

1 State of Arkansas *As Engrossed: S3/16/15 S3/23/15 H3/30/15*

2 90th General Assembly

# A Bill

3 Regular Session, 2015

SENATE BILL 1003

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5 By: Senator B. King

6 *By: Representative C. Douglas*

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## For An Act To Be Entitled

9 *AN ACT TO AMEND THE LAW CONCERNING THE DUTIES AND*  
10 *RESPONSIBILITIES OF THE INTERNAL AUDIT SECTION OF THE*  
11 *DEPARTMENT OF FINANCE AND ADMINISTRATION; TO REQUIRE*  
12 *CERTAIN REPORTS TO BE FILED BY THE INTERNAL AUDIT*  
13 *SECTION OF THE DEPARTMENT OF FINANCE AND*  
14 *ADMINISTRATION; AND FOR OTHER PURPOSES.*

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## Subtitle

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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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*SECTION 1. Arkansas Code § 19-4-105 is amended to read as follows:*

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*19-4-105. Continuing studies and investigations – Duties of Chief*

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*Fiscal Officer of the State and Internal Audit Section – Exemption of*

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*internal audit documentation from Freedom of Information Act of 1967.*

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*(a) The Chief Fiscal Officer of the State is directed to make*

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*continuing studies and investigations of the operation of state agencies and*

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*to make recommendations to the General Assembly, the Legislative Council, and*

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*the Governor about improvements which should be made in order to:*

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*(1) Safeguard against excessive expenditures of appropriations*

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*and funds;*

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*(2) Promote economy, efficiency, and control in the operation of*



1 state agencies;

2 (3) Properly execute budgets; and

3 (4) Accomplish the purposes of this chapter as intended by the  
4 General Assembly.

5 (b) The Internal Audit Section created under the Department of Finance  
6 and Administration by Governor's Executive Order 99-08 shall conduct its  
7 audits using the suggested standards for the professional practice of  
8 internal auditing as adopted by the Institute of Internal Auditors.

9 (c) The Internal Audit Section shall:

10 (1) Review the financial and operating controls and the  
11 transactions of state agencies to determine the level of conformity with  
12 established laws, standards, regulations, and procedures;

13 (2) Review the various functions within an enterprise to  
14 appraise the efficiency and economy of operations and the effectiveness with  
15 which those functions achieve the stated objectives, including without  
16 limitation a review of established internal control activities;

17 (3) Investigate reported occurrences of fraud, embezzlement,  
18 theft, waste, abuse, or mismanagement of state resources;

19 (4) Recommend controls to prevent occurrences of fraud,  
20 embezzlement, theft, waste, abuse, or mismanagement of state resources;

21 (5) Assist state agencies to resolve areas of concern;

22 (6) Assist state agencies in establishing appropriate internal  
23 controls that will prevent errors or irregularities;

24 (7) Provide objective analysis, appraisals, and recommendations  
25 concerning the activities it reviews; and

26 (8) Perform other functions as directed by the Governor, Chief  
27 Fiscal Officer of the State, or other board or government entity charged with  
28 authority over the Internal Audit Section by executive order.

29 (d) After an audit is completed, the Internal Audit Section shall file  
30 a written final report concerning the actions and determinations made under  
31 this section with:

32 (1) The Chief Fiscal Officer of the State;

33 (2) The Governor;

34 (3) The State Board of Finance;

35 (4) The Division of Legislative Audit; and

36 (5) Any other board or government entity charged with authority

1 over the Internal Audit Section by executive order.

2 (e) Employees of the Internal Audit Section shall:

3 (1) Be employed by the Governor or other board or government  
4 entity charged with authority over the Internal Audit Section by executive  
5 order; and

6 (2) Serve at the pleasure of the Governor or other board or  
7 government entity charged with authority over the Internal Audit Section by  
8 executive order.

9 ~~(b)(1)(f)(1)~~ All internal audit documentation, including notes,  
10 memoranda, preliminary drafts of audit reports, and other data gathered in  
11 the preparation of internal audit reports by the Internal Audit Section,  
12 ~~created within the Department of Finance and Administration by Governor's~~  
13 ~~Executive Order 98-08,~~ are privileged and confidential and are exempt from  
14 the Freedom of Information Act of 1967, § 25-19-101 et seq., except as  
15 provided in subdivision ~~(b)(2)~~ (f)(2) of this section.

16 (2)(A) The exemption shall not apply to completed internal audits  
17 of the Internal Audit Section after a final report of the internal audit has  
18 been presented to ~~the~~;

19 (i) The Chief Fiscal Officer of the State ~~and to~~  
20 ~~the~~;

21 (ii) The Governor or the Governor's designee;

22 (iii) The Board of Finance;

23 (iv) The Division of Legislative Audit; or

24 (v) Any other board or government entity charged  
25 with authority over the Internal Audit Section by executive order.

26 (B) The final report and copies of any supporting  
27 documentation shall then be open to public inspection and copying, except for  
28 documents that are exempt from disclosure under other law.

30 /s/B. King

33 **APPROVED: 04/08/2015**