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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- ESTABLISHING AN OFFICE OF
INSPECTOR GENERAL

Introduced By: Senators Sheehan, Cote, Raptakis, Conley, and Lombardo

Date Introduced: February 11, 2016

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 9.4

4 INSPECTOR GENERAL

5 **42-9.4-1. Purpose. --** The office of inspector general shall be an independent
6 administrative agency charged with the purpose of preventing and detecting fraud, waste, abuse
7 and mismanagement in the expenditure of public funds, whether federal, state, or local, and
8 relating to any and all state programs and operations as well as the procurement of any supplies,
9 services, or construction, by agencies, bureaus, divisions, sections, departments, offices,
10 commissions, institutions and activities of the state of Rhode Island, including those districts,
11 authorities, or political subdivisions created by the general assembly, the governor, and any court,
12 including any city and town within the state. Investigations may include the expenditures by
13 nongovernmental agencies of federal, state and local public funds.

14 **42-9.4-2. Definitions. --** As used in this chapter, unless the context requires otherwise,
15 the following words shall have the following meanings:

16 (1) "Construction" means the process of building, altering, repairing, improving, or
17 demolishing any public structure or building, or other improvements of any kind to any public
18 property.

1 (2) "Contract" means all types of agreements, including grants and orders, for the
2 purchase or disposal of supplies, services, construction, or any other item. It includes: awards;
3 contracts of a fixed-price, cost, cost-plus-a-fixed-fee, or incentive type; contracts providing for
4 the issuance of job or task orders; leases; letter contracts; purchase orders; and construction
5 management contracts. It also includes supplemental agreements with respect to any of the
6 foregoing.

7 (3) "Contractor" means any person, corporation, partnership, business, union, committee,
8 or other organization entity or group of individuals performing any tasks, or duties defined under
9 a written or oral contract with and for the state of Rhode Island or the joint committee on
10 legislative services.

11 (4) "Procurement" means the purchasing, buying, renting, leasing, or otherwise obtaining
12 of any supplies, services, or construction. It also includes all functions that pertain to the
13 obtaining of any supply, service, or construction item, including a description of requirements,
14 selection and solicitation of sources, preparation, and award of contract, and all phases of contract
15 administration.

16 (5) "Public funds" means state, federal and local funds, either appropriated, non-
17 appropriated or given under right of grant.

18 (6) "Services" means the rendering, by a contractor, of time and effort rather than the
19 furnishing of a specific end product, other than reports which are merely incidental to the required
20 performance of services.

21 (7) "Supplies" means all property, including, but not limited to, leases of real property,
22 printing, and insurance, except land or permanent interest in land.

23 **42-9.4-3. Establishment of office -- Appointment and removal of inspector general. --**

24 There is hereby established an office of inspector general, hereinafter called "the office". There
25 shall be in the office an inspector general, who shall be the administrative head of the office and
26 who shall be appointed by a majority vote of the governor, the attorney general and the general
27 treasurer for a five (5) year term to begin July 1 and end June 30, five (5) years later. The
28 appointee shall serve one term only. The person so appointed shall be selected without regard to
29 political affiliation and with a demonstrated ability in more than one of the following areas:
30 accounting, auditing, financial analysis, law, management analysis, public administration,
31 investigation and criminal justice administration.

32 The selection process of a qualified inspector general shall include at least one public
33 forum. If an inspector general is not selected within one month of an expired new inspector
34 general term, the governor shall appoint an inspector general. The inspector general shall have at

1 least five (5) years experience in accounting, criminal justice, or a closely related profession and a
2 bachelor's degree from an accredited college or university with a major in accounting, criminal
3 justice, or a closely related field of study.

4 No inspector general shall hold, or be a candidate for, any other elective or appointed
5 public office while serving as inspector general and for one year thereafter. No inspector general
6 shall hold a position in any political party or political committee, or participate in any political
7 campaign of any candidate for public office while serving as inspector general.

