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# A BILL FOR AN ACT

RELATING TO THE OFFICE OF THE STATE INSPECTOR GENERAL.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that accountability is a  
2 necessary key to maintaining public trust in government.  
3 Inspectors general are government officials who are entrusted  
4 with fostering and promoting accountability and integrity in  
5 government. The legislature further finds that establishing an  
6 office of the state inspector general in Hawaii will promote  
7 integrity and accountability, maximize the efficiency and  
8 effectiveness of state agencies through the conduct of  
9 independent investigations, performance reviews and other  
10 services, and provide objective and useful information to state  
11 officials and residents of Hawaii.

12       Accordingly, the purpose of this Act is to:

13       (1) Establish the office of the state inspector general,  
14       to be headed by the state inspector general, within  
15       the department of the attorney general for  
16       administrative purposes only; and

17       (2) Require the office of the state inspector general to  
18       investigate complaints alleging fraud, waste, abuse,



1 or corruption by a state agency or quasi-public  
2 agency, or the officers or employees of a state agency  
3 or quasi-public agency.

4 SECTION 2. The Hawaii Revised Statutes is amended by  
5 adding a new chapter to be appropriately designated and to read  
6 as follows:

7 **"CHAPTER**

8 **OFFICE OF THE STATE INSPECTOR GENERAL**

9 **§ -1 Definitions.** As used in this chapter, unless the  
10 context requires otherwise:

11 "Employee" means an individual drawing a salary from a  
12 state agency.

13 "Inspector general" means the state inspector general.

14 "Office" means the office of the state inspector general.

15 "Officer" means any person who is elected or appointed to a  
16 public office in a state agency.

17 "Quasi-public agency" means any entity that is supported in  
18 whole or in part by state funds, including entities receiving  
19 grants pursuant to chapter 42F.

20 "State agency" means any executive department, commission,  
21 board, agency, authority, bureau, office, or other establishment



1 of the state government, but excludes the legislature and the  
2 judiciary.

3       **§ -2 Office of the state inspector general; state**  
4 **inspector general; appointment; independence.** (a) There is  
5 established the office of the state inspector general, which  
6 shall be placed within the department of the attorney general  
7 for administrative purposes only. The office shall be headed by  
8 the state inspector general, who shall be a full-time public  
9 official. The inspector general shall serve a term of five  
10 years and shall be paid a salary equal to       per cent of the  
11 salary of the director of human resources development.

12       (b) The inspector general shall be nominated by the  
13 governor and, by and with the advice and consent of the senate,  
14 appointed by the governor. The inspector general may only be  
15 removed from office by the governor for cause; provided that the  
16 governor shall give prior notification of the removal to the  
17 president of the senate and the speaker of the house of  
18 representatives.

19       (c) The inspector general shall have a minimum of five  
20 years' experience or expertise in accounting, law, criminal



1 justice, public administration, or audit investigations as a  
2 certified public accountant or certified internal auditor.

3 (d) The inspector general shall hire staff necessary to  
4 carry out the purposes of this chapter.

5 (e) The inspector general and employees of the office  
6 shall be included in any benefit program generally applicable to  
7 the officers and employees of the State.

8 (f) The governor, attorney general, judiciary, and  
9 legislature shall not prevent, impair, or prohibit the inspector  
10 general from initiating, carrying out, or completing any audit,  
11 investigation, or review. Nothing in this chapter shall be  
12 construed to limit or prevent the legislature or any state  
13 agency from conducting any audit, investigation, or review  
14 concurrently with any similar audit, investigation, or review  
15 conducted by the inspector general.

