

Sec. 321.013. POWERS AND DUTIES OF STATE AUDITOR. (a) The State Auditor shall conduct audits of all departments, including institutions of higher education, as specified in the audit plan. At the direction of the committee, the State Auditor shall conduct an audit or investigation of any entity receiving funds from the state.

(b) The State Auditor shall conduct the audits in accordance with generally accepted auditing standards as prescribed by the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board, the United States General Accounting Office, or other professionally recognized entities that prescribe auditing standards.

(c) The State Auditor shall recommend the audit plan for the state for each year to the committee. In devising the plan, the State Auditor shall consider recommendations concerning coordination of agency functions made jointly by representatives of the Legislative Budget Board, Sunset Advisory Commission, and State Auditor's Office. The State Auditor shall also consider the extent to which a department has received a significant increase in appropriations, including a significant increase in federal or other money passed through to the department, and shall review procurement activities for compliance with Section 2161.123. The plan shall provide for auditing of federal programs at least as often as required under federal law and shall ensure that audit requirements of all bond covenants and other credit or financial agreements are satisfied. The committee shall review and approve the plan.

(d) At any time during an audit or investigation, the State Auditor may require the assistance of the administrative head, official, auditor, accountant, or other employees of the entity being audited or investigated.

(e) The State Auditor is entitled to access to all of the books, accounts, confidential or unconfidential reports, vouchers, or other records of information in any department or entity subject to audit, including access to all electronic data. However, the State Auditor has access to information and data the release of which is restricted under federal law only with the approval of the appropriate federal administrative agency, and the State Auditor shall have access to copyrighted or restricted information obtained by the Office of the Comptroller of Public Accounts under subscription agreements and utilized in the preparation of economic estimates only for audit purposes.

(f) The State Auditor may conduct financial audits, compliance audits and investigations, and, with specific authority from the committee, economy and efficiency audits, effectiveness audits, and special audits as defined by this chapter and specified in the audit plan.

(g) To the extent that the performance of the powers and duties of the State Auditor under law is not impeded or otherwise hindered, the State Auditor shall make reasonable efforts to coordinate requests for employee assistance under Subsection (d) or requests for access to books, accounts, vouchers, records, or data under Subsection (e) so as not to hinder the daily operations of the audited entity.

(h) The State Auditor may not conduct audits of private entities concerning collection or remittance of taxes or fees to the state if the entity is subject to audit by another state agency for the taxes or fees.

(i) If the State Auditor decides a change in an accounting system is necessary, the State Auditor shall consider the present system of books, records, accounts, and reports to ensure that the transition will be gradual and that the past and present records will be coordinated into the new system.

(j) In devising the audit plan under Subsection (c), the State Auditor shall perform risk assessments as required by law. The process of assessing risks to the state is the first stage of auditing, and all records of risk assessment are part of the working papers of the State Auditor. Accordingly, all documentation of risk assessments by the State Auditor is exempt from disclosure under Section 552.116.

Acts 1985, 69th Leg., ch. 479, Sec. 1, eff. Sept. 1, 1985. Amended by Acts 1987, 70th Leg., ch. 862, Sec. 5, eff. Aug. 31, 1987; Acts 1991, 72nd Leg., 1st C.S., ch. 4, Sec. 9.03, eff. Aug. 22, 1991;

Acts 1995, 74th Leg., ch. 1122, Sec. 18, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1122, Sec. 18, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1499, Sec. 1.04, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 785, Sec. 4, eff. Sept. 1, 2003.

Sec. 321.0131. FINANCIAL AUDIT. A financial audit is an audit to determine:

(1) in the case of the state or a department, whether the records, books, and accounts of the audited entity accurately reflect its financial and fiscal operations;

(2) whether the audited entity is maintaining effective accounting control over revenues, obligations, expenditures, assets, and liabilities;

(3) whether the accounting and record-keeping of collections of state revenues and receipts by the audited entity are fair, accurate, and in accordance with law;

(4) whether the accounting and record-keeping of money or negotiable securities or similar assets handled by the audited entity on behalf of the state or received from the state and held in trust by the audited entity are proper, accurate, and in accordance with law; and

(5) whether financial, program, and statistical reports of the audited entity are fairly presented.

Added by Acts 1987, 70th Leg., ch. 862, Sec. 6, eff. Aug. 31, 1987.

Sec. 321.0132. COMPLIANCE AUDIT. A compliance audit is an audit to determine:

(1) whether the audited entity has obligated, expended, received, and used state funds in accordance with the purpose for which those funds have been appropriated or otherwise authorized by law;

(2) whether the audited entity has obligated, expended, received, and used state funds in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law on those obligations, expenditures, receipts, or uses;

(3) in the case of a local or private entity or agency, whether the records, books, and accounts of the audited entity fairly and accurately reflect its financial and fiscal operations relating to the obligation, receipt, expenditure, and use of state funds or funds represented as being collected for a state purpose;

(4) whether the collections of state revenues and receipts by the audited entity are in accordance with applicable laws and regulations; and

(5) whether money or negotiable securities or similar assets handled by the audited entity on behalf of the state or received from the state and held in trust by the audited entity have been properly and legally administered.

Added by Acts 1987, 70th Leg., ch. 862, Sec. 6, eff. Aug. 31, 1987.

Sec. 321.0133. ECONOMY AND EFFICIENCY AUDIT. An economy and efficiency audit is an audit to determine:

(1) whether the audited entity is managing or utilizing its resources, including state funds, personnel, property, equipment, and space, in an economical and efficient manner;

(2) causes of inefficiencies or uneconomical practices, including inadequacies in management information systems, internal and administrative procedures, organizational structure, use of resources, allocation of personnel, purchasing, policies, and equipment; and

(3) whether financial, program, and statistical reports of the audited entity contain useful data and are fairly presented.

Added by Acts 1987, 70th Leg., ch. 862, Sec. 6, eff. Aug. 31, 1987.

Sec. 321.0134. EFFECTIVENESS AUDIT. (a) An effectiveness audit is an audit to determine, according to established or designated program objectives, responsibilities or duties, statutes and regulations, program performance criteria, or program evaluation standards:

(1) whether the objectives and intended benefits are being achieved efficiently and effectively; and

(2) whether the program duplicates, overlaps, or conflicts with another state program.

(b) An effectiveness audit may be scheduled only when the audited entity is not scheduled for review under the Texas Sunset Act (Chapter 325).

Added by Acts 1987, 70th Leg., ch. 862, Sec. 6, eff. Aug. 31, 1987.