

AN ACT creating the Office of Inspector General in the Department for Local Government.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 147A.002 is amended to read as follows:

- (1) The Department for Local Government shall be headed by a commissioner and shall consist of the:
 - (a) Office of Financial Management and Administration, which shall be headed by an executive director appointed by the commissioner and shall be responsible for duties including but not limited to local government financial assistance; county budget approval; performance of various recordkeeping requirements for the Commonwealth's cities, counties, and special districts; provision of administrative support for the state local debt officer and the state local finance officer; administration of the county officials training incentive program set forth in KRS 64.5275; and provision of financial analysis and guidance related to the internal budgetary processes of the Department for Local Government;
 - (b) Office of Federal Grants, which shall be headed by an executive director appointed by the commissioner and shall be responsible for the administration of all federal grant programs;
 - (c) Office of State Grants, which shall be headed by an executive director appointed by the commissioner and shall be responsible for the administration of all state grant programs, including the Renaissance on Main Program, the area development fund, the body armor program set forth in KRS 16.220, the cemetery fund program, single county coal severance grants, and any state grant programs or individually funded projects awarded by statute or budget;
 - (d) Office of Legal Services, which shall be headed by an executive director appointed by the commissioner and shall be responsible for legal services

within the Department for Local Government and for its constituencies around the Commonwealth; ~~and~~

- (e) Office of Field Services, which shall be headed by an executive director appointed by the commissioner and shall be responsible for duties including but not limited to staffing regional offices to assist local governments; and

(f) Office of Inspector General, which shall be headed by the inspector general, who shall be appointed by the Governor and shall have the duties set out in Section 2 of this Act.

- (2) The commissioner, with the approval of the Governor, shall appoint necessary deputies, assistants, attorneys, and other employees and shall fix their compensation and authorize payment of their expenses according to law.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

(1) As used in this section, "local government" means a city, county, urban-county government, charter county government, consolidated local government, unified local government, area development district, or special purpose governmental entity as defined in KRS 65A.010.

(2) The Office of Inspector General is established within the Department for Local Government.

(3) The Office of Inspector General shall be empowered to:

(a) Conduct, or otherwise contract for the conduct of, audits and examinations of the operations of local governments when credible issues of operations are brought to the inspector general's attention; and

(b) Conduct investigations when issues of misconduct, malfeasance, conflicts of interest, willful neglect of duty, ethics violations, or other statutory, constitutional, or administrative regulation offenses are credibly alleged against officers and employees of local governments.

- (4) The Office of Inspector General shall be composed of organizational entities and support staff deemed appropriate by the commissioner of the Department for Local Government.
- (5) The inspector general, or any person acting on the inspector general's behalf and authorized by the inspector general, shall have access to all public records, as provided in KRS 61.870 to 61.884, of local governments. The inspector general, or any person acting on the inspector general's behalf and authorized by the inspector general, may require information on oath of any person touching any matter which the inspector general is auditing, examining, or investigating and may otherwise compel the giving of evidence on any matter under scrutiny. If any person fails or refuses to testify or furnish documentary evidence concerning any matter which the inspector general is auditing, examining, or investigating, the Franklin Circuit Court, on application of the commissioner of the Department for Local Government, may compel obedience by proceedings for contempt as in the case of disobedience of a subpoena issued from the Circuit Court or a refusal to testify therein.
- (6) Upon the conclusion of an audit, examination, or investigation under subsection (3) of this section, the Office of Inspector General may refer the results of the audit, examination, or investigation to federal, state, and local officials to take further action if warranted. The Office of Inspector General shall not issue fines or undertake civil or criminal actions to invoke penalties against the subjects of the audits, examinations, or investigations except to compel obedience pursuant to subsection (5) of this section.
- (7) The Office of Inspector General, or the Department for Local Government on its behalf, may charge local governments up to the actual cost of the audit or examination conducted pursuant to subsection (3)(a) of this section.