

2025 -- H 5997

LC001089

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- INSPECTOR GENERAL

Introduced By: Representatives Nardone, Cotter, Edwards, Fascia, Hopkins, Messier,
Santucci, Solomon, Casey, and Newberry

Date Introduced: February 28, 2025

Referred To: House 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.**

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

15 **42-9.4-2. Definitions.**

16 As used in this chapter, unless the context requires otherwise, the following terms shall
17 have the following meanings:

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

1 property.

2 (2) "Contract" means all types of agreements, including grants and orders, for the purchase
3 or disposal of supplies, services, construction, or any other item. It includes:

4 (i) Awards;

5 (ii) Contracts of a fixed-price, cost, cost-plus-a-fixed-fee, or incentive type;

6 (iii) Contracts providing for the issuance of job or task orders;

7 (iv) Leases;

8 (v) Letter contracts;

9 (vi) Purchase orders; and

10 (vii) Construction management contracts. It also includes supplemental agreements with
11 respect to any of the foregoing agreements.

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

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

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

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

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

27 **42-9.4-3. Establishment of office -- Appointment and removal of inspector general.**

28 (a) There is hereby established an office of inspector general, (hereinafter referred to as the
29 "office"). There shall be in the office an inspector general, who shall be the administrative head of
30 the office and who shall be appointed by a majority vote of the governor, the attorney general, and
31 the general treasurer for a five (5) year term to begin July 1 and end June 30, five (5) years later.
32 The appointee shall serve no longer than two (2) terms. The person so appointed shall be selected
33 without regard to political affiliation and with a demonstrated ability in more than one of the
34 following areas: accounting, auditing, financial analysis, law, management analysis, public

1 administration, investigation and criminal justice administration.

2 (b) The selection process of a qualified inspector general shall include at least one public
3 forum. If an inspector general is not selected within one month of a new inspector general term, the
4 governor shall appoint an inspector general. The inspector general shall have at least five (5) years'
5 experience in accounting, criminal justice, or a closely related profession and a bachelor's degree
6 from an accredited college or university with a major in accounting, criminal justice, or a closely
7 related field of study.

8 (c) No inspector general shall hold, or be a candidate for, any other elective or appointed
9 public office while an inspector general and for one year prior. No inspector general shall hold a
10 position in any political party or political committee, or participate in any political campaign of any
11 candidate for public office while an inspector general.

12 (d) In case of a vacancy in the position of inspector general, their successor shall be
13 appointed in the manner described in subsections (a) and (b) of this section, and shall serve from
14 their date of appointment until the fifth June 30th following their appointment. If this vacancy is
15 not filled within one month, then the governor shall appoint an inspector general.

16 (e) The person so appointed may be removed from office for cause by a two-thirds (2/3)
17 vote of the governor, the attorney general, the general treasurer, the lieutenant governor, secretary
18 of state, the speaker and the minority leader of the house of representatives and the president and
19 minority leader of the senate. Cause may include substantial neglect of duty, gross misconduct or
20 conviction of a crime whether or not it is work related. The reasons for removal of the inspector
21 general shall be stated in writing and shall include the basis for such removal. The writing shall be
22 a public document. The inspector general shall have ten (10) days to submit a written appeal, which
23 shall be a public document. If no appeal is made, the inspector general shall be dismissed from
24 office. If an appeal is made, a vote shall be taken in the senate and two-thirds (2/3) vote of the
25 senate shall be required to dismiss the inspector general.

26 **42-9.4-4. Employees -- Appointment and removal, salaries, qualifications.**

27 (a) The inspector general may appoint and remove such employees as deemed necessary
28 to perform the duties of the office, including, but not limited to, assistant inspectors general, chief
29 and deputy counsels, clerks, paralegals, accountants, auditors, financial management analysts and
30 investigators. The inspector general may determine their salaries and duties; provided, however,
31 that the total amount of all such salaries shall not exceed the sum appropriated therefor by the
32 general assembly.

33 (b) The inspector general shall file an annual personnel report not later than the first
34 Wednesday in February with the senate and house finance committees containing the job

1 classifications, duties and salary of each officer and employee within the office together with
2 personnel regulations applicable to said officers and employees. The inspector general shall file
3 amendments to such report with the senate and house finance committees whenever any change
4 becomes effective.

5 (c) No officer or employee of the office of inspector general shall hold, or be a candidate
6 for, any elective public office while an officer or employee, or for one year thereafter, nor shall
7 they hold a position in any political party or political committee, or participate in any political
8 campaign of any candidate for public office while an officer or employee.

9 **42-9.4-5. Inspector general -- Salary and budget.**

10 The general assembly shall annually set the salary of the inspector general and shall
11 appropriate sufficient funds for the total budget for the office.

