

LEGISLATIVE AUDIT

Enabling Laws

Act 198 of 2012
A.C.A. §10-3-401 et seq.
A.C.A. §10-4-401 et seq.

History and Organization

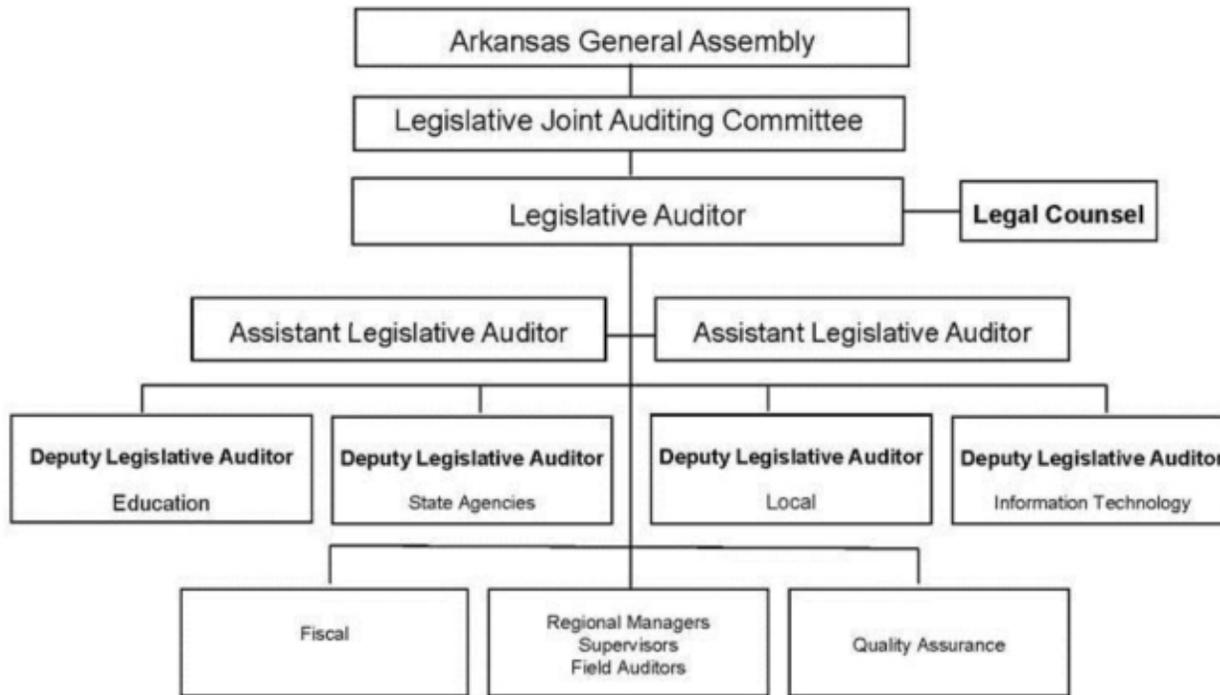
The Legislative Joint Auditing Committee and the Division of Legislative Audit were created by Acts 41 and 268 of 1953. These acts were subsequently repealed, and the Committee and Division were recreated under Act 105 of 1955. Act 2201 of 2005 amended certain provisions of Ark. Code Ann. §§ 10-3-401 - 10-3-424 regarding the Legislative Joint Auditing Committee, repealed Ark. Code Ann. §§ 10-4-101 - 10-4-119, and established revised enabling legislation for the Division of Legislative Audit at Ark. Code Ann. §§ 10-4-401 - 10-4-427.

The Legislative Joint Auditing Committee consists of up to 44 voting members: 20 from the House of Representatives, 16 from the Senate, and 8 ex-officio members.

The Division of Legislative Audit strives to serve the citizens of Arkansas by encouraging sound management, continuous improved performance, and accountability for all governmental entities. The Division serves the General Assembly by providing impartial auditing of various entities and political subdivisions of the state, independent of the executive branch of state government. The Division provides information that improves public accountability and assists those who oversee public funds in decision-making processes. The Division's goal is to effectively and efficiently communicate audit and review results to both government officials and the citizens of Arkansas, thereby promoting accountability, fiscal integrity, and professionalism.

As prescribed by the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board, the United States Government Accountability Office, and other authoritative bodies, the Division's audits provide independent, impartial, and timely reporting of Arkansas's various governmental financial activities.

Under the direction of the Legislative Joint Auditing Committee and the Legislative Auditor, Division staff conduct all engagements in a nonpartisan, unbiased manner. The Division establishes an objective basis for its findings, conclusions, and recommendations, which are derived solely from reliable evidence. To provide this basis, Division staff strictly adhere to the standards of the auditing profession, striving to exhibit the highest level of ethics, integrity, independence, objectivity, and professionalism.



