

By: Shapiro

S.B. No. 1694

A BILL TO BE ENTITLED

AN ACT

relating to state agency internal auditing.

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

SECTION 1. Section 2102.002, Government Code, is amended to read as follows:

Sec. 2102.002. PURPOSE.

The purpose of this chapter is to establish guidelines for a program of internal auditing to assist agency administrators and governing boards by furnishing independent analyses, appraisals, and recommendations about the adequacy and effectiveness of a state agency's systems of internal control policies and procedures and the quality of performance in carrying out assigned responsibilities. Internal auditing is defined as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

SECTION 2. Subsection (a), Section 2102.007, Government Code, is amended to read as follows:

Sec. 2102.003. DEFINITIONS. In this chapter:

(1) "Administrator" means the executive head of a state agency.

(2) "Assurance Services" means an examination of

1 evidence for the purpose of providing an independent assessment on  
2 risk management, control, or governance processes for the  
3 organization. Assurance services include audits as defined in this  
4 section.

5 (3) [~~2~~] "Audit" means:

6 (A) a financial audit described by Section  
7 321.0131;

8 (B) a compliance audit described by Section  
9 321.0132;

10 (C) an economy and efficiency audit described by  
11 Section 321.0133;

12 (D) an effectiveness audit described by Section  
13 321.0134; or

14 (E) an investigation described by Section  
15 321.0136.

16 (4) "Consulting services" mean advisory and related  
17 client service activities, the nature and scope of which are agreed  
18 upon with the client and are intended to add value and improve an  
19 organization's operations. Examples include counsel, advice,  
20 facilitation, and training.

21 (5) [~~3~~] "State agency" means a department, board,  
22 bureau, institution, commission, or other agency in the executive  
23 branch of state government.

24 SECTION 3. Section 2102.006, Government Code, is amended by  
25 adding Subsection (d) to read as follows:

26 (d) The governing board of a state agency, or the  
27 administrator of a state agency if the state agency does not have a

1 governing board, shall periodically review the resources dedicated  
2 to the internal audit program and determine if adequate resources  
3 exist to ensure risks identified in the annual risk assessment are  
4 adequately covered within a reasonable time frame.

5 SECTION 4. Section 2102.011, Government Code, is amended to  
6 read as follows:

7 Sec. 2102.011. INTERNAL AUDIT STANDARDS.

8 The internal audit program shall conform to the Standards for  
9 the Professional Practice of Internal Auditing, ~~generally accepted~~  
10 ~~governmental auditing standards,~~ and the Certified Internal  
11 Auditor Code of Professional Ethics contained in the Professional  
12 Practices Framework as promulgated by, ~~and the Statement of~~  
13 ~~Responsibilities of Internal Auditing of~~ the Institute of Internal  
14 Auditors, and generally accepted government auditing standards.

15 SECTION 5. This Act takes effect September 1, 2003.

16 SECTION 6. The importance of this legislation and the  
17 crowded condition of the calendars in both houses creates an  
18 emergency and an imperative public necessity that the  
19 constitutional rule requiring bills to read on three several days  
20 in each house be suspended, and this rule is hereby suspended.