**South Carolina General Assembly**

118th Session, 2009-2010

**H. 3434**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Funderburk, J.E. Smith, McLeod, Anderson, Ballentine, G.A. Brown, Clyburn, Jefferson, Kirsh, Williams, Gunn, Horne, G.R. Smith, Sottile, Long, King, Daning, Cole, Hutto, Hearn, Forrester, Allison, Parker, Gilliard, T.R. Young, Millwood, Stringer, Hamilton, Wylie, Scott, Willis, H.B. Brown, Crawford, Erickson, Herbkersman, Nanney, Dillard, Bannister and McEachern

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Companion/Similar bill(s): 138, 139

Introduced in the House on February 4, 2009

Currently residing in the House Committee on **Judiciary**

Summary: Office of Inspector General

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/4/2009 House Introduced and read first time [HJ](file:///h:\HJ%20Archive\2009\02-04-09.docx)‑12

2/4/2009 House Referred to Committee on **Judiciary** [HJ](file:///h:\HJ%20Archive\2009\02-04-09.docx)‑12

2/24/2009 House Member(s) request name added as sponsor: Gunn

3/4/2009 House Member(s) request name added as sponsor: Horne, G.R.Smith, Sottile, Long, King, Daning, Cole, Hutto, Hearn, Forrester, Allison, Parker, Gilliard, T.R.Young, Millwood, Stringer, Hamilton, Wylie, Scott, Willis, H.B.Brown, Crawford, Erickson, Herbkersman, Nanney, Dillard, Bannister, McEachern

**VERSIONS OF THIS BILL**

[2/4/2009](file:///p:\pprever\2009-10\3434_20090204.docx)

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING CHAPTER 6 TO TITLE 1 SO AS TO ESTABLISH THE OFFICE OF STATE INSPECTOR GENERAL, TO PROVIDE FOR THE MANNER OF APPOINTMENT OF THE STATE INSPECTOR GENERAL, AND TO PROVIDE FOR THE POWERS, DUTIES, AND FUNCTIONS OF THE OFFICE.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Title 1 of the 1976 Code is amended by adding:

“CHAPTER 6

Office of the State Inspector General

Section 1‑6‑10. As used in this title:

(1) ‘Agency’ means an authority, board, branch, commission, committee, department, division, or other instrumentality of the executive department of state government, including administrative bodies and political subdivisions of the State. ‘Agency’ includes a body corporate and politic established as an instrumentality of the State. ‘Agency’ does not include:

(a) the judicial department of state government; or

(b) the legislative department of state government.

(2) ‘Business relationship’ means dealings of a person with an agency seeking, obtaining, establishing, maintaining, or implementing:

(a) a pecuniary interest in a contract or purchase with the agency; or

(b) a license or permit requiring the exercise of judgment or discretion by the agency.

(3) ‘Employee’ means an individual who is employed by an agency on a full‑time, part‑time, temporary, intermittent, or hourly basis. ‘Employee’ includes an individual who contracts with an agency for personal services.

(4) ‘Person’ means:

(a) an individual, labor union and organization, joint apprenticeship committee, partnership, association, corporation, legal representative, mutual company, joint‑stock company, trust, unincorporated organization, trustee, trustee in bankruptcy, receiver, or other legal or commercial entity located in part or in whole in the State or doing business in the State;

(b) the State and any agency or local subdivision of an agency; or

(c) a political subdivision.

(5) ‘Political subdivision’ includes a county, city, municipality, town, village, township, district, authority, special purpose district, school district, other local government entity, or other public corporation or entity whether organized and existing under charter or general law.

(6) ‘Special state appointee’ means a person who is:

(a) not a state officer or employee; and

(b) elected or appointed to an authority, a board, commission, committee, council, task force, or other body designated by any name that:

(i) is authorized by statute or executive order; and

(ii) functions in a policy or an advisory role in the executive, including the administrative, department of state government, including a separate body corporate and politic.

(7) ‘State officer’ means any of the following:

(a) the Governor;

(b) the Lieutenant Governor;

(c) the Secretary of State;

(d) the State Comptroller General;

(e) the State Treasurer;

(f) the Attorney General;

(g) the Superintendent of Education;

(h) the Commissioner of Agriculture; or

(i) the Adjutant General.

(8) ‘Wrongdoing’ has the same meaning as in Section 8‑27‑10(5).

