

ARKANSAS LEGISLATIVE AUDIT

Enabling Laws

Act 160 of 2016
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 These acts were subsequently repealed, and the Committee and Division were recreated under Act 105 of 1955.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 §§ 10-3-401 - 10-3-424 regarding the Legislative Joint Auditing Committee, repealed Ark.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. Act 554 of 2015 changed the agency's name to "Arkansas Legislative Audit" and otherwise amended the 2005 enabling legislation.

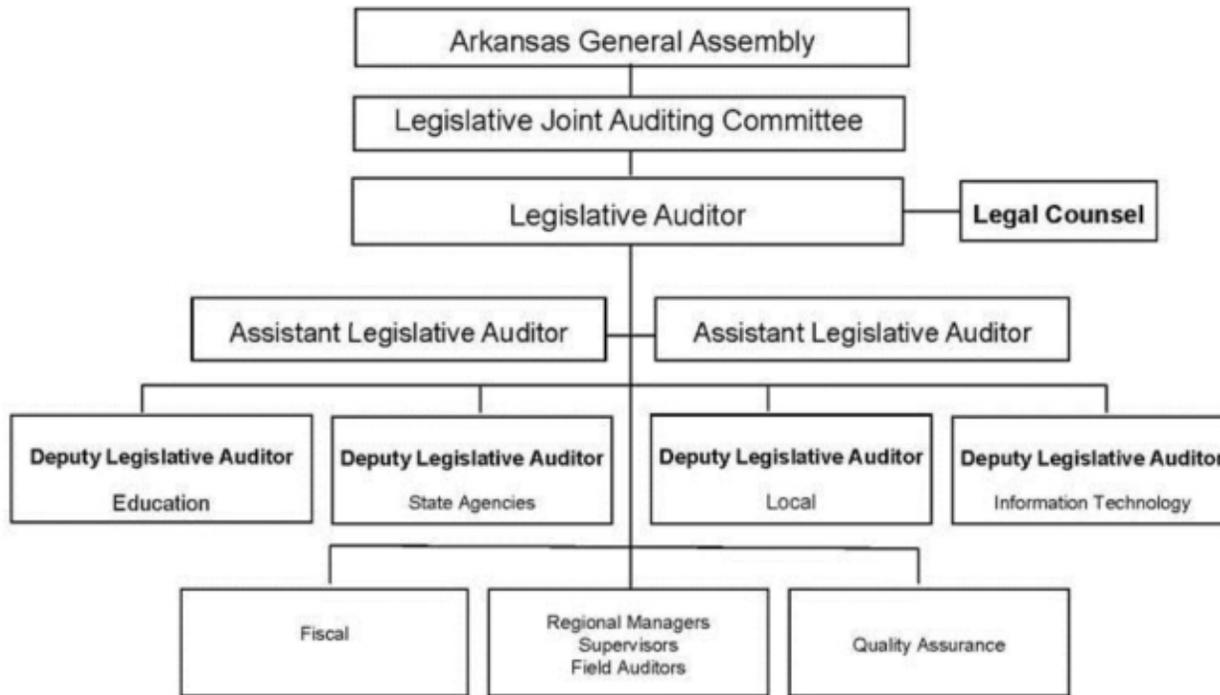
The Legislative Joint Auditing Committee consists of up to 44 voting members: 20 from the House of Representatives, 16 from the Senate, and 8 ex-officio members.

Arkansas Legislative Audit (ALA) strives to serve the citizens of Arkansas by encouraging sound management, continuous improved performance, and accountability for all governmental entities. ALA 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. ALA provides information that improves public accountability and assists those who oversee public funds in decision-making processes. ALA'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, ALA'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, ALA staff conduct all engagements in a nonpartisan, unbiased manner. ALA establishes an objective basis for its findings, conclusions, and recommendations, which are derived

solely from reliable evidence. To provide this basis, ALA 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 Arkansas Legislative Audit (ALA), is responsible for the independent auditing of entities and political subdivisions of the State. ALA 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, ALA 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 special reports, ALA provides information of interest to the members of the General Assembly. ALA also performs audits of computer systems of applicable governmental entities in coordination with the financial audit. All work is performed in accordance with applicable professional standards.

Funding for ALA 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 conducting its annual audit, and reimbursements for the costs of investigative reports and services. ALA is appropriated 292 positions in fiscal year 2017.

ALA's budget request does not ask for additional positions over fiscal year 2017. The budget request does include the following:

- Reclassification of five positions due to needs of the agency.
- 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 :
LEGISLATIVE AUDIT
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	125	140	265	94 %
Black Employees	2	8	10	4 %
Other Racial Minorities	4	2	6	2 %
Total Minorities			16	6 %
Total Employees			281	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

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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		
290	278	12	290	0	4.14 %	292	282	8	290	2	3.42 %	292	281	11	292	0	3.77 %

Appropriation Summary

Appropriation: 095 - Legislative Audit - Operations

Funding Sources: HSC - State Central Services

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	23,665,530	27,975,459	27,975,459	28,029,380	28,109,627	0	28,036,780	28,117,027	0
#Positions		282	292	292	292	292	0	292	292	0
Personal Services Matching	5010003	6,689,974	7,736,532	7,736,532	7,813,792	7,832,220	0	7,820,791	7,839,219	0
Operating Expenses	5020002	2,014,960	3,914,400	3,914,400	3,914,400	3,914,400	0	3,914,400	3,914,400	0
Conference & Travel Expenses	5050009	108,118	343,000	343,000	343,000	343,000	0	343,000	343,000	0
Professional Fees	5060010	61,989	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	196,489	200,000	200,000	0	200,000	0	0	200,000	0
Total		32,737,060	40,929,391	40,929,391	40,860,572	41,159,247	0	40,874,971	41,173,646	0

Funding Sources										
State Central Services	4000035	12,820,348	24,644,391		24,575,572	24,874,247	0	24,589,971	24,888,646	0
Ad Valorem Tax	4000060	18,189,969	15,000,000		15,000,000	15,000,000	0	15,000,000	15,000,000	0
Federal Audit Reimbursement	4000242	1,539,880	1,000,000		1,000,000	1,000,000	0	1,000,000	1,000,000	0
Fees	4000245	165,004	285,000		285,000	285,000	0	285,000	285,000	0
M & R Sales	4000340	21,859	0		0	0	0	0	0	0
Total Funding		32,737,060	40,929,391		40,860,572	41,159,247	0	40,874,971	41,173,646	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		32,737,060	40,929,391		40,860,572	41,159,247	0	40,874,971	41,173,646	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		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	40,860,572	292	40,860,572	100.0	40,874,971	292	40,874,971	100.0
C01	Existing Program	200,000	0	41,060,572	100.5	200,000	0	41,074,971	100.5
C10	Reclass	98,675	0	41,159,247	100.7	98,675	0	41,173,646	100.7