

Bill Draft 2019-MWz-176: PED/DOT Internal Audit.

2019-2020 General Assembly

Committee: Joint Legislative Program Date: August 3, 2020

Evaluation Oversight Committee

Introduced by: Prepared by: Committee Counsel

Analysis of: 2019-MWz-176

OVERVIEW: This bill draft contains legislation recommended by the Program Evaluation Division after examining the internal audit function at the Department of Transportation.

BILL ANALYSIS:

SECTION 1: Directs the State Board of Transportation Audit Committee to include, as a dashboard item at each monthly meeting of the Board of Transportation, the completed reports from the Department of Transportation's Office of Inspector General (DOT OIG) annual audit plan, and a list of pending reports with their expected completion date.

SECTION 2: Directs the Council of Internal Auditing to assist the Department of Transportation in improving the effectiveness of the DOT OIG internal audit functions.

SECTION 3: Directs the Council of Internal Auditing to establish minimum performance standards for all state agency internal audit units and monitor compliance with these performance standards.

EFFECTIVE DATE: This act is effective when it becomes law.



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BILL DRAFT 2019-MWz-176 [v.6]

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(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION) 8/6/2020 3:37:16 PM

Short Title: PED/DOT Internal Audit. (Public) **Sponsors:** Referred to: A BILL TO BE ENTITLED AN ACT TO ENHANCE THE INTERNAL AUDIT FUNCTION AT THE DEPARTMENT OF TRANSPORTATION AND ALL STATE AGENCIES, A PROGRAM EVALUATION DIVISION REPORT. The General Assembly of North Carolina enacts: **SECTION 1.** The State Board of Transportation Audit Committee is directed to: By no later than October 1, 2020, include as a dashboard item at each monthly meeting of the Board of Transportation the completed reports from the Department of Transportation's Office of Inspector General (DOT OIG) annual audit plan, and a list of pending reports with their expected completion date. (2) By no later than October 1, 2021, submit to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division a report on the implementation of this section. **SECTION 2.** The Council of Internal Auditing is directed to assist the Department of Transportation improve the effectiveness of the DOT OIG internal audit function, as follows: (1) By no later than October 1, 2020, conduct a hearing to receive testimony from the Department of Transportation and independent experts on actions that would improve the effectiveness of DOT OIG and enhance the independence of DOT OIG from the Department's management activities. By no later than November 1, 2020, submit to the Joint Legislative (2) Transportation Oversight Committee and the Fiscal Research Division a report on the recommendations of the Council. Work jointly with the Department of Transportation to implement the (3) recommendations of the Council. By no later than October 1, 2021, submit to the Joint Legislative (4) Transportation Oversight Committee and the Fiscal Research Division a report on the implementation of this section. **SECTION 3.** The Council of Internal Auditing is directed to establish minimum performance standards ("performance standards") for all state agency internal audit units and monitor compliance, as follows: Periodically examine a stratified sample of internal auditing reports and (1) annual plans for conformity with the performance standards and report



deficiencies.

Ge	neral Assem	oly Of North Carolina	Session 2019
1	(2)	Review every external quality assurance review for each ag	gency internal audit
2		function, hold hearings on any reported performance sta	ndard deficiencies,
3		and monitor corrective action.	
4	(3)	By no later than June 1, 2021, submit a report to the	e Joint Legislative
5	, ,	Oversight Committee on General Government on the imp	lementation of this
5		section.	
7	SEC'	FION 4. This act is effective when it becomes law.	

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