Agency Commentary

The Legislative Joint Auditing Committee, through the Division of Legislative Audit, is responsible for the independent auditing of entities and political subdivisions of the State. The Division performs audits of the State's financial statements (Comprehensive Annual Financial Report) and federal programs (Statewide Single Audit), as well as audits and internal control and compliance assessments of individual state agencies. In addition, the Division audits the financial statements of counties, offices of prosecuting attorneys, municipalities, school districts, and institutions of higher education. During routine audit procedures, misappropriation of public funds is often discovered. Investigations of these instances are coordinated with the respective prosecuting attorneys and appropriate law enforcement officials, reported to the Legislative Joint Auditing Committee and the entity's governing body, and formally referred to the prosecuting attorney as required by law. Through performance audits and special reports, the Division provides information of interest to the members of the General Assembly. The Division also performs audits of computer systems of applicable governmental entities in coordination with the financial and performance audits. All work is performed in accordance with applicable professional standards.

Funding for Division operations originates from a combination of sources, including the State Central Services Fund (HSC), ad valorem tax distribution, reimbursements from agencies for the costs of performing federal compliance audits, reimbursements from the Arkansas Scholarship Lottery for observing daily drawings and conducting its annual audit, and reimbursements for the costs of investigative reports and services. The Division is appropriated 290 positions in fiscal year 2013.

The Division's budget request does not ask for additional positions or salary adjustments over the levels established for fiscal year 2013. The budget request does include the following:

- Reclassifications of 19 positions to more accurately describe and reflect the responsibilities of the respective positions; these reclassifications have a revenue neutral effect.
- A downgrade of one position from Grade N917 to N907 and an upgrade of two positions from Grade C124 to C130; the net effect of these changes is revenue neutral.
- Replacement of computers used by audit staff to ensure that dependable tools are available to perform audits. These computers have a life of three years.
- Replacement of broken and obsolete computer network servers and related components.

The Capital Outlay portion of the budget request totals \$355,000 and \$200,000 for fiscal years 2014 and 2015, respectively.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
THE DIVISION OF LEGISLATIVE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010

Findings

Recommendations

The Division of Legislative Audit does not perform an audit for this Agency.

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	117	145	262	96 %
Black Employees	2	4	6	2 %
Other Racial Minorities	4	1	5	2 %
Total Minorities			11	4 %
Total Employees			273	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Audit Reports	A.C.A. §10-4-403	N	Y	1,000	All our publications are audit reports and related matters required by law. Number of copies published and distributed varies between fiscal years. Engagement reports contain multiple copies issued.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
290	270	20	290	0	6.90 %	290	276	14	290	0	4.83 %	290	275	15	290	0	5.17 %

Appropriation Summary

Appropriation: 095 - Legislative Audit - Operations

Funding Sources: HSC - State Central Services

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	21,869,507	27,395,544	27,395,544	26,601,653	27,395,544	0	26,606,653	27,395,544	0
	#Positions	287	290	290	290	290	0	290	290	0
Personal Services Matching	5010003	5,802,726	7,300,236	6,972,288	7,232,480	7,408,305	0	7,241,386	7,416,374	0
Operating Expenses	5020002	2,094,410	3,513,400	3,513,400	3,513,400	3,464,400	0	3,513,400	3,914,400	0
Conference & Travel Expenses	5050009	190,143	340,500	340,500	340,500	343,000	0	340,500	343,000	0
Professional Fees	5060010	233,519	1,017,700	1,017,700	1,017,700	760,000	0	1,017,700	760,000	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	329,361	160,000	160,000	0	355,000	0	0	200,000	0
Total		30,519,666	39,727,380	39,399,432	38,705,733	39,726,249	0	38,719,639	40,029,318	0

Funding Sources										
State Central Services	4000035	12,345,779	24,442,380		23,420,733	24,441,249	0	23,434,639	24,744,318	0
Ad Valorem Tax	4000060	14,528,227	14,000,000		14,000,000	14,000,000	0	14,000,000	14,000,000	0
Federal Audit Reimbursement	4000242	3,352,120	1,000,000		1,000,000	1,000,000	0	1,000,000	1,000,000	0
Fees	4000245	279,854	285,000		285,000	285,000	0	285,000	285,000	0
M & R Sales	4000340	13,686	0		0	0	0	0	0	0
Total Funding		30,519,666	39,727,380		38,705,733	39,726,249	0	38,719,639	40,029,318	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		30,519,666	39,727,380		38,705,733	39,726,249	0	38,719,639	40,029,318	0

No Executive Recommendation made on this appropriation.

Change Level by Appropriation

Appropriation: 095 - Legislative Audit - Operations
Funding Sources: HSC - State Central Services

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	38,705,733	290	38,705,733	100.0	38,719,639	290	38,719,639	100.0
C01	Existing Program	1,536,061	0	40,241,794	104.0	1,824,962	0	40,544,601	104.7
C03	Discontinue Program	(450,783)	0	39,791,011	102.8	(450,565)	0	40,094,036	103.5
C04	Reallocation	0	0	39,791,011	102.8	0	0	40,094,036	103.5
C10	Reclass	(64,762)	0	39,726,249	102.6	(64,718)	0	40,029,318	103.4