF THIS SECTION, THE IDENTITY OF ANY INDIVIDUAL
13 WHO CONTACTS THE FRAUD HOTLINE UNLESS THE INDIVIDUAL GRANTS THE
14 STATE AUDITOR EXPRESS PERMISSION TO MAKE SUCH DISCLOSURE. THE
15 RESTRICTIONS IMPOSED BY THIS SUBSECTION (2)(b)(II) SHALL NOT APPLY
16 WHEN THE STATE AUDITOR MAKES A DISCLOSURE TO A LAW ENFORCEMENT
17 AGENCY, A DISTRICT ATTORNEY, OR THE ATTORNEY GENERAL, IN
18 CONNECTION WITH A CRIMINAL INVESTIGATION, OR TO THE DEPARTMENT
19 OF HEALTH CARE POLICY AND FINANCING OR THE ATTORNEY GENERAL IN
20 ACCORDANCE WITH SUBSECTION (3)(a)(II) OF THIS SECTION.

21 (c) THE STATE AUDITOR IS RESPONSIBLE FOR ADMINISTERING THE
22 HOTLINE, INCLUDING THE SCREENING OF HOTLINE CALLS AND, IN
23 ACCORDANCE WITH SUBSECTION (3)(b) OF THIS SECTION, CONSULTING AND
24 COORDINATING WITH STATE AGENCIES TO REFER ALLEGATIONS OF FRAUD
25 BY AN EMPLOYEE OR A CONTRACTED INDIVIDUAL THAT ARE REPORTED TO
26 THE HOTLINE.

27 (d) THE STATE AUDITOR SHALL STAFF THE HOTLINE WITH ONE OR

1 MORE INDIVIDUALS WHO POSSESS PROFESSIONAL KNOWLEDGE AND
2 EXPERTISE IN THE AREAS OF FRAUD PREVENTION AND DETECTION, FRAUD
3 EXAMINATION, FORENSIC ACCOUNTING, OR ANOTHER RELATED FIELD. THE
4 STATE AUDITOR MAY ALSO CONTRACT WITH ANY PRIVATE ENTITY TO
5 ASSIST IN THE EXECUTION OF HIS OR HER POWERS AND DUTIES UNDER THIS
6 SECTION. THE STATE AUDITOR SHALL CONSULT AND USE ACCEPTED
7 PROFESSIONAL GUIDELINES AND BEST PRACTICES, SUCH AS THOSE
8 ESTABLISHED BY OTHER STATE AUDIT ORGANIZATIONS OR THE
9 ASSOCIATION OF CERTIFIED FRAUD EXAMINERS, WHEN DEVELOPING
10 INTERNAL OPERATING POLICIES AND PROCEDURES FOR CARRYING OUT
11 ACTIVITIES OF HIS OR HER OFFICE IN CONNECTION WITH THE HOTLINE.

12 (e) THE STATE AUDITOR SHALL PUBLICIZE THE EXISTENCE AND
13 PURPOSE OF THE HOTLINE ON THE OFFICIAL WEBSITE OF THE OFFICE OF THE
14 STATE AUDITOR AND THROUGH OTHER MEANS AS DETERMINED BY THE
15 STATE AUDITOR.

16 (f) (I) THE STATE AUDITOR SHALL PREPARE AND MAINTAIN
17 WORKPAPERS FOR THE PURPOSE OF DOCUMENTING THE ACTIVITIES OF HIS
18 OR HER OFFICE IN CONNECTION WITH HOTLINE CALLS AND
19 INVESTIGATIONS.

20 (II) ALL WORKPAPERS PREPARED OR MAINTAINED BY THE STATE
21 AUDITOR IN CONNECTION WITH HOTLINE CALLS MUST BE HELD AS
22 STRICTLY CONFIDENTIAL BY THE STATE AUDITOR AND NOT FOR PUBLIC
23 RELEASE. THE RESTRICTIONS IMPOSED BY THIS SUBSECTION (2)(f)(II)
24 SHALL NOT PREVENT COMMUNICATION BY AND AMONG THE STATE
25 AUDITOR, A STATE AGENCY, THE GOVERNOR, THE COMMITTEE, A LAW
26 ENFORCEMENT AGENCY, A DISTRICT ATTORNEY, OR THE ATTORNEY
27 GENERAL IN ACCORDANCE WITH THE REQUIREMENTS OF THIS SECTION.

1 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, ALL WORKPAPERS
2 PREPARED OR MAINTAINED BY THE STATE AUDITOR IN CONNECTION WITH
3 HOTLINE CALLS SHALL NOT CONSTITUTE PUBLIC RECORDS FOR PURPOSES
4 OF THE "COLORADO OPEN RECORDS ACT", PART 2 OF ARTICLE 72 OF TITLE
5 24.

6 (3) (a) (I) UPON RECEIVING A HOTLINE CALL, THE STATE AUDITOR
7 SHALL CONDUCT AN INITIAL SCREENING OF THE CALL TO DETERMINE
8 WHETHER THE MATTER BEING REPORTED CONSTITUTES AN ALLEGATION OF
9 FRAUD COMMITTED BY AN EMPLOYEE OR A CONTRACTED INDIVIDUAL.