8 In case of a vacancy in the position of inspector general, a successor shall be appointed in
9 the manner described above, and shall serve from the date of appointment until the fifth June 30
10 following their appointment. If this vacancy is not filled within one month, then the governor
11 shall appoint an inspector general.

12 The person so appointed may be removed from office for cause by a unanimous vote of
13 the governor, the lieutenant governor and the secretary of state. Cause for removal may include
14 substantial neglect of duty, gross misconduct or conviction of a crime whether or not it is related
15 to the work of the inspector general. The reasons for removal of the inspector general shall be
16 stated in writing and shall include the basis for such removal. Such writing shall be a public
17 document. The inspector general shall have ten (10) days to submit a written appeal, which shall
18 be a public document. If no appeal is made, the inspector general shall be dismissed from office.
19 If an appeal is made, dismissal shall be determined by the senate. A two-thirds (2/3) vote of the
20 senate shall be required to dismiss the inspector general.

21 **42-9.4-4. Employees -- Appointment and removal, salaries, qualifications. --** The
22 inspector general may appoint and remove such employees as the inspector general deems
23 necessary to perform the duties of the office, including, but not limited to, assistant inspector
24 generals, chief and deputy counsels, clerks, paralegals, accountants, auditors, financial
25 management analysts and investigators. The inspector general may determine their salaries and
26 duties; provided, however, that the total amount of all such salaries shall not exceed the sum
27 appropriated to the office by the general assembly.

28 The inspector general shall file an annual personnel report not later than the first
29 Wednesday in February with the senate and house finance committees containing the job
30 classifications, duties and salary of each officer and employee within the department together
31 with personnel regulations applicable to said officers and employees. The inspector general shall
32 file amendments to such report with the senate and house finance committees whenever any
33 change becomes effective.

34 No officer or employee of the office of inspector general shall hold, or be a candidate for,

1 any elective public office while an officer or employee, or for one year thereafter, or they hold a
2 position in any political party or political committee, or participate in any political campaign of
3 any candidate for public office while an officer or employee.

4 **42-9.4-5. Inspector general -- Salary and budget. --** The general assembly shall
5 annually set the salary of the inspector general and shall appropriate sufficient funds for the total
6 budget for the office of the inspector general.

7 **42-9.4-6. Rules and regulations. --** The office shall, pursuant to the provisions of
8 chapter 35 of title 42, administrative procedures act, promulgate rules and regulations which shall
9 govern its proceedings.

10 **42-9.4-7. Duties. --** The inspector general shall supervise, coordinate and/or conduct
11 audits, criminal, civil and administrative investigations and inspections or oversight reviews,
12 when necessary, relating to programs and operations referred to in §42-9.4-1. The inspector
13 general shall review statutes and regulations relating to programs and operations referred to in
14 §42-9.4-1 and shall determine if public bodies referenced in §42-9.4-1 are in compliance and
15 shall make recommendations concerning the effect of such statutes or regulations on the
16 prevention and detection of fraud, waste and abuse. The inspector general may recommend
17 policies that will assist in the prevention or detection of fraud, waste and abuse and
18 mismanagement. The person in charge of, or the governing body of any public body referenced in
19 §42-9.4-1, may request the assistance of the office of inspector general with respect to
20 implementation of any reviews, audits, and/or investigations as deemed appropriate and
21 implement suggested policy or procedure changes. In such events the inspector general may
22 assign personnel to conduct, supervise, or coordinate such activity as deemed necessary and
23 appropriate to perform their duties in a diligent and prudent manner. The inspector general may
24 recommend policies for the conduct, supervision or coordination of relationship, between state
25 agencies and other state and local governmental agencies as well as federal governmental
26 agencies and nongovernmental entities with respect to all matters relating to the prevention and
27 detection of fraud, waste, abuse and mismanagement in or relating to any and all programs and
28 activities of the state as referred to in §42-9.4-1.

