

SENATE BILL 1741

By Yager

AN ACT to amend Tennessee Code Annotated, Title 4;
Title 8 and Title 9, relative to internal audit function
of executive branch agencies.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 4, Chapter 4, Part 1, is amended by
adding the following language as a new section:

(a) The governor shall appoint an executive internal auditor, who shall serve at
the pleasure of the governor.

(b)

(1) The executive internal auditor shall:

(A) Develop comprehensive internal audit standards for executive
branch agencies, which shall be consistent with:

(i) The Standards for Internal Control in the Federal
Government issued by the United States government
accountability office, referred to as the "Green Book" as amended,
revised, or modified; and

(ii) The revised International Standards for the
Professional Practice of Internal Auditing issued by the Institute of
Internal Auditors as amended, revised, or modified;

(B) Provide best practices training for internal audit staff on
internal audit standards, internal controls, and enterprise risk
management;

(C) Provide peer review for internal audit staff within executive branch agencies consistent with standards set by the Institute of Internal Auditors;

(D) Review and approve internal audit plans for executive branch agencies; and

(E) Coordinate internal auditors on statewide issues.

(2) The executive internal auditor may exercise jurisdiction and control over the internal audit staff and the internal audit function of any executive branch agency.

(c) After July 1, 2016, the management and operations for the internal audit function of each executive branch agency shall be established in accordance with this section.

(d) If the executive internal auditor assumes jurisdiction and control over the internal audit function of an executive branch agency, then the agency's internal audit staff shall report to and serve at the pleasure of the executive internal auditor.

(e) If the executive internal auditor does not assume jurisdiction and control over the internal audit function of an executive branch agency, then the agency's internal audit staff shall report to and serve at the pleasure of the commissioner. The executive internal auditor shall participate in all evaluations of internal audit staff under the jurisdiction and control of a commissioner.

(f) If an individual serves simultaneously as the commissioner of an agency and the executive internal auditor, then the internal audit staff within the commissioner's agency shall report to and serve at the pleasure of the commissioner. The governor or the governor's designee shall participate in all evaluations of internal audit staff under the jurisdiction and control of an individual serving in both capacities.

(g) A commissioner shall not terminate any person serving as internal audit staff in an executive branch agency without the approval of the executive internal auditor. A

commissioner serving simultaneously as the executive internal auditor shall not terminate any person serving as internal audit staff within the commissioner's agency without the approval of the governor or the governor's designee.

(h) The governor shall utilize existing executive branch resources and personnel in the implementation of this section. The governor is authorized to effectuate the purposes of this section in accordance with § 4-4-102.

(i) The commissioner of finance and administration is authorized, within existing resources, to develop cost allocation procedures and interagency billing for services associated with the implementation of this section.

(j) Nothing in this section shall expand or diminish the authority of the comptroller of the treasury or the offices of the comptroller of the treasury.

(k) As used in this section, unless the context otherwise requires:

(1) "Commissioner" means the chief executive officer of an agency;

(2) "Executive branch agency" or "agency":

(A) Means any unit organization of the executive branch of state government; and

(B) Does not include the political subdivisions of the state, institutions under the control of the University of Tennessee or the Tennessee board of regents, the judicial branch, or the legislative branch; and

(3) "Internal audit staff" includes the internal auditors of each executive branch agency, including internal audit directors, and any applicable agency position involved in the internal audit function of an agency.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.