12 **42-9.4-6. Rules and regulations.**

13 The office shall, pursuant to the provisions of chapter 35 of title 42, ("administrative
14 procedures act"), promulgate rules and regulations which shall govern its proceedings.

15 **42-9.4-7. Duties.**

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

34 (b) The inspector general shall establish and maintain an information system to receive

1 communications from the general public relating to the duties of the office to guarantee the
2 anonymity of the individual supplying the information consisting of the transmission by email,
3 regular mail or other electronic system that does not involve the use of a telephone line.

4 **42-9.4-8. Inspection of records and papers –Investigations – Subpoenas.**

5 (a) The inspector general, in carrying out the duties outlined in this chapter, shall have
6 access to all records, reports, audits, reviews, papers, books, documents, recommendations,
7 correspondence, including information relative to the purchase of services or anticipated purchase
8 of services from any contractor by any public body set forth in § 42-9.4-1, and any other data and
9 material that is maintained by or available to any public body, regardless of the media in which it
10 is maintained which is, in any way, related to the programs and operations with respect to the state
11 of Rhode Island, including any local town, municipality or city.

12 (b) The inspector general may request information, cooperation and assistance from any
13 state or local governmental agency as may be necessary for carrying out their duties and
14 responsibilities. Upon receipt of such request, each person in charge of, or the governing body of
15 any public body set forth in § 42-9.4-1, shall furnish to the inspector general or their authorized
16 agent or representative such information, cooperation, and assistance, including information
17 relative to the purchase of services or anticipated purchase of services from any contractor by any
18 public body within ten (10) business days of receipt of the inspector general’s request. If the request
19 for the information requested cannot be complied with, within ten (10) business days, the senior
20 official of the governmental agency shall notify the inspector general before the expiration of the
21 ten (10) business days as to the reason that the request cannot be complied within the time frame
22 of this section, and shall provide a specific date for expected compliance.

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

29 (d) The inspector general shall have direct and prompt access to the head of any public
30 body set forth in § 42-9.4-1 when necessary for any purpose pertaining to the performance of their
31 duties and responsibilities under this chapter.

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

1 responsibilities.

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

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

9 (3) The subpoena shall be served in the same manner as a subpoena for the production of
10 documents in civil cases issued on behalf of the state of Rhode Island, and all provisions of law
11 relative to the subpoena shall apply to a subpoena issued pursuant to this chapter. Any justice of
12 the superior court may, upon application by the inspector general, issue an order to compel the
13 production of records, reports, audits, reviews, papers, books, documents, recommendations,
14 correspondence, and any other data and material as aforesaid in the same manner and to the same
15 extent as before said superior court. Any failure to obey the order may be punished by the superior
16 court as a contempt of court.

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

26 **42-9.4-9. Subpoena for witness testimony and for release of material evidence.**

27 (a) Whenever the inspector general has reason to believe that a person has information or
28 evidence in their possession with respect to any matter which is within the inspector general's
29 jurisdiction to investigate, a subpoena must issue for the attendance and testimony under oath of
30 any person as designated, or the surrender of identified items of evidence; provided, however, that
31 the subpoena may be issued by the inspector general only in the performance of official duties
32 relating to the detection of fraud, waste, abuse and mismanagement. The subpoena for testimony
33 or specific items identified as needed in support of an investigation shall include: the name and
34 address of the prospective witness or specific items identified as needed for the investigation and

1 the reasons for requesting a subpoena for testimony or production of items deemed necessary to
2 support the investigation.

3 (b) The inspector general or any other person duly authorized by law shall serve a
4 subpoena. Once the subpoena is served, the serving officer shall annotate the time and date served,
5 the person served and the location of service.

6 (c) A witness required by subpoena to attend and testify under oath and/or produce books
7 and records or other items as demanded, shall be given not less than forty-eight (48) hours' notice
8 of the time and place for the taking of testimony or delivery of subpoenaed items, unless such notice
9 shall unduly interfere with the conduct of the investigation.

10 (d) The witness, at the time of service of a subpoena, shall be notified of the matter under
11 investigation concerning which the witness will be required to testify. A subject of an investigation
12 is a person whose conduct is within the scope of the investigation and is suspected of committing
13 or being party to an offense under investigation. The failure to furnish the witness with any notice
14 or information required to be given by this section shall cause the issued subpoena to be invalid.

15 (e) A person subpoenaed to testify under oath shall appear and testify under oath at the
16 time and place designated on the subpoena. In addition, the witness shall be notified that they have
17 a right to consult with and to have an attorney present at the time the testimony is taken, and that
18 they have a constitutional right not to furnish or produce evidence that may tend to incriminate the
19 person.