29 **42-9.4-8. Inspection of records and papers –Investigations – Subpoenas. --** (a) The
30 inspector general, in carrying out the duties pursuant to this chapter, shall have access to all
31 records, reports, audits, reviews, papers, books, documents, recommendations, correspondence,
32 including information relative to the purchase of services or anticipated purchase of services from
33 any contractor by any public body referenced in §42-9.4-1, and any other data and material that is
34 maintained by or available to any public body regardless of the media in which it is maintained

1 which is in any way related to the programs and operations with respect to the state of Rhode
2 Island, including any local town, municipality or city.

3 (b) The inspector general may request information, cooperation and assistance from any
4 state, county or local governmental agency as may be necessary for carrying out their duties and
5 responsibilities. Upon receipt of such request, each person in charge of, or the governing body of
6 any public body listed in §42-9.4-1, shall furnish to the inspector general or their authorized agent
7 or representative such information, cooperation and assistance, including information relative to
8 the purchase of services or anticipated purchase of services from any contractor by any public
9 body within ten (10) business days of receipt of the inspector general's request. If the request for
10 the information requested cannot be complied with within the ten (10) business days, the senior
11 official of the governmental agency must notify the inspector general before the expiration of the
12 ten (10) business days as to the reason that the request cannot be complied with in the time frame
13 of this section and shall provide a specific date for expected compliance.

14 (c) The inspector general may initiate and conduct investigations, audits and compliance
15 reviews and shall prepare detailed reports relating to findings and conclusions concerning the
16 administration of the programs and operations of the applicable public bodies referenced in §42-
17 9.4-1, as are, in the judgment of the inspector general, necessary and may conduct an examination
18 of any public documents and any information with respect to whether internal quality controls are
19 in place and operating.

20 (d) The inspector general shall have direct and prompt access to the head of any public
21 body referenced in §42-9.4-1 when necessary for any purpose pertaining to the performance of
22 his/her duties and responsibilities under this chapter.

23 (e) The inspector general may request the production, on a voluntary basis, of testimony
24 or documents from any individual, firm or nongovernmental entity which relate to actions or
25 matters that pertain to state, municipal or local governmental agencies as dictated by their duties
26 and responsibilities.

27 (f)(1) The inspector general may issue a subpoena for the production of all records,
28 reports, audits, reviews, papers, books, documents, recommendations, correspondence and any
29 other data and material relevant to any matter under audit or investigation pursuant to the
30 provisions of this chapter, no matter in which media the information is maintained.

31 (2) A subpoena may be issued only when a person, corporation or other entity under
32 investigation or being audited refuses to voluntarily comply with a request from the inspector
33 general.

34 (3) Any subpoena shall be served in the same manner as a subpoena for the production of

1 documents in civil cases issued on behalf of the state of Rhode Island, and all provisions of law
2 relative to said subpoena shall apply to a subpoena issued pursuant to this chapter. Any justice of
3 the superior court may, upon application by the inspector general, issue an order to compel the
4 production of records, reports, audits, reviews, papers, books, documents, recommendations,
5 correspondence and any other data and material as aforesaid in the same manner and to the same
6 extent as before said superior court. Any failure to obey such order may be punished by the
7 superior court as a contempt of court.

8 (4) Any subpoena issued pursuant to this section, shall not be made public by the
9 inspector general or any officer or employee of that department, nor shall any documents or
10 records provided pursuant to this section be made public until such time as it is necessary for the
11 inspector general to do so in the performance of the inspector general's official duties. The
12 production of such documents or records pursuant to subpoena shall be governed by the same
13 provisions with reference to secrecy, which govern the proceedings of a grand jury. Disclosure of
14 any production, attendance, and testimony may be made to such members of the staff of the office
15 of the inspector general as is deemed necessary in the performance of the inspector general's
16 duties and responsibilities under this chapter and such members of the staff may be present at the
17 production of records.

