

## BILL ANALYSIS

Senate Research Center

C.S.H.B. 2485  
By: Hochberg (Ratliff)  
Government Organization  
5/23/2003  
Committee Report (Substituted)

### DIGEST AND PURPOSE

The 77th Legislature passed H.B. 609, which extended the internal audit requirement to all state agencies that receive an appropriation. Conducting these audits when the situation necessitates rather than annually will more judiciously use small state agency funds. C.S.H.B. 2485 requires small agencies to complete an annual written risk assessment, and to require the state auditor to evaluate the risk assessments and recommend audits for those with significant financial, managerial or compliance risk, or significant risk related to the use of information technology.

### RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, department, agency or institution.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2102.004, Government Code, as follows:

- (a) Provides that Sections 2102.005-2102.012 apply only to a state agency that meets certain criteria.
- (b) Provides that Sections 2102.013 and 2102.014 apply to each state agency that receives an appropriation and that is not described by Subsection (a).

SECTION 2. Amends Chapter 2102, Government Code, by adding Sections 2102.013 and 2102.014, as follows:

Sec. 2102.013. ANNUAL RISK ASSESSMENT; REPORT. (a) Requires a state agency described by Section 2102.004(b) to conduct each year a formal risk assessment consisting of an executive management review of agency functions, activities, and processes.

- (b) Requires the risk assessment to perform certain tasks.
- (c) Requires the state agency to submit the written risk assessment to the state auditor in the form and at the time prescribed by the state auditor.

Sec. 2102.014. EVALUATION OF RISK ASSESSMENT REPORTS; AUDITS. (a) Requires the state auditor, based on risk assessment and subject to the legislative audit committee's approval of including the work described by this subsection in the audit plan under Section 321.013(c), Government Code, to perform certain tasks.

- (b) Authorizes the governor to order an agency identified under this section to perform certain tasks.
- (c) Authorizes the governor to provide funds to agencies as necessary to pay the costs of audits ordered under this section from any funds appropriated to the governor for this purpose.

SECTION 3. Effective date: upon passage or September 1, 2003.