20 (f) The terms of any such subpoena shall be reasonable and focused on specific testimony
21 or evidence sought and shall directly relate to the matters under investigation. A subpoena issued
22 that is broad in nature is not considered valid. No subpoena shall be issued for purposes of
23 harassment or for any illegitimate or improper purpose. All constitutional and statutory rights and
24 privileges which exist with respect to any subpoena issued by the inspector general, including the
25 privilege against self-incrimination, shall have the same force and effect with any and all existing
26 laws and constitutional rights.

27 (g) A subpoenaed person may object to the subpoena served upon them in advance of the
28 return date of the subpoena by a motion to quash filed in the superior court of the state of Rhode
29 Island. The filing of a motion to quash shall stay all pending subpoenas until further order of the
30 superior court. Any justice of the superior court may, upon application by the inspector general,
31 issue an order to compel the attendance of witnesses subpoenaed, and the giving of testimony under
32 oath in furtherance of any audit or investigation under this chapter in the same manner and to the
33 same extent as before the superior court. Failure to obey any order of the court with respect to a
34 subpoena may be punished by the court as contempt.

1 (h) Any subpoena issued pursuant to this section shall not be made public by the inspector
2 general or any persons subject to their direction or by any member of the inspector general's office
3 designated to hear testimony under this section, and the same provisions with reference to secrecy,
4 which govern grand jury proceedings, shall govern testimony given. Whoever violates the
5 provisions of this subsection shall be punished by imprisonment for not more than six (6) months
6 or by a fine of not more than one thousand dollars (\$1,000), or both. Disclosure of such testimony
7 may be made to such members of the staff of the office of inspector general as is deemed necessary
8 by the inspector general to assist in the performance of the office's duties and responsibilities and
9 such members of the staff may be present at the taking of such testimony.

10 **42-9.4-10. Compact – Investigation.**

11 (a) The inspector general shall accept and may investigate or audit complaints or
12 information from any individual concerning the possible existence of any activity constituting
13 fraud, waste, abuse and mismanagement relating to programs and operations as set forth in § 42-
14 9.4-1.

15 (b) The inspector general shall not, after receipt of a complaint or information from an
16 employee, contractor or private citizen who requests confidentiality, disclose the identity of that
17 individual without the written consent of said individual, unless the inspector general determines
18 such disclosure is necessary and unavoidable during the course of an investigation. In such event,
19 the individual shall be notified immediately of the disclosure. The inspector general shall set up an
20 anonymous hotline for reporting possible wrongdoings.

21 (c) Employees are protected under chapter 50 of title 28, the ("Rhode Island
22 Whistleblower's Protection Act").

23 **42-9.4-11. Reports to the attorney general or United States Attorney.**

24 (a) In carrying out their duties and responsibilities, the inspector general shall report to the
25 attorney general, the United States Attorney or both whenever the inspector general has reasonable
26 grounds to believe there has been a violation of federal or state criminal law. The attorney general
27 shall institute appropriate proceedings in the furtherance of completing an investigation and, if
28 warranted, refer a matter for prosecution.

29 (b) The inspector general shall refer audit or investigative findings to the state ethics
30 commission, or to any other federal, state or local agency, which has an interest in said findings.

31 (c) Any referrals made under this section shall not be made public.

32 **42-9.4-12. Coordination with other state agencies.**

33 The inspector general may coordinate with other state agencies that are responsible for
34 investigating, auditing, reviewing or evaluating the management of state agencies for the purpose

1 of sharing information and avoiding duplication of effort.

2 **42-9.4-13. Civil actions.**

3 (a) The inspector general shall have the authority to institute a civil recovery action if
4 authorized by the attorney general. In any case where the inspector general has discovered
5 fraudulent acts and believes that civil recovery proceedings may be appropriate, the matter shall be
6 referred to the attorney general. The attorney general may institute whatever proceedings deemed
7 appropriate, may refer the matter to another state or local agency, may authorize the initiation of
8 appropriate civil proceedings by the inspector general, may retain the matter for further
9 investigation, or may remand the matter to the inspector general for further investigation.

10 **42-9.4-14. Annual and interim reports.**

11 (a) The office of inspector general shall, no later than April 1 of each year, prepare a report
12 summarizing the activities of the office for the prior calendar year. The office may also prepare
13 interim reports. These reports shall be forwarded to the governor, lieutenant governor, attorney
14 general, secretary of state, general treasurer and the general assembly, and shall be made available
15 to the public.