18 **42-9.4-9. Subpoena for witness testimony and for release of material evidence. -- (a)**
19 Whenever the inspector general has reason to believe that a person has information or evidence in
20 their possession with respect to any matter which is within the inspector general's jurisdiction to
21 investigate, the inspector general may issue a subpoena for the attendance of and testimony under
22 oath of any person as designated, or the surrender of identified item(s) of evidence; provided,
23 however, that any such subpoena may be issued by the inspector general only in the performance
24 of official duties relating to the detection of fraud, waste, abuse and mismanagement. The
25 subpoena for testimony or specific items identified as needed in support of an investigation shall
26 include: the name and address of the prospective witness or specific items identified as needed for
27 the investigation and the reasons for requesting a subpoena for testimony or production of items
28 deemed necessary to support the investigation.

29 (b) The inspector general or anyone duly authorized by law shall serve any subpoena
30 pursuant to this section. Once the subpoena is served, the serving officer shall annotate the time
31 and date served, the person served and the location of service.

32 (c) A witness required by subpoena to attend and testify under oath and/or produce books
33 and records or other items as demanded, shall be given not less than forty-eight (48) hours notice
34 of the time and place for the taking of testimony or delivery of subpoenaed items, unless such

1 notice shall unduly interfere with the conduct of the investigation.

2 The witness, at the time of service of a subpoena, shall be notified of the matter under
3 investigation concerning which such witness will be required to testify. A subject of an
4 investigation is a person whose conduct is within the scope of the investigation and is suspected
5 of committing or being party to an offense under investigation. The failure to furnish the witness
6 with any notice or information required to be given by this section shall cause the issued
7 subpoena to be invalid.

8 (d) A person subpoenaed to testify under oath shall appear and testify under oath at the
9 time and place designated on the subpoena. In addition, the witness shall be notified that they
10 have a right to consult with and to have an attorney present at the time the testimony is taken and
11 that they have a constitutional right not to furnish or produce evidence that may tend to
12 incriminate them.

13 (e) The terms of any such subpoena must be reasonable and focused on specific
14 testimony or evidence sought and must directly relate to the matters under investigation. A
15 subpoena issued that is broad in nature shall not be considered valid. No subpoena may be issued
16 for purposes of harassment or for any illegitimate or improper purpose. All constitutional and
17 statutory rights and privileges which exist with respect to any subpoena issued by the inspector
18 general, including the privilege against self-incrimination, shall have the same force and effect
19 with any and all existing laws and constitutional rights.

20 (f) A subpoenaed person may object to the subpoena served upon them in advance of the
21 return date of the subpoena by a motion to quash filed in the superior court. The filing of a motion
22 to quash shall stay all pending subpoenas until further order of the superior court. Any justice of
23 the superior court may, upon application by the inspector general, issue an order to compel the
24 attendance of witnesses subpoenaed and the giving of testimony under oath in furtherance of any
25 audit or investigation under this chapter in the same manner and to the same extent as before the
26 superior court. Failure to obey any order of the court with respect to a subpoena may be punished
27 by said court as contempt.

28 (g) Any subpoena issued pursuant to this section shall not be made public by the
29 inspector general or any persons subject to their direction or by any member of the inspector
30 general's office designated to hear testimony under this section. The same provisions with
31 reference to secrecy, which govern grand jury proceedings, shall govern testimony given pursuant
32 to this chapter. Whoever violates the provisions of this paragraph shall be punished by
33 imprisonment for not more than six (6) months in a jail or house of correction or by a fine of not
34 more than one thousand dollars (\$1,000). Disclosure of such testimony may be made to such

1 members of the staff of the office of inspector general as is deemed necessary by the inspector
2 general to assist in the performance of the office's duties and responsibilities and such members
3 of the staff may be present at the taking of such testimony.

4 **42-9.4-10. Compact – Investigation. --** (a) The inspector general must accept and may
5 investigate or audit complaints or information from any individual concerning the possible
6 existence of any activity constituting fraud, waste, abuse and mismanagement relating to
7 programs and operations as listed in §42-9.4-1.

