Fifty-second Legislature
First Regular Session
H.B. 2420

PROPOSED AMENDMENT
SENATE AMENDMENTS TO H.B. 2420

(Reference to House engrossed bill)

Strike everything after the enacting clause and insert:

"Section 1. Title 41, chapter 27, article 2, Arizona Revised Statutes, is amended by adding section 41-3025.01, to read:

41-3025.01. Office of state inspector general; termination July 1, 2025

A. The office of state inspector general terminates on July 1, 2025.
B. Title 41, chapter 53 is repealed on January 1, 2026.

Sec. 2. Title 41, Arizona Revised Statutes, is amended by adding chapter 53, to read:

CHAPTER 53
OFFICE OF STATE INSPECTOR GENERAL

ARTICLE 1. GENERAL PROVISIONS

41-5301. Definitions

In this chapter, unless the context otherwise requires:
2. "State agency" means all departments, agencies, boards, commissions, councils, committees, offices, task forces, authorities and divisions of the executive branch of state government that report to the governor.

41-5302. Office of state inspector general; inspector general; qualifications

A. The office of the state inspector general is established.
B. The governor shall appoint the inspector general of the Office pursuant to section 38-211 to serve at the pleasure of the governor and
1. Shall have at least ten years of demonstrated ability in management analysis, public administration, investigations or criminal justice administration or other closely related disciplines.

2. May not have held any political party office within two years immediately preceding the appointment.

C. The Inspector General is eligible to receive compensation pursuant to Section 38-611.

41-5303. Powers and duties; report; records access; council; council termination

A. The Inspector General shall:

1. Examine and investigate the operations, management and affairs of state agencies, including employees in regard to the performance of the employees' official duties.

2. Conduct investigations and examinations of contractors, subcontractors, grantees or subgrantees and the employees of the contractors, subcontractors, grantees or subgrantees of state agencies regarding waste, fraud, abuse or allegations of criminal or civil wrongdoing that impact the expenditure of state monies or the operation of state programs and initiatives.

3. Periodically review policies and procedures, monitor operations and make recommendations for improvement of state government.

4. Receive complaints of fraud, waste, abuse, mismanagement and misconduct involving or impacting state agencies and determine whether the complaints warrant investigation by the Inspector General or by another appropriate agency of this state or the Federal government. The Inspector General shall establish a system for anonymous reporting, at the reporter's option.

5. Submit an annual report that describes the efforts made by the office toward preventing and detecting criminal misconduct, fraud, waste and abuse in state government to the governor and the legislature and provide a
COPY OF THE REPORT TO THE SECRETARY OF STATE. THE ANNUAL REPORT SHALL INCLUDE THE RESPONSE OF THE STATE AGENCY, IF ANY, AUTHORIZED UNDER SUBSECTION B OF THIS SECTION.

B. FOR ANY EXAMINATION, REVIEW OR AUDIT OF A STATE AGENCY, THE INSPECTOR GENERAL SHALL ALLOW THE AFFECTED STATE AGENCY AN OPPORTUNITY TO PROVIDE COMMENTS BEFORE THE RELEASE OF A REPORT.

C. ALL OFFICERS AND EMPLOYEES OF STATE AGENCIES SHALL EXTEND FULL COOPERATION AND ALL REASONABLE ASSISTANCE TO THE INSPECTOR GENERAL.

D. THE OFFICE OF THE INSPECTOR GENERAL MAY SUE AND BE SUED.

E. THE INSPECTOR GENERAL MAY ADMINISTER OATHS AND ISSUE SUBPOENAS TO OBTAIN TESTIMONY, RECORDS AND OTHER THINGS THAT ARE NECESSARY TO PERFORM THE DUTIES PRESCRIBED IN THIS CHAPTER. THE INSPECTOR GENERAL'S AUTHORITY IS SUBJECT TO THE ARIZONA RULES OF CIVIL PROCEDURE. THE INSPECTOR GENERAL MAY APPLY TO THE APPROPRIATE COURT FOR ENFORCEMENT OF SUBPOENAS OR FOR SANCTIONS FOR A PARTY'S FAILURE TO COMPLY.

F. THE INSPECTOR GENERAL SHALL HAVE ACCESS TO ALL NONPRIVILEGED RECORDS, INFORMATION, ELECTRONICALLY STORED DATA, REPORTS, PLANS, PROJECTIONS, MATTERS, CONTRACTS, MEMORANDA, CORRESPONDENCE AND ANY OTHER MATERIALS OF A STATE AGENCY. THE INSPECTOR GENERAL IS DEEMED TO BE AN AUTHORIZED REPRESENTATIVE AND AGENT OF EACH STATE AGENCY FOR THE PURPOSES OF:

1. EXAMINING AND INVESTIGATING THE RECORDS OF ALL CONTRACTORS, SUBCONTRACTORS, GRANTEES OR SUBGRANTEES OF THE STATE AGENCY RELATING TO THE STATE AGENCY'S CONTRACTS, SUBCONTRACTS, GRANTS OR SUBGRANTS.

2. OBTAINING ACCESS TO ANY RECORDS OF THE STATE AGENCY IN THE POSSESSION OF A THIRD PARTY, INCLUDING BANK ACCOUNT RECORDS.

