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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO THE GENERAL ASSEMBLY - AUDITOR GENERAL

Introduced By: Representatives Marshall, O'Brien, Ackerman, Costantino, and Serpa

Date Introduced: February 10, 2016

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 22-13-4 of the General Laws in Chapter 22-13 entitled "Auditor
2 General" is hereby amended to read as follows:

3 **22-13-4. Definitions -- Duties of auditor general -- Investigations by committee. --** (a)

4 The following words and phrases have the following meanings unless a different meaning is
5 required by the context:

6 (1) "Performance audit" means an examination of the effectiveness of administration and
7 its efficiency and adequacy in terms of the program of the state agency authorized by law to be
8 performed. The "performance audit" may also include a review of the agency in terms of
9 compliance with federal and state laws and executive orders relating to equal employment
10 opportunities and the set aside for minority businesses.

11 (2) "Political subdivision" means a separate agency or unit of local government created
12 or established by law and includes, but is not limited to, the following and the officers of the
13 following: authority, board, branch, bureau, city, commission, council, consolidated government,
14 county, department, district, institution, metropolitan government, municipality, office, officer,
15 public corporation, town, or village.

16 (3) "Post-audit" means an audit made at some point after the completion of a transaction
17 or a group of transactions.

18 (4) "State agency" means a separate agency or unit of state government created or
19 established by law and includes, but is not limited to, the following and the officers of the

1 following: authority, board, branch, bureau, commission, council, department, division,
2 institution, office, officer, or public corporation, as the case may be, except any agency or unit
3 within the legislative branch of state government.

4 (b) The auditor general shall make post-audits and performance audits of public records
5 and perform related duties as prescribed by the committee. He or she shall perform his or her
6 duties independently but under the general policies established by the committee.

7 (c) (1) The auditor general shall have the power and duty to make post-audits and
8 performance audits of the accounts and records of all state agencies, including the board of
9 governors for higher education and the board of regents for elementary and secondary education,
10 as defined in this section.

11 (2) The auditor general shall have the power, when requested by a majority of the
12 committee, to make post-audits and performance audits of accounts and records of any other
13 public body or political subdivision, or any association or corporation created or established by
14 any general or special law of the general assembly, or any person, association, or corporation to
15 which monies of the state have been appropriated by the general assembly. Nothing in the
16 subdivision shall be construed to apply to public utilities.

17 (3) The auditor general shall perform or have performed annually a complete post-audit
18 of the financial transactions and accounts of the state when approved by the chairperson of the
19 joint committee on legislative services.

20 (d) The committee may at any time, without regard to whether the legislature is then in
21 session or out of session, take under investigation any matter within the scope of an audit either
22 completed or then being conducted by the auditor general, and in connection with that
23 investigation may exercise the powers of subpoena vested by law in a standing committee of the
24 legislature.

25 (e) (1) The auditor general may, when directed by the committee, designate and direct
26 any auditor employed by him or her to audit any accounts or records within the power of the
27 auditor general to audit. The auditor shall report his or her findings for review by the auditor
28 general, who shall prepare the audit report.

29 (2) The audit report shall make special mention of:

30 (i) Any violation of the laws within the scope of the audit; and

31 (ii) Any illegal or improper expenditure, any improper accounting procedures, all
32 failures to properly record financial transactions, and all other inaccuracies, irregularities,
33 shortages, and defalcations.

34 (3) At the conclusion of the audit, the auditor general or his or her designated

1 representative will conduct an exit conference with the official whose office or department is
2 subject to audit and submit to him or her a draft report which includes a list of findings and
3 recommendations. If an official is not available for the exit conference, delivery of the draft
4 report is presumed to be sufficient notice. The official must submit to the auditor general within
5 sixty (60) days after the receipt of the draft report his or her written reply as to:

6 (i) Acceptance and plan of implementation of each recommendation;

7 (ii) Reason(s) for non-acceptance of a recommendation.

8 (4) Should the auditor general determine that the written explanation or rebuttal of the
9 official whose office is subject to audit is unsatisfactory, he or she shall, as soon as practicable,
10 report his or her findings to the joint committee on legislative services.

11 (5) Notwithstanding the provisions of subsections (d) and (e) of this section, the auditor
12 general shall designate and direct an auditor employed by the office to act as a special auditor
13 whose sole duty shall be to audit any and all accounts or records of the department of
14 transportation within the power of the auditor general to audit. These audits shall consist of
15 regular financial and forensic audits of the department and any and all construction projects put
16 out to bid, managed and/or supervised by the department with the findings reported to the auditor
17 general for review and preparation of the audit report required by this subsection.

18 (f) A copy of the audit report shall be submitted to each member of the committee.

19 (g) If the auditor general discovers any errors, unusual practices, or any other
20 discrepancies in connection with his or her audit or post-audit of a state agency or state officers,
21 the auditor general shall, as soon as practicable, notify in writing the president of the senate and
22 the speaker of the house of representatives, respectively.

23 (h) The auditor general shall annually review the capital development program to
24 determine: (1) the status of all projects included in the program; (2) whether the funds are being
25 properly expended for their intended purposes; (3) the completion date or projected completion
26 date of the projects; (4) which projects require professional services and to determine the identity
27 of individuals or firms appointed; and (5) the expended and unexpended funds. This report shall
28 be annually submitted to the general assembly on the first Wednesday in February.

29 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO THE GENERAL ASSEMBLY - AUDITOR GENERAL

1 This act would direct the auditor general to designate one of the employees of the office
2 as a special auditor whose sole duty shall be the performance of regular financial and forensic
3 audits of the department of transportation and any and all construction projects put out for bid,
4 managed and/or supervised by the department with all audit findings submitted to the auditor
5 general for review and preparation of the appropriate audit report.

6 This act would take effect upon passage.

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