16 **§ -3 Powers and duties of inspector general.** The  
17 inspector general shall have the following duties and  
18 responsibilities:

19 (1) Receive and investigate complaints from any source or  
20 upon the inspector general's own initiative regarding  
21 alleged fraud, waste, abuse, or corruption by any



1 state agency or quasi-public agency or by any officer  
2 or employee of a state agency or quasi-public agency;  
3 provided that the inspector general shall have the  
4 discretion to determine whether a complaint has  
5 provided reasonable cause to investigate and may refer  
6 any complaints to any other appropriate authority;

7 (2) Investigate the management and operations of state  
8 agencies, quasi-public agencies, and independent  
9 contractors of state agencies to determine whether  
10 acts of fraud, waste, abuse, or corruption have been  
11 committed or are being committed by officers,  
12 employees, or independent contractors of a state  
13 agency or officers or employees of a quasi-public  
14 agency, including any allegations of criminal acts  
15 affecting the operations of state agencies and quasi-  
16 public agencies;

17 (3) Prepare a detailed report of each investigation  
18 stating whether fraud, waste, abuse, or corruption has  
19 been detected; provided that if fraud, waste, abuse,  
20 or corruption has been detected, the report shall:



1 (A) Identify the person who has committed the  
2 wrongful act or omission;  
3 (B) Describe the wrongful act or omission; and  
4 (C) Describe any corrective measures taken or  
5 implemented by the state agency or quasi-public  
6 agency subject to the investigation to prevent  
7 recurrences of similar actions;

8 (4) Provide timely notification to the attorney general  
9 and appropriate law enforcement agencies when the  
10 inspector general has reasonable grounds to believe  
11 there has been a violation of state criminal law;

12 (5) Conduct performance reviews of state agencies to  
13 assess the efficiency, effectiveness, or economy of  
14 programs and ascertain, among other things, the proper  
15 expenditure of state funds; provided that the  
16 inspector general shall prepare a report for each  
17 performance review that:

18 (A) Details any findings for improving the  
19 efficiency, effectiveness, or economy of the  
20 state agency subject to the performance review;  
21 and



1 (B) Makes recommendations, including proposed  
2 legislation, necessary to effectuate these  
3 findings;

4 (6) Coordinate and require standards for existing internal  
5 audit programs and for other internal audit programs  
6 in state agencies, as needed to ensure that state  
7 agencies maintain an adequate system of internal  
8 management control;

9 (7) Assess the condition of the accounting, financial, and  
10 administrative controls of state agencies and make  
11 recommendations to protect the State's assets, as  
12 needed;

13 (8) Assist state agency internal auditing programs with  
14 technical auditing issues;

15 (9) Assist state residents in understanding their rights  
16 and the processes available to residents to express  
17 concerns regarding the activities of a state agency or  
18 quasi-public agency or any officer or employee of a  
19 state agency or quasi-public agency;



- 1 (10) Maintain a record on inquiries received, the types of  
2 assistance requested, any actions taken, and the  
3 disposition of each inquiry;
- 4 (11) Upon request, assist state residents in using  
5 procedures and processes available to express concerns  
6 regarding the activities of an agency or any officer  
7 or employee of an agency;
- 8 (12) Ensure that state residents have access to the  
9 services provided by the inspector general and receive  
10 timely responses from the inspector general to  
11 inquiries;
- 12 (13) Make and enter into contracts necessary to carry out  
13 the purposes of this chapter; and
- 14 (14) Adopt rules in accordance with chapter 91 necessary to  
15 carry out the purposes of this chapter.

16 **§ -4 Cooperation of state agencies, quasi-public agency,**  
17 **and officers.** (a) Each state agency, quasi-public agency, and  
18 every officer and employee shall promptly report any allegations  
19 of criminal acts or acts of fraud, waste, abuse, or corruption  
20 and cooperate with, and provide assistance to, the inspector  
21 general in the performance of any investigation. This reporting





1 requirement shall be deemed satisfied for officers or employees  
2 of a state agency or quasi-public agency once the administrative  
3 head of a state agency or quasi-public agency reports to the  
4 inspector general any allegations of criminal acts, fraud,  
5 waste, abuse, or corruption within the state agency or quasi-  
6 public agency or once an employee reports directly to the  
7 inspector general any allegations of criminal acts, fraud,  
8 waste, abuse, or corruption by an employer within the state  
9 agency or quasi-public agency, subject to any applicable  
10 whistleblowers' protections under chapter 378, part V. Each  
11 state agency or quasi-public agency shall make its premises,  
12 equipment, personnel, books, records, and papers readily  
13 available to the inspector general upon request.