16 (b) The report shall include, but not be limited to:

17 (1) A description of significant problems in the areas of fraud, waste and abuse within
18 programs and operations within the jurisdiction of the office;

19 (2) A description of the recommendations for corrective action made by the office during
20 the reporting period with respect to significant deficiencies in the areas of fraud, waste and abuse;

21 (3) The identification of each significant recommendation described in previous annual
22 reports on which corrective action has not been completed;

23 (4) A summary of matters referred to prosecuting authorities and the prosecutions and
24 convictions which have resulted;

25 (5) A summary of any matters concerning the recovery of monies as a result of a civil suit
26 by the office or a referral to another agency for the purposes of such suit; and

27 (6) A list of all audit reports completed by the office during the reporting period and a
28 statement of recommendations of amendments to this chapter or the rules, regulations or procedures
29 governing the office of inspector general which would improve the effectiveness or the operation
30 of the office.

31 (c) The head or governing body of each public body may, within sixty (60) days of receipt,
32 comment upon any references to the public body contained within the report. The comment, if any,
33 shall be forwarded to the governor, the attorney general, the general assembly and the office of
34 inspector general.

1 (d) The report of the inspector general shall be made public on the day of filing; provided,
2 that the report shall not list the names of individuals or corporations, nor describe them with
3 sufficient particularity as to readily identify them to the general public in those cases in which no
4 official disposition has been made by the office of inspector general, the department of the attorney
5 general or the local office of the United States Attorney.

6 SECTION 2. Sections 22-13-1, 22-13-2, 22-13-3, 22-13-4, 22-13-9 and 22-13-10 of the
7 General Laws in Chapter 22-13 entitled "Auditor General" are hereby amended to read as follows:

8 **22-13-1. Appointment — Qualifications — Oath — Bond — Office space — Rules**
9 **and regulations.**

10 (a) The auditor general shall be appointed by the ~~joint committee on legislative services,~~
11 ~~referred to in this chapter as "the committee."~~ inspector general and head a division within the
12 office of the inspector general. At the time of appointment, the auditor general shall have had active
13 experience in general accounting principles and practices in this state for a total period of at least
14 five (5) years. Vacancies in the office shall be filled in the same manner as the original appointment.

15 (b)(1) The ~~committee~~ inspector general shall employ qualified persons necessary for the
16 efficient operation of the office and shall fix their duties and compensation and those persons shall
17 be in the unclassified service.

18 (2) No person shall be employed as an auditor who does not have adequate technical
19 training and proficiency, and a baccalaureate degree from a college or university, and no person
20 shall be employed or retained as legal advisor on either a full-time or a part-time basis who is not
21 a member of the Rhode Island bar.

22 (c) The auditor general, before entering upon the duties of his or her office, shall take and
23 subscribe to the oath of office required of state officers by the state constitution.

24 (d) The auditor general shall be covered by the state's blanket position bond and
25 conditioned that he or she will well and faithfully discharge the duties of his or her office; promptly
26 report any delinquency or shortage discovered in any accounts and records audited by him or her;
27 and promptly pay over and account for any and all funds that shall come into his or her hands as
28 auditor.

29 (e)(1) All auditors employed by the auditor general shall be covered by a blanket position
30 bond. The bonds or bond shall meet and contain the same conditions as are required in the bond of
31 the auditor general.

32 (2) All bonds shall be filed with the ~~committee~~ inspector general. If an auditor is not
33 covered in the blanket position bond, an individual bond shall be filed within thirty (30) days after
34 the employee received notice of his or her employment. The amount of the bond shall be determined

1 by the auditor general. Failure to file an individual bond or to be covered in the blanket position
2 bond shall terminate his or her employment.

3 (f) The annual premium of all bonds shall be paid out of any funds provided for the
4 operation of the office [of the inspector general](#).

5 (g) The auditor general shall be provided with suitable quarters, but to facilitate auditing
6 and to eliminate unnecessary traveling, the ~~joint committee on legislative services~~ [inspector general](#)
7 may establish divisions, including a performance investigation division, and assign auditors to each
8 division and determine their duties and the areas of the state to be served by the respective divisions.
9 The auditor general shall be provided and furnished with any space that may be necessary to carry
10 out his or her functions in other areas of the state.

11 (h) The auditor general may make and enforce reasonable rules and regulations necessary
12 to facilitate audits and investigations that the ~~joint committee on legislative services~~ [inspector](#)
13 [general](#) authorizes the auditor general to perform. This includes the post-audit of the financial
14 transactions and accounts of the state that is provided for by the finance committee of the house of
15 representatives.

16 (i) No full-time employee of the office of auditor general shall serve as an executive,
17 officer, or employee of any political party committee, organization, or association. Neither the
18 auditor general nor any employee of the auditor general shall become a candidate for election to
19 public office unless he or she shall first resign from his or her office or employment.

20 **22-13-2. Termination of appointment.**

21 Failure on the part of the auditor general to perform the mandatory duties under the
22 direction of the ~~committee~~ [inspector general](#) shall constitute cause for termination of appointment.
23 The appointment of the auditor general may be terminated at any time by ~~a majority vote of the~~
24 ~~joint committee on legislative services~~ [the inspector general](#).

