

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

A Bill

HOUSE BILL 1983

5 By: Representative Warren
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING THE INTERNAL AUDIT
9 SECTION OF THE DEPARTMENT OF FINANCE AND
10 ADMINISTRATION; TO MAKE TECHNICAL CHANGES CONCERNING
11 THE INTERNAL AUDIT SECTION; TO CHANGE THE NAME OF THE
12 INTERNAL AUDIT SECTION TO THE OFFICE OF INTERNAL
13 AUDIT; AND FOR OTHER PURPOSES.
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Subtitle

16 TO MAKE TECHNICAL CHANGES CONCERNING THE
17 INTERNAL AUDIT SECTION; AND TO CHANGE THE
18 NAME OF THE INTERNAL AUDIT SECTION TO THE
19 OFFICE OF INTERNAL AUDIT.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code § 19-4-105, as amended by Acts 2019, Nos. 298
26 and 315, is amended to read as follows:

27 19-4-105. Continuing studies and investigations – Duties of Chief
28 Fiscal Officer of the State and Office of Internal Audit ~~Section~~ – Exemption
29 of internal audit documentation from Freedom of Information Act of 1967.

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

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

36 (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 Office of Internal Audit Section created under the Department
6 of Finance and Administration by Governor's Executive Order ~~99-08~~ 18-01 shall
7 conduct its audits using the suggested standards for the professional
8 practice of internal auditing as adopted by the Institute of Internal
9 Auditors.

10 (c) The Office of Internal Audit Section shall:

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

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

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

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

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

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

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

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

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

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

34 (2) The Governor;

35 (3) ~~The State Board of Finance;~~

36 ~~(4)~~ Arkansas Legislative Audit; and

1 ~~(5)~~(4) Any other board or government entity charged with
2 authority over the Office of Internal Audit Section by executive order.

3 (e) Employees of the Office of Internal Audit Section shall:

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

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

10 (f)(1) All internal audit documentation, including notes, memoranda,
11 preliminary drafts of audit reports, and other data gathered in the
12 preparation of internal audit reports by the Office of Internal Audit
13 Section, privileged and confidential and are exempt from are exempt from
14 disclosure under the Freedom of Information Act of 1967, § 25-19-101 et seq.,
15 and any other law of the State of Arkansas, except as provided in subdivision
16 (f)(2) of this section.

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

- 20 (i) The Chief Fiscal Officer of the State;
- 21 (ii) The Governor or the Governor's designee;
- 22 (iii) ~~The State Board of Finance;~~
- 23 ~~(iv)~~ Arkansas Legislative Audit; or
- 24 ~~(v)~~(iv) Any other board or government entity charged
25 with authority over the Office of 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~~ records specifically exempt from disclosure under the
29 Freedom of Information Act of 1967, § 25-19-101 et seq., or other law.

30 (g)(1) The Office of Internal Audit Section shall conduct an annual
31 project review and efficiency study of the Arkansas Department of
32 Transportation to include without limitation a review of the processes,
33 procedures, procurement processes, projects, appeals procedures and
34 expenditures.

35 (2) The results a study under this section shall be reported to
36 the Legislative Council no later than October 1 of each year, with the first

1 report to be submitted by October 1, 2021.

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