10 (II) THE STATE AUDITOR SHALL FORWARD ALL HOTLINE CALLS
11 ALLEGING FRAUD BY A MEDICAID RECIPIENT TO THE DEPARTMENT OF
12 HEALTH CARE POLICY AND FINANCING AND ALL CALLS ALLEGING FRAUD
13 BY A MEDICAID PROVIDER OR CONTRACTOR TO THE MEDICAID FRAUD
14 CONTROL UNIT OF THE OFFICE OF THE ATTORNEY GENERAL.

15 (b) IF THE STATE AUDITOR DETERMINES THROUGH THE INITIAL
16 SCREENING THAT A HOTLINE CALL CONSTITUTES AN ALLEGATION OF
17 FRAUD COMMITTED BY AN EMPLOYEE OR A CONTRACTED INDIVIDUAL, THE
18 STATE AUDITOR SHALL CONSULT AND COORDINATE WITH MANAGEMENT OR
19 MANAGEMENT'S DESIGNEE OF THE AFFECTED STATE AGENCY OR, IN THE
20 CASE OF ALLEGED FRAUD INVOLVING A GUBERNATORIAL APPOINTEE, THE
21 GOVERNOR'S OFFICE FOR THE PURPOSE OF REFERRING THE HOTLINE CALL
22 AND ANY RELATED WORKPAPERS TO THE AFFECTED AGENCY. UPON
23 RECEIVING A REFERRED HOTLINE CALL FROM THE STATE AUDITOR, THE
24 STATE AGENCY IS RESPONSIBLE FOR DETERMINING AND TAKING
25 APPROPRIATE ACTION TO RESPOND TO THE REFERRED HOTLINE CALL AND
26 REPORTING BACK TO THE STATE AUDITOR IN ACCORDANCE WITH
27 SUBSECTION (4) OF THIS SECTION. IN DETERMINING APPROPRIATE ACTION,

1 THE STATE AGENCY MAY REQUEST EITHER THE ASSISTANCE OF THE STATE
2 AUDITOR TO PARTICIPATE IN AN INVESTIGATION OR REQUEST THAT THE
3 STATE AUDITOR CONDUCT THE ENTIRE INVESTIGATION.

4 (c) WHEN, AT THE REQUEST OF A STATE AGENCY, THE STATE
5 AUDITOR EITHER PARTICIPATES IN OR CONDUCTS AN INVESTIGATION OF A
6 HOTLINE CALL PURSUANT TO SUBSECTION (3)(b) OF THIS SECTION, THE
7 FOLLOWING ADDITIONAL REQUIREMENTS APPLY:

8 (I) THE STATE AUDITOR HAS ACCESS AT ALL TIMES TO ALL OF THE
9 BOOKS, ACCOUNTS, REPORTS, VOUCHERS, OR OTHER RECORDS OR
10 INFORMATION MAINTAINED BY THE AGENCY THAT ARE DIRECTLY RELATED
11 TO THE SCOPE OF THE INVESTIGATION.

12 (II) THE STATE AUDITOR SHALL REPORT THE RESULTS OF THE
13 INVESTIGATION TO THE HEAD OF THE AFFECTED AGENCY OR, IN THE CASE
14 OF ALLEGED FRAUD INVOLVING A GUBERNATORIAL APPOINTEE, TO THE
15 GOVERNOR'S OFFICE. THE STATE AUDITOR SHALL ALSO PROVIDE ANY
16 WORKPAPERS PREPARED OR MAINTAINED BY THE STATE AUDITOR DURING
17 THE INVESTIGATION.

18 (III) IF THE INVESTIGATION FINDS EVIDENCE THAT THE AMOUNT OF
19 THE ALLEGED FRAUD EXCEEDS ONE HUNDRED THOUSAND DOLLARS, THE
20 STATE AUDITOR SHALL ALSO REPORT THE RESULTS OF THE INVESTIGATION
21 TO THE COMMITTEE AND, WITH THE APPROVAL OF THE COMMITTEE, TO THE
22 GOVERNOR.

23 (IV) IF THE INVESTIGATION FINDS EVIDENCE OF APPARENTLY
24 ILLEGAL TRANSACTIONS OR MISUSE OR EMBEZZLEMENT OF PUBLIC FUNDS
25 OR PROPERTY, THE STATE AUDITOR SHALL IMMEDIATELY REPORT THE
26 MATTER TO A LAW ENFORCEMENT AGENCY, A DISTRICT ATTORNEY, OR THE
27 ATTORNEY GENERAL, AS APPROPRIATE. THE STATE AUDITOR SHALL ALSO

1 PROVIDE ANY WORKPAPERS PREPARED OR MAINTAINED BY THE STATE
2 AUDITOR DURING THE INVESTIGATION.

3 (4) WHEN A STATE AGENCY IS REFERRED A HOTLINE CALL BY THE
4 STATE AUDITOR PURSUANT TO SUBSECTION (3)(b) OF THIS SECTION AND
5 HAS NOT REQUESTED THAT THE STATE AUDITOR EITHER PARTICIPATE IN OR
6 CONDUCT THE ENTIRE INVESTIGATION, THE STATE AGENCY SHALL REPORT
7 BACK TO THE STATE AUDITOR WITHIN NINETY DAYS ON THE DISPOSITION
8 OF THE REFERRAL, INCLUDING ACTION THE AGENCY HAS TAKEN TO
9 RESPOND TO THE FRAUD ALLEGATION AND THE RESULTS OF ANY
10 SUBSEQUENT INVESTIGATION BY THE AGENCY. IF THE STATE AGENCY HAS
11 NOT REACHED A DISPOSITION OF THE REFERRED HOTLINE CALL WITHIN
12 NINETY DAYS, THE AGENCY SHALL REPORT TO THE STATE AUDITOR THE
13 CURRENT STATUS OF THE REFERRAL AS OF THE NINETY-DAY DEADLINE.
14 THIS REPORTING REQUIREMENT CONTINUES EVERY NINETY DAYS
15 THEREAFTER UNTIL THE AGENCY HAS REACHED A DISPOSITION OF THE
16 REFERRED HOTLINE CALL.

17 (5) COMMENCING WITH STATE FISCAL YEAR 2018-19, THE STATE
18 AUDITOR SHALL PREPARE AN ANNUAL REPORT TO THE COMMITTEE
19 SUMMARIZING, IN THE AGGREGATE, ACTIVITY RELATING TO THE FRAUD
20 HOTLINE DURING THE PRECEDING STATE FISCAL YEAR, SUCH AS THE
21 NUMBER, TYPE, NATURE, AND DISPOSITION OF REPORTS MADE TO THE
22 HOTLINE. THE ANNUAL REPORT SHALL NOT CONTAIN DETAILED
23 INFORMATION, CONFIDENTIAL OR OTHERWISE, ABOUT ANY SPECIFIC
24 REPORTS MADE TO THE HOTLINE OR THAT WOULD ENABLE THE
25 IDENTIFICATION OF EITHER ANY SPECIFIC INDIVIDUAL INVOLVED IN A
26 MATTER REPORTED TO THE HOTLINE OR ANY SUBSEQUENT INVESTIGATION.
27 THE ANNUAL REPORT MUST BE ACCESSIBLE TO THE PUBLIC AND POSTED ON

1 THE OFFICIAL WEBSITE OF THE OFFICE OF THE STATE AUDITOR.

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

4 **2-3-103. Duties of state auditor - definition.** (9.7) IT IS THE
5 DUTY OF THE STATE AUDITOR TO ESTABLISH AND ADMINISTER THE FRAUD
6 HOTLINE AS SPECIFIED IN SECTION 2-3-110.5.

7 **SECTION 3.** In Colorado Revised Statutes, 24-50.5-103, **add**
8 (2.5) as follows:

9 **24-50.5-103. Retaliation prohibited - repeal.** (2.5) AN
10 APPOINTING AUTHORITY OR SUPERVISOR SHALL NOT INITIATE OR
11 ADMINISTER ANY DISCIPLINARY ACTION AGAINST AN EMPLOYEE ON
12 ACCOUNT OF THE EMPLOYEE'S DISCLOSURE OF INFORMATION TO THE
13 FRAUD HOTLINE ADMINISTERED BY THE STATE AUDITOR IN ACCORDANCE
14 WITH SECTION 2-3-110.5; EXCEPT THAT THIS SUBSECTION (2.5) DOES NOT
15 APPLY TO AN EMPLOYEE WHO DISCLOSES INFORMATION WITH DISREGARD
16 FOR THE TRUTH OR FALSITY OF THE INFORMATION.

17 **SECTION 4.** In Colorado Revised Statutes, 24-114-102, **add** (3)
18 as follows:

19 **24-114-102. Retaliation prohibited.** (3) AN ENTITY UNDER
20 CONTRACT WITH A STATE AGENCY SHALL NOT INITIATE OR ADMINISTER
21 ANY DISCIPLINARY ACTION AGAINST ANY EMPLOYEE ON ACCOUNT OF THE
22 EMPLOYEE'S DISCLOSURE OF INFORMATION TO THE FRAUD HOTLINE
23 ADMINISTERED BY THE STATE AUDITOR IN ACCORDANCE WITH SECTION
24 2-3-110.5; EXCEPT THAT THIS SUBSECTION (3) DOES NOT APPLY TO AN
25 EMPLOYEE WHO DISCLOSES INFORMATION WITH DISREGARD FOR THE
26 TRUTH OR FALSITY OF THE INFORMATION.

27 **SECTION 5. Act subject to petition - effective date.** This act

1 takes effect at 12:01 a.m. on the day following the expiration of the
2 ninety-day period after final adjournment of the general assembly (August
3 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a
4 referendum petition is filed pursuant to section 1 (3) of article V of the
5 state constitution against this act or an item, section, or part of this act
6 within such period, then the act, item, section, or part will not take effect
7 unless approved by the people at the general election to be held in
8 November 2018 and, in such case, will take effect on the date of the
9 official declaration of the vote thereon by the governor.