25 **22-13-3. Salaries and expenses.**

26 (a) The expenses of the members of the committee shall be approved by the ~~chairperson of~~
27 ~~the committee~~ [inspector general](#) and paid from the appropriation for ~~legislative expense~~ [the office](#)
28 [of the inspector general](#).

29 (b) The auditor general shall prepare and annually submit to the ~~committee~~ [inspector](#)
30 [general](#) a proposed budget for the ensuing fiscal year. The ~~committee~~ [inspector general](#) shall review
31 the budget request and may amend or change the budget request as it deems necessary. The budget
32 request, as amended or changed by the ~~committee~~ [inspector general](#), shall become the operating
33 budget of the auditor general for the ensuing fiscal year; provided, that the budget so adopted may
34 subsequently be amended under the same procedure.

1 (c) Within the limitations of the approved operating budget, the salaries and expenses of
2 the auditor general and his or her staff shall be paid from the appropriation for ~~legislative expense~~
3 ~~or any other moneys appropriated by the legislature for that purpose~~ the office of the inspector
4 general. The ~~joint committee on legislative services~~ inspector general shall approve all bills for
5 salaries and expenses.

6 **22-13-4. Definitions — Duties of auditor general — Investigations by committee.**

7 (a) The following words and phrases have the following meanings unless a different
8 meaning is required by the context:

9 (1) “Performance audit” means an examination of the effectiveness of administration and
10 its efficiency and adequacy in terms of the program of the state agency authorized by law to be
11 performed. The “performance audit” may also include a review of the agency in terms of
12 compliance with federal and state laws and executive orders relating to equal employment
13 opportunities and the set aside for minority businesses.

14 (2) “Political subdivision” means a separate agency or unit of local government created or
15 established by law and includes, but is not limited to, the following and the officers of the following:
16 authority, board, branch, bureau, city, commission, council, consolidated government, county,
17 department, district, institution, metropolitan government, municipality, office, officer, public
18 corporation, town, or village.

19 (3) “Post-audit” means an audit made at some point after the completion of a transaction
20 or a group of transactions.

21 (4) “State agency” means a separate agency or unit of state government created or
22 established by law and includes, but is not limited to, the following and the officers of the following:
23 authority, board, branch, bureau, commission, council, department, division, institution, office,
24 officer, or public corporation, as the case may be, except any agency or unit within the legislative
25 branch of state government.

26 (b) The auditor general shall make post-audits and performance audits of public records
27 and perform related duties as prescribed by the ~~committee~~ inspector general. He or she shall
28 perform his or her duties independently but under the general policies established by the ~~committee~~
29 inspector general.

30 (c)(1) The auditor general shall have the power and duty to make post-audits and
31 performance audits of the accounts and records of all state agencies, including the board of
32 governors for higher education and the board of regents for elementary and secondary education,
33 as defined in this section.

34 (2) The auditor general shall have the power, when requested by ~~a majority of the~~

1 ~~committee~~ [the inspector general](#), to make post-audits and performance audits of accounts and
2 records of any other public body or political subdivision, or any association or corporation created
3 or established by any general or special law of the general assembly, or any person, association, or
4 corporation to which monies of the state have been appropriated by the general assembly. Nothing
5 in the subdivision shall be construed to apply to public utilities.

6 (3) The auditor general shall perform or have performed annually a complete post-audit of
7 the financial transactions and accounts of the state when approved by the ~~chairperson of the joint~~
8 ~~committee on legislative services~~ [inspector general](#).

9 (d) The ~~committee~~ [inspector general](#) may at any time, without regard to whether the
10 legislature is then in session or out of session, take under investigation any matter within the scope
11 of an audit either completed or then being conducted by the auditor general, and in connection with
12 that investigation may exercise the powers of subpoena vested by law in ~~a standing committee of~~
13 ~~the legislature~~ [the office of the inspector general](#).

14 (e)(1) The auditor general may, when directed by the ~~committee~~ [inspector general](#),
15 designate and direct any auditor employed by him or her to audit any accounts or records within
16 the power of the auditor general to audit. The auditor shall report his or her findings for review by
17 the auditor general, who shall prepare the audit report.

18 (2) The audit report shall make special mention of:

19 (i) Any violation of the laws within the scope of the audit; and

20 (ii) Any illegal or improper expenditure, any improper accounting procedures, all failures
21 to properly record financial transactions, and all other inaccuracies, irregularities, shortages, and
22 defalcations.

23 (3) At the conclusion of the audit, the auditor general or his or her designated representative
24 will conduct an exit conference with the official whose office or department is subject to audit and
25 submit to him or her a draft report which includes a list of findings and recommendations. If an
26 official is not available for the exit conference, delivery of the draft report is presumed to be
27 sufficient notice. The official must submit to the auditor general within sixty (60) days after the
28 receipt of the draft report his or her written reply as to:

29 (i) Acceptance and plan of implementation of each recommendation;

30 (ii) Reason(s) for non-acceptance of a recommendation.

