

By: Hochberg (Senate Sponsor - Ratliff) H.B. No. 2485
(In the Senate - Received from the House May 5, 2003;
May 7, 2003, read first time and referred to Committee on
Government Organization; May 24, 2003, reported adversely, with
favorable Committee Substitute by the following vote: Yeas 5, Nays
0; May 24, 2003, sent to printer.)

COMMITTEE SUBSTITUTE FOR H.B. No. 2485 By: Armbrister

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

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

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

Sec. 2102.014. EVALUATION OF RISK ASSESSMENT REPORTS;
AUDITS. (a) Based on risk assessment and subject to the
legislative audit committee's approval of including the work
described by this subsection in the audit plan under Section
321.013(c), the state auditor shall:

(1) evaluate each report submitted under Section
2102.013;

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

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

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

(1) obtain an audit under governmental auditing
standards;

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

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

(c) The governor may provide funds to agencies as necessary

2-1 to pay the costs of audits ordered under this section from any funds
2-2 appropriated to the governor for this purpose.

2-3 SECTION 3. This Act takes effect immediately if it receives
2-4 a vote of two-thirds of all the members elected to each house, as
2-5 provided by Section 39, Article III, Texas Constitution. If this
2-6 Act does not receive the vote necessary for immediate effect, this
2-7 Act takes effect September 1, 2003.

2-8 * * * * *