

By: Hochberg

H.B. No. 2485

Substitute the following for H.B. No. 2485:

By: Madden

C.S.H.B. No. 2485

A BILL TO BE ENTITLED

AN ACT

relating to internal auditing of state agencies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2102.004, Government Code, is amended to read as follows:

Sec. 2102.004. APPLICABILITY. (a) Sections 2102.005-2102.012 apply only to a ~~[This chapter applies to each]~~ state agency that:

(1) has an annual operating budget that exceeds \$10 million;

(2) has more than 100 full-time equivalent employees as authorized by the General Appropriations Act; or

(3) receives and processes more than \$10 million in cash in a fiscal year.

(b) Sections 2102.013 and 2102.014 apply to each state agency that receives an appropriation and that is not described by Subsection (a).

SECTION 2. Chapter 2102, Government Code, is amended by adding Sections 2102.013 and 2102.014 to read as follows:

Sec. 2102.013. ANNUAL RISK ASSESSMENT; REPORT. (a) A state agency described by Section 2102.004(b) shall conduct each year a formal risk assessment consisting of an executive management review of agency functions, activities, and processes.

(b) The risk assessment must:

1 (1) evaluate the probability of occurrence and the
2 likely effect of financial, managerial, and compliance risks and of
3 risks related to the use of information technology; and

4 (2) rank risks according to the probability of
5 occurrence and likely effect of the risks evaluated.

6 (c) The state agency shall submit the written risk
7 assessment to the state auditor in the form and at the time
8 prescribed by the state auditor.

9 Sec. 2102.014. EVALUATION OF RISK ASSESSMENT REPORTS;
10 AUDITS. (a) The state auditor shall:

11 (1) evaluate each report submitted under Section
12 2102.013;

13 (2) identify agencies with significant financial,
14 managerial, or compliance risk or significant risk related to the
15 use of information technology; and

16 (3) recommend to the governor that the identified
17 agencies obtain an audit to address the significant risks
18 identified by the state auditor.

19 (b) The governor may order an agency identified under this
20 section to:

21 (1) obtain an audit under governmental auditing
22 standards;

23 (2) submit reports and corrective action plans as
24 prescribed by Section 2102.0091; and

25 (3) report to the state auditor the status of the
26 agency's implementation of audit recommendations in the form and
27 addressing issues as prescribed by the state auditor.

1 (c) The governor may provide funds to agencies as necessary
2 to pay the costs of audits ordered under this section from any funds
3 appropriated to the governor for this purpose.

4 SECTION 3. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2003.