G. THE INSPECTOR GENERAL AND THE INSPECTOR GENERAL'S EMPLOYEES SHALL CARRY CREDENTIALS AND BADGES THAT IDENTIFY THEIR EMPLOYMENT WITH THE OFFICE.

H. THE OFFICE SHALL ADHERE TO PROFESSIONAL STANDARDS FOR INITIATING AND CONDUCTING AUDITS, INVESTIGATIONS, INSPECTIONS AND REVIEWS THAT ARE CONSISTENT WITH STANDARDS ADOPTED BY AN ASSOCIATION OF INSPECTORS GENERAL. THE OFFICE SHALL DEVELOP AN OPERATIONS MANUAL THAT CONTAINS THE STANDARDS.
I. THE OFFICE IS DESIGNATED AS A LAW ENFORCEMENT AGENCY AND CONFERRED
ALL INVESTIGATIVE POWERS AND PRIVILEGES APPUR TenANT TO A LAW ENFORCEMENT
AGENCY UNDER STATE LAW THAT ARE NECESSARY AND THAT ARE IN FURTHERANCE OF THE
AUTHORITY, DUTIES, POWERS AND FUNCTIONS ESTABLISHED BY THIS CHAPTER. THESE
POWERS AND PRIVILEGES INCLUDE ACCESS TO COMPUTER SYSTEMS, INFORMATION
MAINTAINED FOR THE USE OF LAW ENFORCEMENT PERSONNEL AND ANY INFORMATION
CONTAINED IN THE CRIMINAL HISTORY RECORDS AND IDENTIFICATION FILES OF THE
DEPARTMENT OF PUBLIC SAFETY.

J. THE OFFICE HAS OVERSIGHT AUTHORITY OF AND REVIEW RESPONSIBILITIES
FOR INVESTIGATIONS PERFORMED BY THE OFFICE OF THE INSPECTORS GENERAL WITHIN
THE STATE DEPARTMENT OF CORRECTIONS, DEPARTMENT OF PUBLIC SAFETY, DEPARTMENT
OF ECONOMIC SECURITY, DEPARTMENT OF TRANSPORTATION, ARIZONA HEALTH CARE COST
CONTAINMENT SYSTEM ADMINISTRATION AND DEPARTMENT OF CHILD SAFETY AND ANY
INTERNAL COMPLIANCE OR ENFORCEMENT UNITS WITHIN OTHER STATE AGENCIES.

K. THE INSPECTOR GENERAL SHALL ESTABLISH AN INSPECTOR GENERAL ADVISORY
COUNCIL CONSISTING OF THE FOLLOWING MEMBERS:
1. THE INSPECTOR GENERAL OR THE INSPECTOR GENERAL'S DESIGNEE.
2. THE DIRECTOR OF THE STATE DEPARTMENT OF CORRECTIONS OR THE
DIRECTOR'S DESIGNEE.
3. THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY OR THE DIRECTOR'S
DESIGNEE.
4. THE DIRECTOR OF THE DEPARTMENT OF ECONOMIC SECURITY OR THE
DIRECTOR'S DESIGNEE.
5. THE DIRECTOR OF THE DEPARTMENT OF TRANSPORTATION OR THE DIRECTOR'S
DESIGNEE.
6. THE DIRECTOR OF THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
ADMINISTRATION OR THE DIRECTOR'S DESIGNEE.
7. THE DIRECTOR OF THE DEPARTMENT OF CHILD SAFETY OR THE DIRECTOR'S
DESIGNEE.

L. THE COUNCIL ESTABLISHED PURSUANT TO SUBSECTION K OF THIS SECTION
ENDS ON JULY 1, 2023 PURSUANT TO SECTION 41-3103.
41-5304. **Confidentiality of records; violation; classification**

A. THE RECORDS PREPARED OR OBTAINED BY THE INSPECTOR GENERAL IN CONNECTION WITH AN INVESTIGATION CONDUCTED BY THE INSPECTOR GENERAL ARE CONFIDENTIAL AND PROTECTED FROM DISCLOSURE. A PRIVILEGE ESTABLISHED BY LAW MAY NOT BE WAIVED TO ANY RECORDS OBTAINED BY THE INSPECTOR GENERAL IN CONNECTION WITH THE PERFORMANCE OF THE DUTIES ESTABLISHED IN THIS CHAPTER. ANY RECORDS AND INFORMATION THAT ARE OBTAINED BY THE INSPECTOR GENERAL AND THAT ARE CONFIDENTIAL PURSUANT TO ANY OTHER LAW REMAIN CONFIDENTIAL.

B. THE INSPECTOR GENERAL OR ANY EMPLOYEE OF THE OFFICE, OR ANY OTHER PUBLIC OFFICIAL, CORPORATION OR INDIVIDUAL, WHO KNOWINGLY, INTENTIONALLY OR RECKLESSLY MAKES PUBLIC ANY CONFIDENTIAL INFORMATION OR RECORD IN VIOLATION OF THIS SECTION IS GUILTY OF A CLASS ONE MISDEMEANOR.

Sec. 3. **Purpose**

Pursuant to section 41-2955, subsection E, Arizona Revised Statutes, the legislature establishes the office of state inspector general to prevent and detect criminal offenses, waste, inefficiencies, mismanagement, misconduct, abuse, fraud and corruption in state agencies."

Amend title to conform