

LEGISLATIVE AUDIT

Enabling Laws

Act 249 of 2010

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 These acts were subsequently repealed, and the Committee and Division were recreated under Act 105 of 1955.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of 2005 amended certain provisions of A.C.A. §§ 10-3-401 - 10-3-424 regarding the Legislative Joint Auditing Committee, repealed A.C.A. §§ 10-4-101 - 10-4-119, and established revised enabling legislation for the Division of Legislative Audit at A.C.A. §§ 10-4-401 - 10-4-427.

The Legislative Joint Auditing Committee consists of up to forty-four (44) voting members: twenty (20) from the House of Representatives, sixteen (16) from the Senate, and eight (8) Ex Officio members.

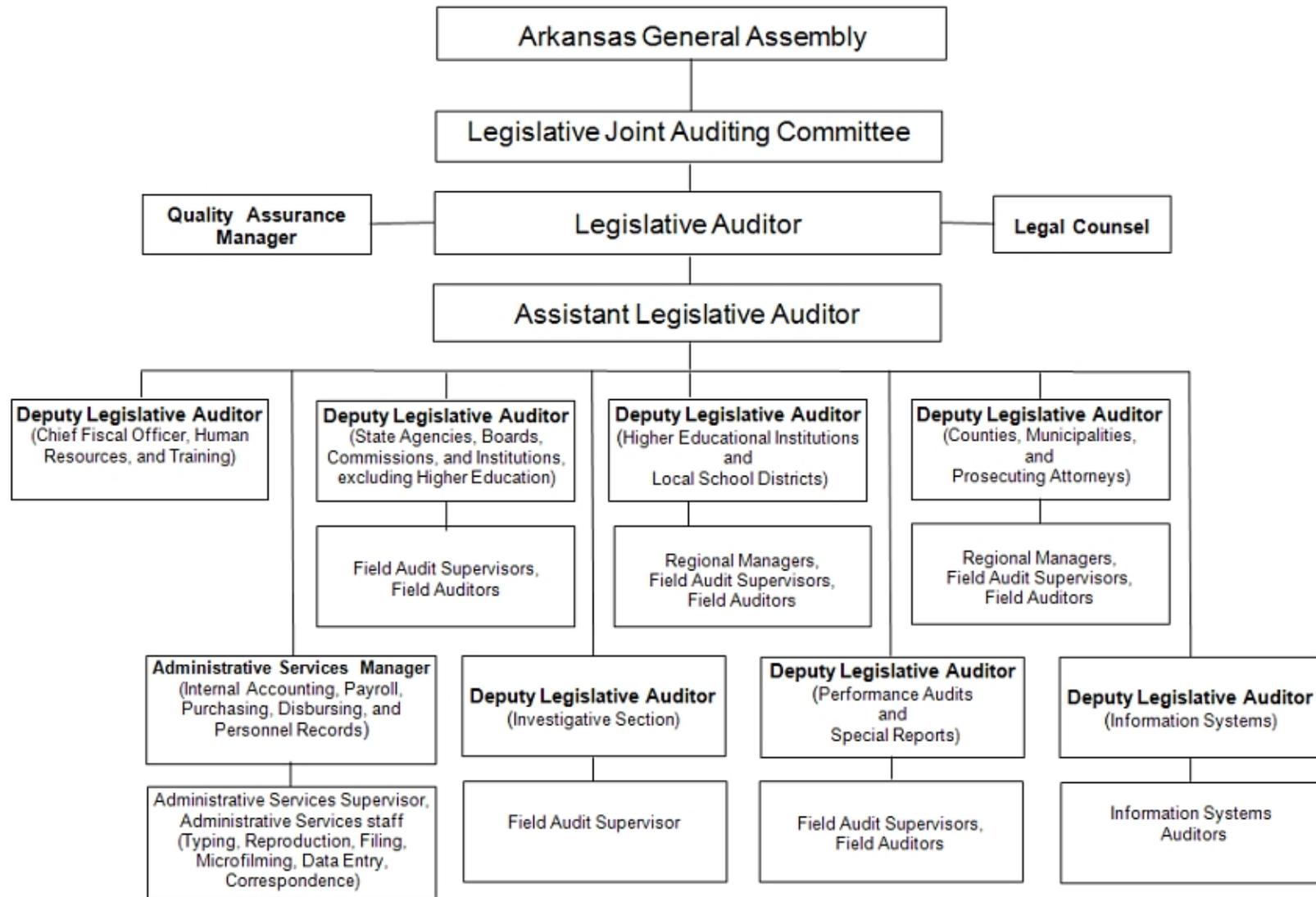
The Division of Legislative Audit strives to serve the citizens of Arkansas by encouraging sound management, continuous improved performance, and accountability for all governmental entities. The Division serves the General Assembly as the proper agency to provide for the impartial auditing, independent of the executive branch of state government, of various entities of the state and political subdivisions of the state. The Division provides information that improves public accountability and assists in decision-making processes by those who oversee public funds. Our 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, our audits provide independent, impartial and timely reporting of Arkansas' various governmental financial activities.

