

Senate Government Operations Committee 1

Amendment No. 1 to SB1741

**Bell
Signature of Sponsor**

AMEND Senate Bill No. 1741*

House Bill No. 1972

by deleting all language following the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 4, Chapter 4, Part 1, is amended by adding the following language as a new section:

(a) The governor shall appoint an executive internal auditor, who shall serve at the pleasure of the governor.

(b)

(1) The executive internal auditor shall:

(A) Develop comprehensive internal audit standards for executive branch agencies, which shall:

(i) Incorporate the Standards for Internal Control in the Federal Government issued by the United States government accountability office, referred to as the "Green Book," as amended, revised, or modified;

(ii) Incorporate the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, as amended, revised, or modified; and

(iii) Include any other standards deemed appropriate by the executive internal auditor;

(B) Provide best practices training for internal audit staff on internal audit standards, internal controls, and enterprise risk management;

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(C) Provide peer review for internal audit staff within executive branch agencies consistent with standards set by the Institute of Internal Auditors;

(D) Review and approve internal audit plans for executive branch agencies; and

(E) Coordinate internal auditors on statewide issues.

(2) The executive internal auditor may exercise jurisdiction and control over the internal audit staff and the internal audit function of any executive branch agency.

(c) After October 1, 2016, the management and operations for the internal audit function of each executive branch agency shall be established in accordance with this section.

(d) If the executive internal auditor assumes jurisdiction and control over the internal audit function of an executive branch agency, then the agency's internal audit staff shall report to and serve at the pleasure of the executive internal auditor.

(e) If the executive internal auditor does not assume jurisdiction and control over the internal audit function of an executive branch agency, the agency's internal audit staff shall report to and serve at the pleasure of the commissioner. The executive internal auditor shall participate in the evaluations of any internal audit director under the jurisdiction and control of a commissioner.

(f) If an individual serves simultaneously as the commissioner of an agency and the executive internal auditor, then the internal audit staff within the commissioner's agency shall report to and serve at the pleasure of the commissioner. The governor or the governor's designee shall participate in the evaluations of any internal audit director under the jurisdiction and control of a commissioner serving simultaneously as the executive internal auditor.

(g) A commissioner shall not terminate any person serving as an internal audit director in an executive branch agency without the approval of the executive internal auditor. A commissioner serving simultaneously as the executive internal auditor shall not terminate any person serving as an internal audit director within the commissioner's agency without the approval of the governor or the governor's designee.

(h) The governor shall utilize existing executive branch resources and personnel in the implementation of this section. The governor is authorized to effectuate the purposes of this section in accordance with § 4-4-102.

(i) The commissioner of finance and administration is authorized, within existing resources, to develop cost allocation procedures and interagency billing for services associated with the implementation of this section.

(j) Nothing in this section shall expand or diminish the authority of the comptroller of the treasury or the offices of the comptroller of the treasury.

(k) As used in this section, unless the context otherwise requires:

(1) "Commissioner" means the chief executive officer of an agency;

(2) "Executive branch agency" or "agency":

(A) Means any unit organization of the executive branch of state government; and

(B) Does not include the political subdivisions of the state, institutions under the control of the University of Tennessee or the Tennessee board of regents, the judicial branch, or the legislative branch;

(3) "Governor's designee" means any individual designated by the governor other than the executive internal auditor or an employee of the executive internal auditor;

(4) "Internal audit director" means an individual who is:

(A) Primarily responsible for the internal audit function of an executive branch agency; and

(B) Responsible for the supervision, management, or control of internal audit staff, if any; and

(5) "Internal audit staff" includes any individual in an executive branch agency position who is involved in the internal audit function of an executive branch agency.

SECTION 2. This act shall take effect October 1, 2016, the public welfare requiring it.