

2015 Regular Session

HOUSE BILL NO. 286

BY REPRESENTATIVES PEARSON, STUART BISHOP, GEYMANN, HARRIS,  
HARRISON, HENSGENS, HAVARD, HUVAL, JAY MORRIS, RICHARD,  
SCHRODER, AND TALBOT

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

AUDITS/AUDITING: Requires an internal auditing function in state departments

1 AN ACT

2 To enact R.S. 17:3023(B), 3138.5, and 3351(H), R.S. 24:553(D), and R.S. 36:8.2, relative

3 to internal auditing functions in state government; to require an internal auditing

4 function in the Board of Regents, the Louisiana Student Financial Assistance

5 Commission, postsecondary education management boards and certain state

6 departments; to provide for definitions; to provide for duties of the Legislative Audit

7 Advisory Council; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 17:3023(B), 3138.5, and 3351(H) are hereby enacted to read as

10 follows:

11 §3023. Powers and duties

12 \* \* \*

13 B. In addition to any other powers and duties authorized by this Section for

14 the Louisiana Student Financial Assistance Commission, the commission shall

15 establish an internal audit function and shall establish an office of the chief audit

16 executive who shall be responsible for ensuring that the internal audit function

17 adheres to the Institute of Internal Auditors, International Standards for the

18 Professional Practice of Internal Auditing. The chief audit executive shall maintain

19 organizational independence in accordance with these standards and shall have direct

1 and unrestricted access to the commission. The chief audit executive shall annually  
2 certify to the commission that the internal audit function conforms to the Institute of  
3 Internal Auditors, International Standards for the Professional Practice of Internal  
4 Auditing.

5 \* \* \*

6 §3138.5. Internal auditing function of the Board of Regents

7 In addition to any other powers and duties authorized for the Board of  
8 Regents by this Chapter, the board shall establish an internal audit function and shall  
9 establish an office of the chief audit executive who shall be responsible for ensuring  
10 that the internal audit function adheres to the Institute of Internal Auditors,  
11 International Standards for the Professional Practice of Internal Auditing. The chief  
12 audit executive shall maintain organizational independence in accordance with these  
13 standards and shall have direct and unrestricted access to the board. The chief audit  
14 executive shall annually certify to the board that the internal audit function conforms  
15 to the Institute of Internal Auditors, International Standards for the Professional  
16 Practice of Internal Auditing.

17 \* \* \*

18 §3351. General powers, duties, and functions of postsecondary education  
19 management boards

20 \* \* \*

21 H. In addition to any other powers and duties authorized by this Section, any  
22 board with an appropriation in the general appropriation bill of thirty million dollars  
23 or more shall establish an internal audit function and shall establish an office of the  
24 chief audit executive who shall be responsible for ensuring that the internal audit  
25 function adheres to the Institute of Internal Auditors, International Standards for the  
26 Professional Practice of Internal Auditing. The chief audit executive shall maintain  
27 organizational independence in accordance with these standards and shall have direct  
28 and unrestricted access to the management board. The chief audit executive shall  
29 annually certify to the management board that the internal audit function conforms

1 to the Institute of Internal Auditors, International Standards for the Professional  
2 Practice of Internal Auditing.

3 Section 2. R.S. 24:553(D) is hereby enacted to read as follows:

4 §553. Duties

5 \* \* \*

6 D. If the legislative auditor finds that a state agency required by law to have  
7 an internal audit function does not have an effective internal audit function, including  
8 a finding that the agency is not adhering to the Institute of Internal Auditors,  
9 International Standards for the Professional Practice of Internal Auditing, the council  
10 shall hold a hearing on such finding.

11 Section 3. R.S. 36:8.2 is hereby enacted to read as follows:

12 §8.2. Internal auditing function

13 A. The secretary of a department that includes an agency that has an  
14 appropriation in the general appropriation bill or the ancillary appropriation bill of  
15 thirty million dollars or more shall establish an internal audit function and shall  
16 establish an office of the chief audit executive who shall be responsible for ensuring  
17 that the internal audit function adheres to the Institute of Internal Auditors,  
18 International Standards for the Professional Practice of Internal Auditing. The chief  
19 audit executive shall maintain organizational independence in accordance with these  
20 standards and shall have direct and unrestricted access to the secretary. The chief  
21 audit executive shall annually certify to the secretary that the internal audit function  
22 conforms to the Institute of Internal Auditors, International Standards for the  
23 Professional Practice of Internal Auditing.

24 B. For the purpose of this Section, "secretary" means the chief administrative  
25 officer of each department in the executive branch of state government, except  
26 "secretary" means the following in the case of the listed departments:

27 (a) For the Department of State Civil Service, the State Civil Service  
28 Commission through the director.

1           (b) For the Department of Agriculture and Forestry, the commissioner of  
2           agriculture and forestry.

3           (c) For the Department of Education, the state superintendent of education,  
4           except as otherwise provided in Title 17 of the Louisiana Revised Statutes of 1950  
5           relative to the internal audit function for the Louisiana Student Financial Assistance  
6           Commission, the Board of Regents, and the postsecondary education management  
7           boards and institutions and agencies under the authority of those agencies.

8           (d) For the Department of Insurance, the commissioner of insurance.

9           (e) For the Department of Justice, the attorney general.

10          (f) For the Department of Public Service, the Public Service Commission.

11          (g) For the Department of State, the secretary of state.

12          (h) For the Department of the Treasury, the state treasurer.

13          (i) For the Louisiana Workforce Commission, the executive director.

14          (j) For the office of the governor and all of the agencies transferred or placed  
15          within the office of the governor, the commissioner of administration.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 286 Engrossed

2015 Regular Session

Pearson

**Abstract:** Requires an internal audit function for postsecondary education and departments in the executive branch of state government with an appropriation of \$30 million or more.

Proposed law requires the Board of Regents, the La. Student Financial Assistance Commission, each postsecondary education management board, and the secretary, as defined in proposed law, of each department in the executive branch of state government with an appropriation of \$30 million or more to establish an internal audit function and to establish an office of the chief audit executive who shall be responsible for ensuring that the internal audit function adheres to the Institute of Internal Auditors, International Standards for the Professional Practice of Internal Auditing. Requires the chief audit executive to maintain organizational independence in accordance with these standards and to have direct and unrestricted access to the secretary (or to the appropriate entity specified in proposed law with regard to postsecondary education agencies and institutions). Requires the chief audit executive to annually certify to the secretary or other specified, appropriate entity that the internal audit function conforms to the Institute of Internal Auditors, International Standards for the Professional Practice of Internal Auditing.

Proposed law further requires the Legislative Audit Advisory Council to hold a hearing if the legislative auditor finds that a state agency required to have an internal audit function does not have an effective internal audit function, including that the agency is not adhering to the Institute of Internal Auditors, International Standards for the Professional Practice of Internal Auditing.

(Adds R.S. 17:3023(B), 3138.5, and 3351(H), R.S. 24:553(D), and R.S. 36:8.2)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on House and Governmental Affairs to the original bill:

1. Require the chief audit executive to maintain organizational independence in accordance with the specified internal audit standards and to have direct, unrestricted access to the specified agency head.
2. Require that the secretary rather than the undersecretary of the department establish an internal audit function, provide what "secretary" means in the case of specific departments, and remove the proposed deletion of a duty of the secretary of the Dept. of Environmental Quality relative to internal audits.
3. Require the Legislative Audit Advisory Council to hold a hearing if the legislative auditor finds that a state agency required to have an internal audit function does not have an effective internal audit function, including adherence to the specified standards.