

57 (ii) two members of a five-member local school board; and
 58 (b) composed of people who are not administrators or employees of the school district.

59 (2) "Audit director" means the person who directs the internal audit program.

60 (3) "Audit plan" means a prioritized list of audits to be performed by an internal audit
 61 program within a specified period of time.

62 (4) "Internal audit" means an independent appraisal activity established within a school
 63 district as a control system to examine and evaluate the adequacy and effectiveness of other
 64 internal control systems within the school district.

65 (5) "Internal audit program" means an audit function that:

66 (a) is conducted by a local school board independent of the school district offices or
 67 other operations; ~~§~~ → [and] ← ~~§~~

68 (b) objectively evaluates the effectiveness of the school district governance, risk
 69 management, internal controls, and the efficiency of operations ~~§~~ → [; and]

69a **(c) is conducted in accordance with the current:**

69b **(i) International Standards for the Professional Practice of Internal Auditing; or**

69c **(ii) The Government Auditing Standards, issued by the Comptroller General of the**

69d **United States.** ← ~~§~~

70 Section 3. Section **53A-3-803** is enacted to read:

71 **53A-3-803. Internal auditing program -- Audit committee -- Powers and duties.**

72 (1) A local school board shall establish an audit committee.

73 (2) The audit committee shall establish an internal audit program that provides internal
 74 audit services for the programs administered by the school district.

75 (3) (a) A local school board shall appoint the audit director, with the advisement of the
 76 audit committee, if the school board hires an audit director.

77 (b) If the school board has not appointed an audit director and the school board
 78 contracts directly for internal audit services, the local school board shall approve a contract for
 79 internal audit services, with the advisement of the audit committee.

80 (4) The audit committee shall ensure that copies of all reports of audit findings issued
 81 by the internal auditors are available, upon request, to the audit director of the State Board of
 82 Education, the Office of the State Auditor, and the Offices of the Legislative Auditor General.

83 (5) The audit committee shall ensure that significant audit matters that cannot be
 84 appropriately addressed by the school district internal auditors are referred to either the audit
 85 director of the State Board of Education, the Office of the State Auditor, or the Offices of the
 86 Legislative Auditor General.

87 (6) The audit director may contract with a consultant to assist with an audit.

88 Section 4. Section **63I-5-102** is amended to read:

89 **63I-5-102. Definitions.**

90 As used in this chapter:

91 ~~[(6)]~~ (1) "Agency governing board" is any board or commission that has policy making
92 and oversight responsibility over the agency, including the authority to appoint and remove the
93 agency director.

94 ~~[(1)]~~ (2) "Agency head" means a cabinet officer, an elected official, an executive
95 director, or a board or commission vested with responsibility to administer or make policy for a
96 state agency.

97 ~~[(2)]~~ (3) "Agency internal audit director" or "audit director" means the person
98 ~~[appointed by the agency head, with the approval of the audit committee if one has been~~
99 ~~established, to direct the internal audit function for the state agency.]~~ who:

100 (a) directs the internal audit program for the state agency; and

101 (b) is appointed by the ~~Ŝ→~~ [agency head with approval of the] ~~←Ŝ~~ audit committee

101a ~~Ŝ→ or, ←Ŝ~~ if ~~Ŝ→~~ [one] no audit committee ~~←Ŝ~~ has

102 been established ~~Ŝ→~~ , by the agency head ~~←Ŝ~~ .

103 ~~[(3)]~~ (4) "Appointing authority" means:

104 (a) the governor, for state agencies ~~Ŝ→~~ other than the State Tax Commission ~~←Ŝ~~ ;

105 (b) the Judicial Council, for judicial branch agencies;

106 (c) the Board of Regents, for higher education entities; ~~Ŝ→~~ [and] ~~←Ŝ~~

107 (d) the State Board of Education, for the State Office of Education ~~Ŝ→~~ [:] ; and

107a (e) the four tax commissioners, for the State Tax Commission. ~~←Ŝ~~

108 ~~[(4)]~~ (5) "Audit committee" means a standing committee ~~[whose]~~ composed of
109 members who:

110 (a) are appointed by an appointing authority[:];

111 ~~[(a) from members of the agency governing board; and]~~

112 (b) (i) ~~[from individuals who]~~ do not have administrative responsibilities within the
113 agency ~~[who]; and~~

114 (ii) are not an agency contractor or other service provider; and

115 (c) have the expertise to provide effective oversight of and advice about internal audit
116 activities and services.

117 ~~[(5)]~~ (6) "Audit plan" means a prioritized list of audits to be performed by ~~[the]~~ an
118 internal audit ~~[organization]~~ program within a specified period of time.

119 (7) "Governor's internal audit director" means the governor's internal audit director
 120 appointed in accordance with Section [63I-5-202](#).

121 [~~7~~] (8) "Higher education entity" means the board of regents, the institutional
 122 councils of each higher education institution, and each higher education institution.

123 [~~8~~] (9) "Internal audit" means an independent appraisal activity established within a
 124 state agency as a control system to examine and evaluate the adequacy and effectiveness of
 125 other internal control systems within the agency.

126 (10) "Internal audit program" means an audit function that:

127 (a) is conducted by an agency, division, bureau, or office, independent of the agency,
 128 division, bureau, or office operations; ~~§~~ → [and] ← ~~§~~

129 (b) objectively evaluates the effectiveness of agency, division, bureau, or office
 130 governance, risk management, internal controls, and the efficiency of operations ~~§~~ → [:] ; and

130a (c) is conducted in accordance with the current:

130b (i) International Standards for the Professional Practice of Internal Auditing; or

130c (ii) The Government Auditing Standards, issued by the Comptroller General of the
 130d United States. ← ~~§~~

131 [~~9~~] (11) "Judicial branch agency" means each administrative entity of the judicial
 132 branch.