8 (b) The inspector general shall not, after receipt of a complaint or information from an
9 employee, contractor or private citizen who requests confidentiality, disclose the identity of that
10 individual without the written consent of said individual, unless the inspector general determines
11 such disclosure is necessary and unavoidable during the course of an investigation. In such event,
12 the individual shall be notified immediately of the disclosure. The inspector general shall
13 establish an anonymous hotline for reporting possible incidents of wrongdoing.

14 (c) Employees are protected under the "Rhode Island whistleblowers' protection act,"
15 chapter 50 of title 28.

16 **42-9.4-11. Reports to the attorney general or United States attorney. --** In carrying
17 out their duties and responsibilities, the inspector general shall report to the attorney general, the
18 United States attorney, or both, whenever the inspector general has reasonable grounds to believe
19 there has been a violation of federal or state criminal law. The attorney general shall institute
20 appropriate proceedings in the furtherance of completing an investigation and, if warranted, to
21 refer a matter for prosecution.

22 The inspector general shall refer audit or investigative findings to the state ethics
23 commission, or to any other federal, state or local agency, which has an interest in said findings.

24 Any referrals made under this section shall not be made public.

25 **42-9.4-12. Coordination with other state agencies. --** The inspector general may
26 coordinate with other state agencies that are responsible for investigating, auditing, reviewing or
27 evaluating the management of state agencies for the purpose of sharing information and avoiding
28 duplication of effort.

29 **42-9.4-13. Civil actions. --** The inspector general shall have the authority to institute a
30 civil recovery action if authorized by the attorney general. In any case where the inspector general
31 has discovered fraudulent acts and believes that civil recovery proceedings may be appropriate,
32 they shall refer the matter to the attorney general. The attorney general may institute whatever
33 proceedings they deem appropriate, may refer the matter to another state or local agency, may
34 authorize the initiation of appropriate civil proceedings by the inspector general, may retain the

1 matter for further investigation, or may remand the matter to the inspector general for further
2 investigation.

3 **42-9.4-14. Annual and interim reports.** -- (a) The office of inspector general shall, no
4 later than April 1 of each year, prepare a report summarizing the activities of the office of
5 inspector general for the prior calendar year. The office of inspector general may also prepare
6 interim reports. These reports shall be forwarded to the governor, lieutenant governor, attorney
7 general, secretary of state, general treasurer and the general assembly and shall be made available
8 to the public.

9 (b) The report shall include, but not be limited to: a description of significant problems in
10 the areas of fraud, waste and abuse within programs and operations within the jurisdiction of the
11 office; a description of the recommendations for corrective action made by the office during the
12 reporting period with respect to significant deficiencies in the areas of fraud, waste and abuse; the
13 identification of each significant recommendation described in previous annual reports on which
14 corrective action has not been completed; a summary of matters referred to prosecuting
15 authorities and the prosecutions and convictions which have resulted; a summary of any matters
16 concerning the recovery of monies as a result of a civil suit by the office of inspector general or a
17 referral to another agency for the purposes of such suit; a list of all audit reports completed by the
18 office during the reporting period and a statement of recommendations of amendments to this
19 chapter or the rules, regulations or procedures governing the office of inspector general which
20 would improve the effectiveness or the operation of the office.

21 (c) The head or governing body of each public body may, within sixty (60) days of
22 receipt, comment upon any references to such public body contained within the report. Any
23 comment shall be forwarded to the governor, the attorney general, the general assembly and the
24 office of inspector general.

25 (d) The report of the inspector general shall be made public on the day of filing;
26 provided, that the report shall not list the names of individuals or corporations, nor describe them
27 with sufficient particularity as to readily identify them to the general public in those cases in
28 which no official disposition has been made by the office of inspector general, the office of
29 attorney general or the local office of the U.S. Attorney.

30 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- ESTABLISHING AN OFFICE OF
INSPECTOR GENERAL

1 This act would establish the office of inspector general as an independent administrative
2 agency charged with the purpose of preventing and detecting fraud, waste and abuse, and
3 mismanagement in the expenditure of public funds.

4 This act would take effect upon passage.

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