31 (4) Should the auditor general determine that the written explanation or rebuttal of the
32 official whose office is subject to audit is unsatisfactory, he or she shall, as soon as practicable,
33 report his or her findings to the ~~joint committee on legislative services~~ [inspector general](#).

34 (f) ~~A copy of the audit report shall be submitted to each member of the committee.~~

1 (g) If the auditor general discovers any errors, unusual practices, or any other discrepancies
2 in connection with his or her audit or post-audit of a state agency or state officers, the auditor
3 general shall, as soon as practicable, notify in writing the president of the senate and the speaker of
4 the house of representatives, respectively.

5 (h) The auditor general shall annually review the capital development program to
6 determine: (1) the status of all projects included in the program; (2) whether the funds are being
7 properly expended for their intended purposes; (3) the completion date or projected completion
8 date of the projects; (4) which projects require professional services and to determine the identity
9 of individuals or firms appointed; and (5) the expended and unexpended funds. This report shall be
10 annually submitted to the general assembly on the first Wednesday in February.

11 (i) The auditor general shall supervise, coordinate, and/or conduct investigations and
12 inspections or oversight reviews with the purpose of preventing and detecting fraud, waste, abuse
13 and mismanagement in the expenditure of public funds.

14 **22-13-9. Access to executive sessions of a public agency — Access to records —**
15 **Disclosure by the auditor general.**

16 (a) Whenever a public agency goes into executive session, the auditor general or his or her
17 designated representative shall be permitted to attend the executive session or if the auditor general
18 or his or her designee is not in attendance at the executive session, the auditor general or his or her
19 designee, upon written request, shall be furnished with copies of all data or materials furnished to
20 the members of the public agency at the executive session. If the auditor general or his or her
21 designee attends the executive session, the auditor general shall be furnished the same data in the
22 same form and at the same time as members of the public agency.

23 (b) Within three (3) working days of a written request by the auditor general, the public
24 agency shall furnish a copy, whether approved by the agency or not, of the minutes of any meeting,
25 including any executive session of the public agency.

26 (c) The auditor general shall have full and unlimited access to any and all records of any
27 public agency, in whatever form or mode the records may be, unless the auditor general's access
28 to the records is specifically prohibited or limited by federal or state law. In no case shall any
29 confidentiality provisions of state law be construed to restrict the auditor general's access to the
30 records; provided, the auditor general's access to any confidential data shall not in any way change
31 the confidential nature of the data obtained. Where an audit or investigative finding emanates from
32 confidential data, specific confidential information will not be made public. The records shall
33 include those in the immediate possession of a public agency as well as records which the agency
34 itself has a right to. In the event of a dispute between the agency involved and the auditor general

1 as to whether or not the data involved are confidential by law, the matter will be referred to the
2 attorney general for resolution.

3 (d)(1) If in the course of an executive session any fact comes to the attention of the auditor
4 general or his or her designated representative, which in his or her judgment constitutes an
5 impropriety, irregularity, or illegal transaction, or points to the onset of an impropriety or illegal
6 transaction, then the auditor general shall disclose that information to the ~~joint committee on~~
7 ~~legislative services~~ [inspector general](#), the director of administration, and the chairperson of the
8 public agency involved. Where the facts or the data upon which the facts are based are deemed
9 confidential pursuant to the provisions of federal or state law, the auditor general's access to the
10 information shall not in any way change the confidential nature of the data obtained.

11 (2) In the event of a dispute between the agency involved and the auditor general as to
12 whether or not the data involved are confidential by law, the matter will be referred to the attorney
13 general for resolution.

14 (e) The auditor general or his or her designated representative shall be immune from any
15 liability to any party for claims arising out of disclosure authorized by this section.

16 (f) For the purposes of this section, the phrase "public agency" shall include the following:
17 the Rhode Island industrial building authority, the Rhode Island recreational building authority, the
18 Rhode Island commerce corporation, the Rhode Island industrial facilities corporation, the Rhode
19 Island refunding bond authority, the Rhode Island housing and mortgage finance corporation, the
20 Rhode Island resource recovery corporation, the Rhode Island public transit authority, the Rhode
21 Island student loan authority, the water resources board, the Rhode Island health and educational
22 building corporation, the Rhode Island turnpike and bridge authority, the Narragansett Bay
23 commission, the convention center authority, their successors and assigns, and any other body
24 corporate and politic which has been or which is subsequently created or established within this
25 state.