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

Legislative Joint Auditing Committee

Division of Legislative Audit



Agency Commentary

The Legislative Joint Auditing Committee, through the Division of Legislative Audit, is responsible for the independent auditing of state entities and political subdivisions of the state. The Division performs the audit of the state's financial statements (Comprehensive Annual Financial Report) and the state's federal programs (Statewide Single Audit), as well as audits and internal control and compliance assessments of individual state agencies. In addition, the Division conducts audits of the financial statements of counties, prosecuting attorneys, municipalities, school districts, and institutions of higher education. During the performance of routine audit procedures misappropriation of public funds is often discovered. These instances are investigated in coordination with the respective prosecuting attorney 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 the operations of the Division consists of a combination of sources, including the State Central Services Fund (HSC), ad valorem tax distribution, reimbursements from agencies for the costs of performing the federal compliance audits, reimbursements from the Arkansas Lottery Commission for observing daily drawings and for the annual audit of the agency, and reimbursements for the costs of investigative reports and services. The Division is appropriated 290 positions in Fiscal Year 2011.

The Division's budget request includes no request for additional positions or salary adjustments over the levels established for Fiscal Year 2011. The request also includes the following:

- Deletion of the line item for Data Processing totaling \$75,000 that has not been used in recent years;
- Replacement of computers used by the audit staff to assure that they have dependable tools to perform their audits. These computers have a life of 3 years.
- Replacement of broken and obsolete computer network servers and related components; and
- Purchase of software to permit our audit staff to perform audits without printing the working papers. The electronic audit process will improve the efficiency of performing the audits and will eliminate the storage problem related to retaining working papers for the required 5 years after issuance of the audit reports.

The Capital Outlay portion of the budget request totals \$800,000 and \$160,000 for Fiscal Years 2012 and 2013, respectively.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 THE DIVISION OF LEGISLATIVE AUDIT
 FOR THE YEAR ENDED JUNE 30, 2009

Findings

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

Recommendations

Employment Summary

	Male	Female	Total	%
White Employees	123	139	262	96 %
Black Employees	2	3	5	2 %
Other Racial Minorities	5	0	5	2 %
Total Minorities			10	4 %
Total Employees			272	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

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
263	255	7	262	1	3.04 %	280	267	13	280	0	4.64 %	290	270	20	290	0	6.90 %

Appropriation Summary

Appropriation: 095 - Legislative Audit - Operations

Funding Sources: HSC - State Central Services

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	20,574,871	21,851,046	25,964,280	21,858,731	25,964,280	0	21,858,731	25,964,280	0
#Positions		278	290	290	290	290	0	290	290	0
Personal Services Matching	5010003	4,899,463	5,546,531	6,368,513	5,891,962	6,720,052	0	5,891,962	6,720,052	0
Operating Expenses	5020002	2,082,274	3,259,995	3,259,995	3,259,995	3,636,900	0	3,259,995	3,513,400	0
Conference & Travel Expenses	5050009	201,128	326,227	326,227	326,227	328,500	0	326,227	340,500	0
Professional Fees	5060010	158,968	1,017,700	1,017,700	1,017,700	1,017,700	0	1,017,700	1,017,700	0
Data Processing	5090012	0	75,000	75,000	75,000	0	0	75,000	0	0
Capital Outlay	5120011	81,479	250,000	250,000	0	800,000	0	0	160,000	0
Total		27,998,183	32,326,499	37,261,715	32,429,615	38,467,432	0	32,429,615	37,715,932	0
Funding Sources										
State Central Services	4000035	11,181,462	17,026,499		17,129,615	23,167,432	0	17,129,615	22,415,932	0
Ad Valorem Tax	4000060	15,160,361	14,000,000		14,000,000	14,000,000	0	14,000,000	14,000,000	0
Federal Audit Reimbursement	4000242	1,610,280	1,200,000		1,200,000	1,200,000	0	1,200,000	1,200,000	0
Fees	4000245	46,080	100,000		100,000	100,000	0	100,000	100,000	0
Total Funding		27,998,183	32,326,499		32,429,615	38,467,432	0	32,429,615	37,715,932	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		27,998,183	32,326,499		32,429,615	38,467,432	0	32,429,615	37,715,932	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		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	32,429,615	290	32,429,615	100.0	32,429,615	290	32,429,615	100.0
C01	Existing Program	6,037,817	0	38,467,432	118.6	5,286,317	0	37,715,932	116.3
C04	Reallocation	0	0	38,467,432	118.6	0	0	37,715,932	116.3