

LEGISLATIVE AUDIT

Enabling Laws

Act 125 of 2014

A.C.A. §10-3-401 et seq.

A.C.A. §10-4-401 et seq.

History and Organization

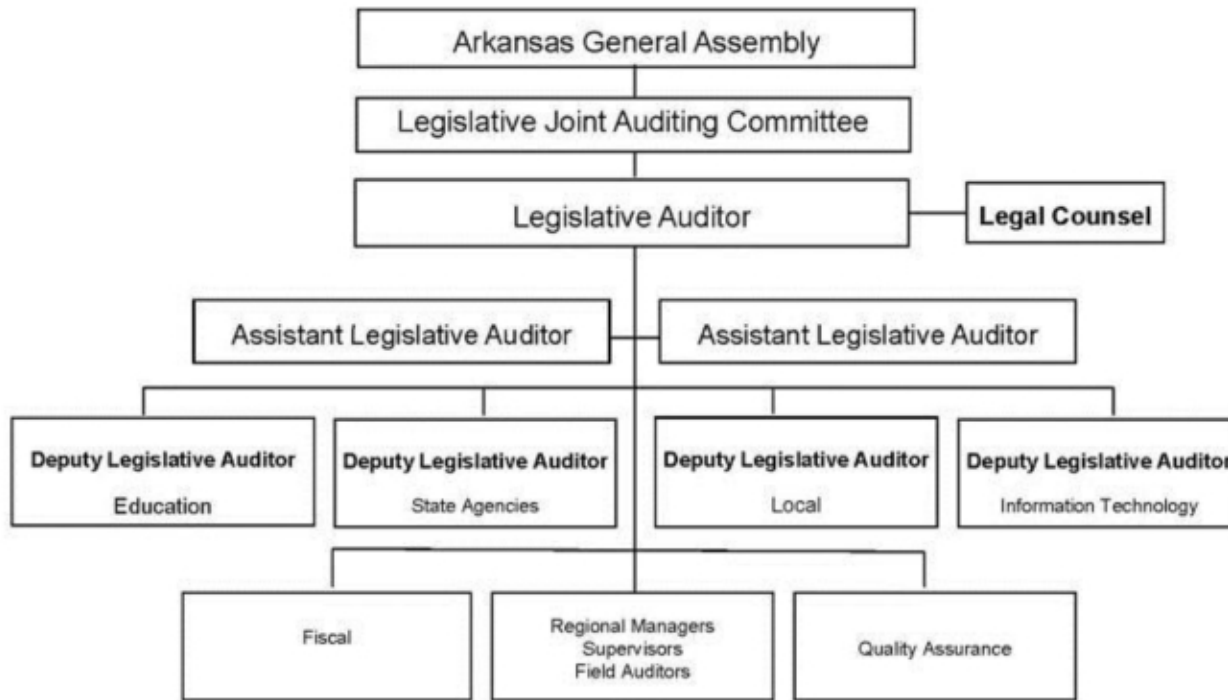
The Legislative Joint Auditing Committee and the Division of Legislative Audit were created by Acts 41 and 268 of 1953. These acts were subsequently repealed, and the Committee and Division were recreated under Act 105 of 1955. Act 2201 of 2005 amended certain provisions of Ark. Code Ann. §§ 10-3-401 - 10-3-424 regarding the Legislative Joint Auditing Committee, repealed Ark.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 2015.

The Division's budget request does not ask for additional positions over fiscal year 2015. The budget request does include the following:

- Reclassification of two positions due to additional needs of the division.
- Replacement of computers used by audit staff to ensure that dependable tools are available to perform audits.
- Replacement of broken and obsolete computer network servers and related components.