14 (b) When the administrative head of a state agency, quasi-  
15 public agency, or an officer discovers any unauthorized,  
16 illegal, irregular, improper, or unsafe handling or expenditure  
17 of state funds, or if it comes to the administrative head's  
18 attention that any unauthorized, illegal, irregular, improper,  
19 or unsafe handling or expenditure of state funds is contemplated  
20 but has not been consummated, the administrative head of the  
21 state agency shall promptly report to the inspector general.



1 (c) The inspector general may enter upon the premises of  
2 any state agency or quasi-public agency at any time, without  
3 prior announcement, if necessary to the successful completion of  
4 an investigation. In the course of an investigation, the  
5 inspector general may question any officer or employee serving  
6 in, and any person transacting business with, the state agency  
7 or quasi-public agency and may inspect and copy any books,  
8 records, or papers in the possession of the state agency or  
9 quasi-public agency. The inspector general shall preserve the  
10 confidentiality of any complainant or information obtained from  
11 a state agency or quasi-public agency during the course of an  
12 investigation in accordance with applicable state and federal  
13 law.

14 **§ -5 Office of state inspector general; summons or**  
15 **citation; failure to obey a summons.** (a) The office shall  
16 cooperate and coordinate with law enforcement authorities and  
17 agencies in the development of programs and mutual aid  
18 agreements to set forth the respective roles and  
19 responsibilities of each agency, including but not limited to  
20 the categories of investigations that will be overseen by each  
21 agency and how to avoid redundancy or operation conflicts.



1 (b) Any investigator authorized by the inspector general  
2 to conduct any investigation shall have the power to administer  
3 oaths for the purposes of receiving complaints and conducting  
4 investigations of allegations of criminal behavior affecting the  
5 operations of a state agency or quasi-public agency pursuant to  
6 the office's duties under this chapter and the rules adopted  
7 thereunder.

8 **§ -6 Subpoena powers.** (a) The inspector general or the  
9 inspector general's designee may subpoena witnesses, examine  
10 them under oath, and require the production of books, papers,  
11 documents, or other evidence that the inspector general  
12 reasonably believes may relate to an investigation being  
13 conducted under this chapter.

14 (b) The books, papers, documents, or other evidence may be  
15 retained by the inspector general for a reasonable period of  
16 time for examination, audit, copying, testing, and  
17 photographing.

18 (c) The subpoena power shall be exercised by the inspector  
19 general or the inspector general's designee.

20 (d) Upon application of the inspector general, compliance  
21 with the subpoena shall be enforced by the circuit court in the



1 county in which the person subpoenaed resides or is found, in  
2 the same manner as a subpoena issued by a circuit court.

3       **§ -7 Reports.** (a) The inspector general shall report  
4 to the legislature, no later than twenty days prior to the  
5 convening of each regular legislative session, on the office's  
6 activities for the immediately preceding fiscal year.

7       (b) The report shall include:

8       (1) A description of any significant problems, abuses, and  
9       deficiencies related to the management or operation of  
10       state agencies or quasi-public agencies;

11       (2) A description of the recommendations for any  
12       corrective actions made by the office with respect to  
13       significant problems, abuses, or deficiencies  
14       identified by the office;

15       (3) A summary of matters referred to the attorney general  
16       and appropriate law enforcement agencies and actions  
17       taken on those matters;

18       (4) Information concerning the number of complaints  
19       received and types of investigations completed by the  
20       office;



1 (5) The development and maintenance of any internal audit  
2 programs in state agencies and quasi-public agencies;  
3 and

4 (6) The results of any state agency or quasi-public agency  
5 performance reviews, including a summary of any  
6 findings or recommendations for improving the  
7 efficiency of state agencies or quasi-public agencies.

8 (c) The inspector general shall notify the president of  
9 the senate, the speaker of the house of representatives, and the  
10 governor of any problems, abuses, or deficiencies relating to  
11 the management or operation of a state agency or quasi-public  
12 agency.

