

ARKANSAS SENATE
90th General Assembly - Regular Session, 2015
Amendment Form

Subtitle of Senate Bill No. 1003

TO TRANSFER THE INTERNAL AUDIT SECTION OF THE DEPARTMENT OF FINANCE AND
ADMINISTRATION TO THE DIVISION OF LEGISLATIVE AUDIT.

Amendment No. 2 to Senate Bill No. 1003

Amend Senate Bill No. 1003 as engrossed, S3/16/15 (version: 03/16/2015 10:10:12 AM):

Delete everything after the enacting clause and substitute the following:

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

19-4-105. Continuing studies and investigations – Duties of Chief Fiscal Officer of the State and Internal Audit Section – Exemption of internal audit documentation from Freedom of Information Act of 1967.

(a) The Chief Fiscal Officer of the State is directed to make continuing studies and investigations of the operation of state agencies and to make recommendations to the General Assembly, the Legislative Council, and the Governor about improvements which should be made in order to:

(1) Safeguard against excessive expenditures of appropriations and funds;

(2) Promote economy, efficiency, and control in the operation of state agencies;

(3) Properly execute budgets; and

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

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

(c) The Internal Audit Section shall:

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

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

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

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



- (5) Assist state agencies to resolve areas of concern;
- (6) Assist state agencies in establishing appropriate internal controls that will prevent errors or irregularities;
- (7) Provide objective analysis, appraisals, and recommendations concerning the activities it reviews; and
- (8) Perform other functions as directed by the Governor, Chief Fiscal Officer of the State, or other board or government entity charged with authority over the Internal Audit Section by executive order.

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

- (1) The Chief Fiscal Officer of the State;
- (2) The Governor;
- (3) The State Board of Finance;
- (4) The Division of Legislative Audit; and
- (5) Any other board or government entity charged with authority over the Internal Audit Section by executive order.

(e) Employees of the Internal Audit Section shall:

- (1) Be employed by the Governor or other board or government entity charged with authority over the Internal Audit Section by executive order; and
- (2) Serve at the pleasure of the Governor or other board or government entity charged with authority over the Internal Audit Section by executive order.

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

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

- (i) The Chief Fiscal Officer of the State ~~and to~~
- the;
- (ii) The Governor or the Governor's designee;
- (iii) The Board of Finance;
- (iv) The Division of Legislative Audit; or
- (v) Anther board or government entity charged with authority over the Internal Audit Section by executive order.

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

The Amendment was read the first time, rules suspended and read the second time and _____

By: Senator B. King
JAW/JAW - 03-19-2015 10:07:59
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Secretary