Section 1‑6‑20. (A) There is hereby established the Office of the State Inspector General which consists of the State Inspector General, who is the director of the office, and any staff of deputy inspectors general, investigators, auditors, and clerical employees employed by the State Inspector General as necessary to carry out the duties of the State Inspector General and as are authorized by law. The State Inspector General shall fix the salaries of all staff subject to the funds authorized in the annual general appropriation act.

(B) The State Inspector General is responsible for investigating and addressing allegations of fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law, and wrongdoing in agencies.

(C) The Governor shall appoint the State Inspector General with the advice and consent of the Senate for a term of six years. A Governor may reappoint the State Inspector General for an additional term. The State Inspector General’s compensation must not be reduced during the State Inspector General’s uninterrupted continued tenure in office.

(D) The State Inspector General:

(1) may only be removed from office by the Governor as provided in Section 1‑3‑240(C);

(2) must be an attorney or certified public accountant licensed in South Carolina; and

(3) is entitled to receive compensation set by the Governor and approved by the State Budget and Control Board.

(E) Except for information declared confidential under this chapter, records of the Office of the State Inspector General are subject to public inspection under the Freedom of Information Act.

Section 1‑6‑30. The State Inspector General may:

(1) initiate, supervise, and coordinate investigations authorized by this chapter;

(2) recommend policies and carry out other activities designed to deter, detect, and eradicate fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law, and wrongdoing in state government;

(3) receive complaints alleging a violation of a statute or rule relating to the purchase of goods or services by a current or former employee, state officer, special state appointee, or person who has a business relationship with an agency;

(4) receive complaints from any individual, including those employed by any agency, alleging fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law, and wrongdoing in an agency;

(5) adopt regulations for administering the Office of the State Inspector General;

(6) ensure that every employee, state officer, special state appointee, and person who has a business relationship with an agency is properly trained in the Rules of Conduct as provided in Article 7, Chapter 13, Title 8 of the South Carolina Code of Laws;

(7) provide advice to an agency on developing, implementing, and enforcing policies and procedures to prevent or reduce the risk of fraudulent or wrongful acts within the agency;

(8) recommend legislation to the Governor and General Assembly to strengthen public integrity laws; and

(9) submit a report to the Governor, President Pro Tempore of the Senate, and Speaker of the House of Representatives detailing the State Inspector General’s activities by January thirty‑first of each year.

Section 1‑6‑40. If the State Inspector General has reasonable cause to believe that a crime has occurred or is occurring, he must report the suspected crime to any appropriate state or federal law enforcement agencies and prosecuting authorities that have jurisdiction over the matter.

Section 1‑6‑50. The State Inspector General has the following powers:

(A) As part of an investigation, the State Inspector General may:

(1) administer oaths;

(2) examine witnesses under oath;

(3) issue subpoenas and subpoenas duces tecum; and

(4) examine the records, reports, audits, reviews, papers, books, recommendations, contracts, correspondence, or any other documents maintained by an agency.

(B) The State Inspector General may apply to a circuit court for an order holding an individual in contempt of court if the individual refuses to give sworn testimony under a subpoena issued by the State Inspector General or otherwise disobeys a subpoena or subpoena duces tecum issued by the State Inspector General.

(C) The State Inspector General must prepare a written report summarizing the results of every investigation. The report is confidential in accordance with Section 1‑6‑100.

(D) If the Attorney General has elected not to file a civil action for the recovery of funds misappropriated, diverted, missing, or unlawfully gained, the State Inspector General may file a civil action for the recovery of the funds in accordance with Section 1‑6‑70 of this chapter.

Section 1‑6‑60. If the State Inspector General investigates and determines that there is specific and credible evidence that a current or former employee, a current or former state officer, a current or former special state appointee, or a person who has or had a business relationship with an agency has violated the code of ethics, the State Inspector General may file a complaint with the Ethics Commission and represent the State in any proceeding before the Ethics Commission.

Section 1‑6‑70. (A) This section applies if the State Inspector General finds specific and credible evidence of misfeasance, malfeasance, nonfeasance, misappropriation, fraud, or other misconduct that has resulted in a financial loss to the State or in an unlawful benefit to an individual in the conduct of state business.

(B) If the State Inspector General finds evidence described in subsection (A), the State Inspector General shall certify a report of the matter to the Attorney General and provide the Attorney General with any relevant documents, transcripts, written statements, or other evidence. Not later than one hundred eighty days after receipt of the report from the State Inspector General, the Attorney General must do one of the following:

(1) file a civil action, including an action upon a state officer’s official bond, to secure for the State the recovery of funds misappropriated, diverted, missing, or unlawfully gained. Upon request of the Attorney General, the State Inspector General shall assist the Attorney General in the investigation, preparation, and prosecution of the civil action;

(2) inform the State Inspector General that the Attorney General does not intend to file a civil action for the recovery of funds misappropriated, diverted, missing, or unlawfully gained. If the Attorney General elects not to file a civil action, the Attorney General must return to the State Inspector General all documents, transcripts, written statements, or other evidence initially provided by the State Inspector General; or

(3) inform the State Inspector General that the Attorney General is diligently investigating the matter and after further investigation may file a civil action for the recovery of funds misappropriated, diverted, missing, or unlawfully gained. However, if more than three hundred sixty‑five days have passed since the State Inspector General certified the report to the Attorney General, and the Attorney General has neither filed a civil action or informed the State Inspector General that he does not intend to file a civil action, the Attorney General loses the authority to file a civil action for the recovery of funds misappropriated, diverted, missing, or unlawfully gained and must return to the State Inspector General all documents, transcripts, written statements, or other evidence provided by the State Inspector General.

(C) The State Inspector General may file a civil action for the recovery of funds misappropriated, diverted, missing, or unlawfully gained if the State Inspector General has found evidence described in subsection (A) and reported to the Attorney General under subsection (B) and:

(1) the Attorney General has elected under subsection (B)(2) not to file a civil action for the recovery of funds misappropriated, diverted, missing, or unlawfully gained; or

(2) under subsection (B)(3), more than three hundred sixty‑five days have passed since the State Inspector General certified the report to the Attorney General under subsection (B) and the Attorney General has not filed a civil action.

(D) If the State Inspector General has found evidence described in subsection (A), the State Inspector General may institute forfeiture proceedings as allowed by law in a court having jurisdiction in a county where property derived from or realized through the misappropriation, diversion, disappearance, or unlawful gain of state funds is located, unless a prosecuting attorney has already instituted forfeiture proceedings against that property.

Section 1‑6‑80. (A) If the State Inspector General discovers evidence of criminal activity, the State Inspector General shall certify to the appropriate prosecuting attorney the following information:

(1) the identity of any person who may be involved in the criminal activity; and

(2) the criminal statute that the State Inspector General believes has been violated.

(B) In addition, the State Inspector General must provide the prosecuting attorney with any relevant documents, transcripts, written statements, or other evidence. If the prosecuting attorney decides to prosecute the crime described in the information certified to the prosecuting attorney, or any other related crimes, the State Inspector General must cooperate with the prosecuting attorney in the investigation and prosecution of the case. Upon request of the prosecuting attorney, the State Inspector General may participate on behalf of the State in any resulting criminal trial.

Section 1‑6‑90. The State Inspector General must establish a toll‑free public telephone number for the purpose of receiving information concerning fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law and wrongdoing in an agency. The phone number must be prominently posted by all agencies, in clear view of all employees and the public and in a conspicuous location on the agency’s Internet website.

Section 1‑6‑100. (A) If any individual discloses information alleging fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law, and wrongdoing in an agency in good faith to the State Inspector General, the individual’s identity is confidential and must not be disclosed to anyone other the Office of the State Inspector General, or an authority to whom the investigation is subsequently referred or certified, unless:

(1) the State Inspector General makes a written determination that it is in the public interest to disclose the individual’s identity; or

(2) the individual consents in writing to disclosure of the individual’s identity.

(B) After an investigation is completed and a report is issued as provided in Section 1‑6‑50(C), the investigative records of the State Inspector General are subject to public inspection under the provisions of the Freedom of Information Act. However, if an individual’s identity is confidential as provided in subsection (A) of this section, the individual’s identity or any information that reasonably might lead to the discovery of the individual’s identity must not be disclosed except as provided in subsection (A) of this section.

(C) This subsection does not apply to a person who is a party to an action brought by the State Inspector General. Information received by the State Inspector General is not required to be produced in the course of discovery unless ordered by a court after a showing of particularized need and proof that the information requested cannot be obtained from any other source.

(D) Except as otherwise provided in this chapter, a person commits the misdemeanor of unlawful disclosure of confidential information if he knowingly or intentionally discloses:

(1) confidential information or records; or

(2) the identity of a person whose identity is confidential under subsection (A) of this section.”

SECTION 2. This act takes effect July 1, 2011.

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