26 **22-13-10. Audit of information security systems.**

27 (a) The general assembly recognizes that the security of government computer systems is
28 essential to ensuring the stability and integrity of vital information gathered and stored by
29 government for the benefit of the citizenry and the breach of security over computer systems
30 presents a risk to the health, safety, and welfare of the public. It is the intent of the legislature to
31 insure that government computer systems and information residing on these systems are protected
32 from unauthorized access, compromise, sabotage, hacking, viruses, destruction, illegal use, cyber
33 attack or any other act which might jeopardize or harm the computer systems and the information
34 stored on them.

1 (b) In conjunction with the powers and duties outlined in this chapter, the auditor general
2 may conduct reviews and assessments of the various government computer systems and the security
3 systems established to safeguard these computer systems. Computer systems subject to this section
4 shall include systems which pertain to federal, state, or local programs, and quasi-governmental
5 bodies, and the computer systems of any entity or program which is subject to audit by the office
6 of the auditor general. The auditor general's review may include an assessment of system
7 vulnerability, network penetration, potential security breaches, and susceptibility to cyber attack
8 and cyber fraud.

9 (c) In the event the review by the auditor general indicates a computer system is vulnerable,
10 or security over the system is lacking, those findings shall not be disclosed publicly and shall not
11 be considered public records. Notwithstanding any other provision of law to the contrary, the
12 workpapers developed in connection with the review of the computer system and the security over
13 the system shall not be deemed public records and are not subject to disclosure. The auditor
14 general's findings may be disclosed at the discretion of the auditor general to the chief information
15 officer of the state as well as the ~~joint committee on legislative services~~ [inspector general](#). Unless
16 the auditor general authorizes the release of information or findings gathered in the conduct of a
17 review of computer system security, all such information shall be deemed classified, confidential,
18 secret, and non-public.

19 (d) In order to maintain the integrity of the computer system, the auditor general may
20 procure the services of specialists in information security systems or other contractors deemed
21 necessary in conducting reviews under this section, and in procuring those services shall be exempt
22 from the requirements of the state purchasing law or regulation.

23 (e) Any outside contractor or vendor hired to provide services in the review of the security
24 of a computer system shall be bound by the confidentiality provisions of this section.

25 SECTION 3. Sections 35-7.1-2, 35-7.1-3, 35-7.1-6, 35-7.1-7 and 35-7.1-9 of the General
26 Laws in Chapter 35-7.1 entitled "The Office of Internal Audit" are hereby amended to read as
27 follows:

28 **35-7.1-2. Duties.**

29 (a) The chief of internal audit shall supervise, coordinate, and/or conduct audits, civil and
30 administrative investigations, and inspections or oversight reviews, when necessary, relating to
31 expenditure of state or federal funds, or to any and all state programs and operations, as well as the
32 procurement of any supplies, services, or construction, by public bodies [through the office of the](#)
33 [inspector general](#). In the course of an audit or investigation, the office of internal audit shall [assist](#)
34 [the office of the inspector general in the](#) review statutes and regulations of the public body and shall

1 [assist the office of the inspector general to](#) determine if such a public body is in compliance and
2 shall [assist the office of the inspector general to](#) make recommendations concerning the efficiency
3 of operations, and the effect of such statutes or regulations on internal controls and the prevention
4 and detection of fraud, waste and abuse. The chief of internal audit may [assist the office of the](#)
5 [inspector general to](#) recommend policies or procedures that may strengthen internal controls, or
6 assist in the prevention or detection of fraud, waste, and abuse or mismanagement.

7 (b) The person, or persons, with legal authority for any public body may request the
8 assistance of the office of internal audit. Any such request must include the scope of services
9 requested and the work to be performed. In such events, the chief, with the approval of the director
10 of management and budget, may assign personnel to conduct, supervise, or coordinate such activity
11 as deemed necessary and appropriate to perform his/her duties in a diligent and prudent manner.
12 The expenses for any such assistance requested by the public body shall be reimbursed by the public
13 body to the office of internal audit. The chief may recommend policies for the conduct, supervision,
14 or coordination of the relationship, between state and other state, local governmental agencies as
15 well as federal governmental agencies and nongovernmental entities with respect to all matters
16 relating to the prevention and detection of fraud, waste, abuse or mismanagement in or relating to
17 any and all programs and activities of the state of Rhode Island.

18 (c) When it is determined by the office of internal audit that an audit is necessary because
19 there is sufficient evidence to believe that there may have been fiscal impropriety, wrongdoing, or
20 fiscal mismanagement by any agent, employee, board member, or commissioner of any public
21 body, the office of internal audit may [assist the assist the office of the inspector general to](#) conduct
22 a forensic examination of such entity. All costs associated with the forensic examination shall be
23 paid, as deemed appropriate, either by the examined entity or by an appropriation by the general
24 assembly. Such costs shall include, but not be limited to, the following expenses:

25 (1) One hundred percent (100%) of the total salaries and benefits paid to the examining
26 personnel of the office of internal audit engaged in those examinations;

27 (2) All costs associated with the procurement of a forensic consultant;

28 (3) All costs associated with a consultant that provides expertise pertinent to the examinee's
29 operations;

30 (4) All reasonable administrative and technology costs related to the forensic examination
31 process. Technology costs shall include the actual cost of software and hardware utilized in the
32 examination process and the cost of training examination personnel in the proper use of the software
33 and hardware.