133 [~~10~~] (12) (a) "State agency" means:

134 (i) each department, commission, board, council, agency, institution, officer,
 135 corporation, fund, division, office, committee, authority, laboratory, library, unit, bureau, panel,
 136 or other administrative unit of the state; and

137 (ii) each state public education entity.

138 (b) "State agency" does not mean:

139 (i) a legislative branch agency;

140 (ii) an independent ~~§~~ → state ← ~~§~~ agency ~~§~~ → as defined in Section [63E-1-102](#) ← ~~§~~ ;

141 (iii) a county, municipality, school district, local district, or special service district; or

142 (iv) any administrative subdivision of a county, municipality, school district, local
 143 district, or special service district.

144 Section 5. Section [63I-5-201](#) is repealed and reenacted to read:

145 **Part 2. Governor's Office of Internal Audit Services - Internal Auditing Programs**
 146 **[63I-5-201. Governor's Office of Internal Audit Services -- Creation.](#)**

147 There is created within the governor's office the Governor's Office of Internal Audit
 148 Services to be administered by the governor's internal audit director.

149 Section 6. Section [63I-5-202](#) is enacted to read:

150 **63I-5-202. Appointment of governor's internal audit director.**

151 (1) (a) If an audit committee is appointed by the governor as the appointing authority,
 152 the audit committee shall appoint, to serve at the committee's pleasure, the governor's internal
 153 audit director of the Governor's Office of Internal Audit Services.

154 (b) If no audit committee exists, the governor shall appoint, to serve at the governor's
 155 pleasure, the governor's internal audit director of the Governor's Office of Internal Audit
 156 Services.

157 (2) If in accordance with Subsection (1) an audit committee or the governor appoints
 158 the governor's internal audit director, the audit committee or governor, as applicable, shall
 159 establish the director's salary within the salary range fixed by the Legislature in Title 67,
 160 Chapter 22, State Officer Compensation.

161 Section 7. Section **63I-5-203** is enacted to read:

162 **63I-5-203. Powers and duties of office and director.**

163 (1) The Governor's Office of Internal Audit Services shall have sufficient qualified
 164 staff and resources to perform internal audit duties.

165 (2) (a) (i) The Governor's Office of Internal Audit Services shall provide an audit
 166 program for a state agency or office that does not have an internal audit program and that is
 167 under the control of the governor or the lieutenant governor.

168 (ii) An agency or office described in Subsection (2)(a)(i) does not include a legislative
 169 branch agency or office, a judicial branch agency or office, the Office of the Attorney General,
 170 the Office of the State Treasurer, the Office of the State Auditor, or another agency or office
 171 that is not under the control of the governor or the lieutenant governor.

172 (b) (i) The powers and jurisdiction of the Governor's Office of Internal Audit Services
 173 and the governor's internal audit director are limited to a state agency or state program other
 174 than an agency or program described in Section [63I-5-204](#).

175 (ii) Notwithstanding Subsection (2)(b)(i), the Governor's Office of Internal Audit
 176 Services and the governor's internal audit director shall conduct an audit of a state agency or
 177 state program described in ~~§~~ → [Section] Subsection ← ~~§~~ [63I-5-204](#) ~~§~~ → (1) ← ~~§~~ at the request of
 177a the governor or the lieutenant
 178 governor.

179 (3) The governor's internal audit director or the director's designee shall:

180 (a) perform various audit functions, including performance audits, financial audits,

305 head or the audit committee, if one has been established; and

306 (iv) ensure that audits that evaluate the efficient and effective use of agency resources
307 are adequately represented in the plan.

308 (b) The agency internal audit director shall submit the audit plan to the agency head
309 and the audit committee, if one has been established, for approval.

310 (3) The agency internal audit director shall ensure that:

311 ~~§→ [(a) audits are conducted in accordance with professional auditing standards such as~~
312 ~~those published by the Institute of Internal Auditors, Inc., the American Institute of Certified~~
313 ~~Public Accountants and, when required by other law, regulation, agreement, contract, or policy,~~
314 ~~in accordance with Government Auditing Standards, issued by the Comptroller General of the~~
315 ~~United States;~~

316 ~~——(b)] (a) ←§~~ all reports of audit findings issued by internal audit staff shall include a
316a statement

317 that the audit was conducted according to the appropriate standards;

318 ~~§→ [(c)] (b) ←§~~ public release of reports of audit findings comply with the conditions
318a specified by

319 the state laws and rules governing the state agency;

320 ~~§→ [(d)] (c) ←§~~ copies of all reports of audit findings issued by the internal audit staff are
320a available,

321 upon written request, to the Offices of the Legislative Auditor General [~~and~~], the Office of the
322 State Auditor [~~upon request~~], and the governor's internal audit director; and

323 ~~§→ [(c)] (d) ←§~~ significant audit matters that cannot be appropriately addressed by the
323a agency

324 internal audit office are referred to either the Office of Legislative Auditor General [~~or~~], the
325 Office of the State Auditor, or the Governor's Office of Internal Audit Services.

326 (4) The agency internal audit director may contract with consultants to assist with
327 audits.

328 Section 12. Section **67-22-2** is amended to read:

329 **67-22-2. Compensation -- Other state officers.**

330 (1) As used in this section:

331 (a) "Appointed executive" means the:

332 (i) Commissioner of the Department of Agriculture and Food;

333 (ii) Commissioner of the Insurance Department;

334 (iii) Commissioner of the Labor Commission;

335 (iv) Director, Department of Alcoholic Beverage Control;