The Capital Outlay portion of the budget request \$200,000 for each fiscal year.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
THE DIVISION OF LEGISLATIVE AUDIT

Findings

Recommendations

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

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	122	138	260	95 %
Black Employees	2	5	7	3 %
Other Racial Minorities	4	2	6	2 %
Total Minorities			13	5 %
Total Employees			273	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		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.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
095 Legislative Audit - Operations	31,873,561	288	40,419,203	290	40,419,203	290	40,410,470	290	40,712,670	290	0	0	40,413,072	290	40,715,272	290	0	0
NOT REQUESTED FOR THE BIENNIUM																		
F92 FY14 South Leg Conf	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	31,973,561	288	40,419,203	290	40,419,203	290	40,410,470	290	40,712,670	290	0	0	40,413,072	290	40,715,272	290	0	0

Funding Sources		%		%		%		%		%		%		%		%
State Central Services 4000035	16,371,845	51.2	25,134,203	62.2	24,125,470	59.7	24,427,670	60.0	0	0.0	24,128,072	59.7	24,430,272	60.0	0	0.0
Ad Valorem Tax 4000060	12,535,683	39.2	14,000,000	34.6	15,000,000	37.1	15,000,000	36.8	0	0.0	15,000,000	37.1	15,000,000	36.8	0	0.0
Federal Audit Reimbursement 4000242	961,640	3.0	285,000	0.7	285,000	0.7	285,000	0.7	0	0.0	285,000	0.7	285,000	0.7	0	0.0
Fees 4000245	2,087,860	6.5	1,000,000	2.5	1,000,000	2.5	1,000,000	2.5	0	0.0	1,000,000	2.5	1,000,000	2.5	0	0.0
M & R Sales 4000340	16,533	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds	31,973,561	100.0	40,419,203	100.0	40,410,470	100.0	40,712,670	100.0	0	0.0	40,413,072	100.0	40,715,272	100.0	0	0.0
Excess Appropriation/(Funding)	0		0		0		0		0		0		0		0	
Grand Total	31,973,561		40,419,203		40,410,470		40,712,670		0		40,413,072		40,715,272		0	

No Executive Recommendations on these appropriations.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	275	15	290	0	5.17 %	290	278	12	290	0	4.14 %	290	274	16	290	0	5.52 %

Appropriation Summary

Appropriation: 095 - Legislative Audit - Operations

Funding Sources: HSC - State Central Services

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	22,613,085	27,717,849	27,717,849	27,717,849	27,801,209	0	27,717,849	27,801,209	0
#Positions		288	290	290	290	290	0	290	290	0
Personal Services Matching	5010003	6,510,618	7,483,954	7,483,954	7,675,221	7,694,061	0	7,677,823	7,696,663	0
Operating Expenses	5020002	2,432,567	3,914,400	3,914,400	3,914,400	3,914,400	0	3,914,400	3,914,400	0
Conference & Travel Expenses	5050009	84,784	343,000	343,000	343,000	343,000	0	343,000	343,000	0
Professional Fees	5060010	181,254	760,000	760,000	760,000	760,000	0	760,000	760,000	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	51,253	200,000	200,000	0	200,000	0	0	200,000	0
Total		31,873,561	40,419,203	40,419,203	40,410,470	40,712,670	0	40,413,072	40,715,272	0

Funding Sources										
State Central Services	4000035	16,271,845	25,134,203		24,125,470	24,427,670	0	24,128,072	24,430,272	0
Ad Valorem Tax	4000060	12,535,683	14,000,000		15,000,000	15,000,000	0	15,000,000	15,000,000	0
Federal Audit Reimbursement	4000242	961,640	285,000		285,000	285,000	0	285,000	285,000	0
Fees	4000245	2,087,860	1,000,000		1,000,000	1,000,000	0	1,000,000	1,000,000	0
M & R Sales	4000340	16,533	0		0	0	0	0	0	0
Total Funding		31,873,561	40,419,203		40,410,470	40,712,670	0	40,413,072	40,715,272	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		31,873,561	40,419,203		40,410,470	40,712,670	0	40,413,072	40,715,272	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		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	40,410,470	290	40,410,470	100.0	40,413,072	290	40,413,072	100.0
C01	Existing Program	208,200	0	40,618,670	100.5	208,200	0	40,621,272	100.5
C10	Reclass	94,000	0	40,712,670	100.7	94,000	0	40,715,272	100.7

Appropriation Summary

Appropriation: F92 - FY14 South Leg Conf

Funding Sources: HSC - State Central Services

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Various Expenses 5900046	100,000	0	0	0	0	0	0	0	0
Total	100,000	0	0	0	0	0	0	0	0
Funding Sources									
State Central Services 4000035	100,000	0		0	0	0	0	0	0
Total Funding	100,000	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	100,000	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM.