

STATE OF NEW YORK

8661

IN SENATE

January 7, 2026

Introduced by Sen. ORTT -- read twice and ordered printed, and when printed to be committed to the Committee on Finance

AN ACT to require an independent audit of New York state government programs by a private professional services firm and to mandate referral of findings of fraud or abuse to appropriate law enforcement authorities

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Legislative findings. The legislature finds that recent
2 reports of widespread fraud involving government-administered programs
3 in the State of Minnesota creates an urgent need for New York State to
4 conduct its own independent review of government spending programs to
5 identify and prevent fraud and abuse.

6 An independent audit would help ensure that public funds are distrib-
7 uted solely to eligible individuals and families and to legitimate
8 service providers and not exploited by scammers seeking to exploit
9 taxpayer-funded programs.

10 The New York State budget has grown to approximately \$254 billion,
11 representing an unprecedented level of public spending. The size of this
12 budget, which is nearly the size of Florida and Texas budgets combined,
13 creates increased opportunities for fraud, waste, and abuse if adequate
14 oversight is not maintained.

15 There is no doubt there is fraud occurring in this state as evidenced
16 by recent scandals. In July, the United States Department of Justice
17 uncovered a \$68 million Medicaid fraud scheme involving a Brooklyn-based
18 operator who paid illegal kickbacks through social adult day care
19 centers.

20 Accordingly, the legislature determines that requiring an independent,
21 professional audit of state government programs, with mandatory refer-
22 rals of substantiated findings of fraud or abuse to appropriate law
23 enforcement agencies, is necessary to ensure taxpayer dollars are only
24 being sent to legitimate individuals and organizations and fraudsters
25 are held accountable.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 § 2. Independent audit. The state comptroller, in consultation with
2 the director of the budget, shall procure, pursuant to article 11 of the
3 state finance law, the services of one or more independent private
4 professional services firms with expertise in accounting, auditing, and
5 fraud detection to conduct a comprehensive audit of state government
6 programs receiving state funds.

7 (a) The audit shall examine, among others:

8 1. Whether individuals receiving state funds are eligible to receive
9 such funds;

10 2. Whether contractors, grantees or service providers are complying
11 with applicable state and federal laws and rules;

12 3. Internal controls used by state agencies to prevent, detect, and
13 address fraud, waste, and abuse; and

14 4. Any payments, claims, or expenditures that appear improper or frau-
15 dulent, or are an abuse of taxpayer money.

16 (b) All state agencies and public authorities shall provide the audit-
17 ing firm with full and prompt access to information deemed necessary to
18 carry out the audit, including any records or data related to state
19 funds.

20 (c) The auditing firm shall submit a written report of its findings to
21 the governor, the temporary president of the senate, the speaker of the
22 assembly, the minority leader of the senate, the minority leader of the
23 assembly, the state comptroller, and the attorney general no later than
24 twelve months after the effective date of this section. Such report
25 shall include recommendations for corrective action and improved over-
26 sight of government spending programs.

27 § 3. Referral of fraud or abuse. If the auditing firm identifies any
28 fraud, abuse, or other unlawful conduct that has occurred, the auditing
29 firm shall immediately refer such findings, together with supporting
30 documentation, to the appropriate law enforcement agency. Such law
31 enforcement agency shall include but not be limited to the attorney
32 general, district attorney, or the United States Department of Justice,
33 as applicable.

34 § 4. Public disclosure of report. The final audit report shall be made
35 publicly available on the websites of the state comptroller and the
36 division of the budget.

37 § 5. This act shall take effect immediately.