

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 286** HLS 15RS 436
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 9, 2015	3:48 PM	Author: PEARSON
Dept./Agy.:		Analyst: Travis McIlwain
Subject: Internal Audit Function		

AUDITS/AUDITING EN SEE FISC NOTE GF EX See Note Page 1 of 1
 Requires an internal auditing function in state departments

Proposed bill requires an internal auditing function for post secondary education, elected officials, and executive branch departments with an appropriation of \$30 million or more. Proposed law provides for the chief audit executive to adhere to the Institute of Internal Auditors, International Standards for the Professional Practice of Internal Auditing. Proposed law provides for the chief audit executive to annually certify that the internal audit function conforms to the Institute of Internal Auditors, International Standards for the Professional Practice of Internal Auditing.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated significant direct material effect on governmental expenditures as a result of this measure. Preamble language provided within Act 15 of 2014 (HB 1, FY 15), Section 8(C) requires that "the budget request of any agency with an appropriation level of thirty million dollars or more shall include, within its existing table of organization, positions which perform the function of internal auditing." Thus, the executive branch agencies impacted by this legislation should have already implemented the requirements of this proposed bill.

To the extent the current audit function within the impacted state agencies do not adhere to the specific audit standards listed within the proposed legislation, state agencies may require additional resources to meet the necessary quality control review standards (Institute of Internal Auditors, International Standards of the Professional Practice of Internal Auditing).

In addition, this bill provides for the Legislative Audit Advisory Council to have hearings if the auditor finds that a state agency does not have an effective internal audit function. It is anticipated that the Legislative Audit Advisory Council hearings will be held on a day in which other legislative meetings are scheduled. However, to the extent the required meeting cannot be scheduled during a time when other committees are conducting hearings, members of the Audit Advisory Council will be eligible for the legislative per diem of \$150 plus the mileage reimbursement, which is currently \$0.58/mile.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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| Senate | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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