

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
AUDITOR OF STATE
FOR THE YEAR ENDED JUNE 30, 2020**

Finding:

Ark. Const. art. 19, § 31, requires that the Independent Citizens Commission set the salaries of elected constitutional officers of the executive department, members of the General Assembly, justices, judges, and prosecuting attorneys. The Agency is responsible for making these salary disbursements.

The Agency did not record salary changes for two elected officials that occurred on January 14, 2019, resulting in an overpayment to one official and a corresponding underpayment to the other official for 18 months, totaling \$9,189. The overpayment was discovered by the Agency, and a bimonthly 58-payment plan was implemented, beginning August 15, 2020, to recoup \$6,447 of the overpayment. The overpayment was not reported to Arkansas Legislative Audit (ALA) as required by Ark. Code Ann. § 25-1-124.

Recommendation:

We recommend the Agency strengthen internal controls to prevent unauthorized salary disbursements and report any loss of state funds within five business days that the Agency learns of the loss as required by Arkansas Code.

Agency Response:

The Arkansas Auditor of State Office (AOS) staffs the Independent Citizens Commission (ICC) and attends all meetings. Therefore, AOS is aware of salaries and subsequent salary changes for the groups for which AOS is the payroll officer: Arkansas Constitutional Officers, Legislators, Judges, Prosecuting Attorneys, and Prosecuting Attorney's Deputies.

Legislator salaries are set by the ICC; however, salaries for two positions differ, the Senate's President Pro Tempore and House of Representative's Speaker. Both the President Pro Tempore and Speaker are voted on internally by their respective bodies. Historically, our office has relied on information from internal elections to be provided by the Secretary of the Senate and House of Representative's Chief of Staff.

This information was not provided to our office for the January 2019 internal election. When AOS became aware in August 2020, the impacted officials were notified of the over and underpayments. Both officials agreed to waive the salary discrepancy of \$2,742, from FY19, and a repayment plan to recoup the remaining \$6,447 was established. There was no loss of state funds from our appropriation; therefore, AOS did not believe Arkansas Code § 25-1-124 applied to the situation.