



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

2019-2020 General Assembly

Committee: Joint Legislative Program
Evaluation Oversight Committee
Introduced by:
Analysis of: 2019-MWz-176

Date: November 9, 2020
Prepared by: Committee Counsel

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. Requires the Audit Committee to submit a report to the Joint Legislative Transportation Oversight Committee by July 30, 2021.

SECTION 2:

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. Requires the Council to submit a report to the Joint Legislative Program Evaluation Oversight Committee by July 30, 2021.

SECTION 3:

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

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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BILL DRAFT 2019-MWz-176 [v.10]

**(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
10/27/2020 9:38:52 AM**

Short Title: PED/DOT Internal Audit.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENHANCE THE INTERNAL AUDIT FUNCTION AT THE DEPARTMENT OF
3 TRANSPORTATION AND ALL STATE AGENCIES, A PROGRAM EVALUATION
4 DIVISION REPORT.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** The State Board of Transportation Audit Committee is directed to:

- 7 (1) Include as a dashboard item at each monthly meeting of the Board of
8 Transportation the completed reports from the Department of Transportation's
9 Office of Inspector General (DOT OIG) annual audit plan, and a list of
10 pending reports with their expected completion date.
11 (2) By no later than July 30, 2021, submit to the Joint Legislative Transportation
12 Oversight Committee and the Fiscal Research Division a report on the
13 implementation of this section.

14 **SECTION 2.** The Council of Internal Auditing, in collaboration with the Office of
15 the State Auditor and the Program Evaluation Division, is directed to establish minimum
16 performance standards for all state agency internal audit units and monitor compliance, as
17 follows:

- 18 (1) Establish a minimum level of performance audit effort in compliance with
19 performance standards for agency internal audit units. Periodically examine a
20 stratified sample of internal auditing reports and annual plans for conformity
21 with these performance standards and report deficiencies.
22 (2) Review every external quality assurance review for each agency internal audit
23 function, hold hearings on any reported performance standard deficiencies,
24 and monitor corrective action.
25 (3) By no later than July 30, 2021, submit a report to the Joint Legislative Program
26 Evaluation Oversight Committee on the implementation of this section.

27 **SECTION 3.** This act is effective when it becomes law.