13 (d) The inspector general shall keep the appropriate  
14 administrative heads of all state agencies and quasi-public  
15 agencies advised of the office's activities, as they relate to  
16 each respective state agency or quasi-public agency.

17 (e) The inspector general may conduct additional  
18 investigations and make reports relating to the management and  
19 operations of state agencies or quasi-public agencies, as  
20 needed.



1 (f) The reports, information, or documents required under  
2 this section shall be transmitted directly to the governor and  
3 the legislature.

4 (g) Records that are confidential under federal or state  
5 law shall be maintained as confidential by the inspector general  
6 and shall not be further disclosed, except as required by law."

7 SECTION 3. Section 378-62, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 **"§378-62 Discharge of, threats to, or discrimination**  
10 **against employee for reporting violations of law.** An employer  
11 shall not discharge, threaten, or otherwise discriminate against  
12 an employee regarding the employee's compensation, terms,  
13 conditions, location, or privileges of employment because:

14 (1) The employee, or a person acting on behalf of the  
15 employee, reports or is about to report to the  
16 employer, or reports or is about to report to a public  
17 body, verbally or in writing, a violation or a  
18 suspected violation of:

19 (A) A law, rule, ordinance, or regulation, adopted  
20 pursuant to law of this State, a political



1 subdivision of this State, or the United States;

2 or

3 (B) A contract executed by the State, a political  
4 subdivision of the State, or the United States,  
5 unless the employee knows that the report is false;

6 [~~or~~]

7 (2) The employee, or a person acting on behalf of the  
8 employee, reports or is about to report to the state  
9 inspector general, verbally or in writing, an  
10 allegation of fraud, waste, abuse, or corruption by an  
11 employer or by an officer or employee of the employer;

12 or

13 ~~[(+2)]~~ (3) An employee is requested by a public body to  
14 participate in an investigation, hearing, or inquiry  
15 held by that public body, or a court action."

16 SECTION 4. Section 846-10, Hawaii Revised Statutes, is  
17 amended to read as follows:

18 **"§846-10 Dissemination.** Criminal history record  
19 information may be disseminated to:

20 (1) The governor in individual cases or situations wherein  
21 the governor elects to become actively involved in the



1 investigation of criminal activity or the  
2 administration of criminal justice in accordance with  
3 the governor's constitutional duty to insure that the  
4 laws be faithfully executed;

5 (2) The attorney general in connection with the attorney  
6 general's statutory authority and duties in the  
7 administration and enforcement of the criminal laws  
8 and for the purpose of administering and insuring  
9 compliance with the provisions of this chapter;

10 (3) The state inspector general, or investigation and  
11 enforcement officers authorized by the inspector  
12 general, in connection with the state inspector  
13 general's statutory authority and duties in the  
14 administration and enforcement of laws pursuant to  
15 chapter ; and

16 [~~(3)~~] (4) To such other individuals and agencies who are  
17 provided for in this chapter or by rule or  
18 regulation."

19 SECTION 5. There is appropriated out of the general  
20 revenues of the State of Hawaii the sum of \$ or so  
21 much thereof as may be necessary for fiscal year 2015-2016 and





1 the same sum or so much thereof as may be necessary for fiscal  
2 year 2016-2017 for administrative costs associated with the  
3 establishment of the office of the state inspector general  
4 within the department of the attorney general, including the  
5 hiring of necessary staff.

6 The sums appropriated shall be expended by the department  
7 of the attorney general for the purposes of this Act.

8 SECTION 6. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 7. This Act shall take effect on January 7, 2059.



**Report Title:**

Office of the State Inspector General; State Inspector General;  
Establishment of Office; Government Integrity and  
Accountability; Appropriation

**Description:**

Establishes the office of the state inspector general, to be headed by the state inspector general, within the department of the attorney general for administrative purposes only. Requires the office of the state inspector general to investigate complaints alleging fraud, waste, abuse, or corruption by a state agency or quasi-public agency, or the officers or employees of a state agency or quasi-public agency. Appropriates funds. Effective 01/07/2059. (SD1)

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