34 **35-7.1-3. Investigations or management advisory and consulting services upon**

1 **request of governor or general assembly.**

2 The office of internal audit may, upon the written request of the governor or of the general
3 assembly, conduct audits, provide management advisory and consulting services, or conduct
4 investigations [at the direction of the office of the inspector general](#) relative to the financial affairs
5 or the economy and efficiency of management, or both, of any public bodies as defined in § 35-
6 7.1-1(e). The office of internal audit may, from time to time, make such investigations [at the](#)
7 [direction of the office of the inspector general](#) and additional reports to the governor, the director
8 of the department of administration, the director of the office of management and budget, and the
9 general assembly as deemed necessary or advisable.

10 **35-7.1-6. Inspection of records and papers — Investigations.**

11 (a) The chief, in carrying out the duties outlined in this chapter, shall have access to all
12 records, reports, audits, reviews, papers, books, documents, recommendations, correspondence,
13 including information relative to the purchase of goods or services or anticipated purchase of goods
14 or services, from any agent, contractor, or vendor by any public body, as defined in § 35-7.1-1(e),
15 and any other data and material that is maintained by or available to any public body regardless of
16 the media in which it is maintained which is in any way related to the programs and operations with
17 respect to public bodies [through the office of the inspector general](#).

18 (b) The chief may request information and records, cooperation, and assistance from any
19 state, or local governmental agency [through the office of the inspector general](#) as may be necessary
20 for carrying out his/her duties and responsibilities. Upon receipt of such request, each person in
21 charge of the public body shall furnish to the ~~chief~~ [office of the inspector general](#), or his/her
22 authorized agent or representative, such information and records, cooperation and assistance,
23 including information relative to the purchase of goods or services or anticipated purchase of goods
24 or services from any contractor or vendor by any public body, within ten (10) business days of
25 receipt of the chief's request. If the public body is unable to comply with the request for records
26 and/or information within (10) business days, the public body must notify the ~~chief~~ [inspector](#)
27 [general](#), prior to the expiration of the ten (10) business days, in writing as to the reason, or reasons,
28 why the request cannot be fulfilled within this time and whether additional time is necessary.

29 (c) The chief may [request the office of the inspector general](#) initiate and conduct audits,
30 investigations, and compliance reviews and shall prepare detailed findings, conclusions, and
31 recommendations concerning the administration of programs or operations, and internal controls
32 over processes of public bodies.

33 (d) The ~~chief~~ [inspector general](#) shall have direct and prompt access to any public body, its
34 agents, officers, and employees when necessary for any purpose pertaining to the performance of

1 his/her duties and responsibilities under this chapter.

2 **35-7.1-7. Complaint — Investigation.**

3 (a) The chief, [at the direction of the office of the inspector general](#), shall accept and may
4 investigate or audit complaints or information from any identified individual concerning the
5 possible existence of any activity constituting fraud, waste, abuse, or mismanagement relating to
6 programs and operations of public bodies.

7 (b) The chief shall not, after receipt of a complaint or information from an employee,
8 contractor, or private citizen who requests confidentiality, disclose the identity of that individual,
9 without the written consent of said individual, unless the chief determines such disclosure is
10 necessary and unavoidable during the course of an investigation. In such event, the individual filing
11 the complaint shall be notified, if possible, immediately of such disclosure.

12 (c) Employees are protected under the chapter 50 of title 28 “Rhode Island Whistleblowers’
13 Protection Act.”

14 **35-7.1-9. Coordination with other state agencies.**

15 The chief may coordinate [through the office of the inspector general](#) with other state
16 agencies that are responsible for investigating, auditing, reviewing, or evaluating the management
17 of public bodies for the purpose of sharing information and avoiding duplication of effort.

18 SECTION 4. 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 -- INSPECTOR GENERAL

1 This act would establish the Office of Inspector General as an independent administrative
2 agency charged with the responsibility to investigate, detect, and prevent fraud, waste, abuse, and
3 mismanagement in the expenditure of public funds. This act would merge the Auditor General into
4 the Office of Inspector General. This act would also mandate that the subpoena and investigative
5 powers of the Office of the Internal Audit at the Department of Administration are to be conducted
6 at the direction or through the Office of the Inspector General

7 This act would take effect upon passage.

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