

Amendment No. 7

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	<u>    </u>	(Y/N)
ADOPTED AS AMENDED	<u>    </u>	(Y/N)
ADOPTED W/O OBJECTION	<u>    </u>	(Y/N)
FAILED TO ADOPT	<u>    </u>	(Y/N)
WITHDRAWN	<u>    </u>	(Y/N)
OTHER	<u>    </u>	

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1 Committee/Subcommittee hearing bill: Regulatory Affairs  
 2 Committee

3 Representative Wood offered the following:

4  
 5 **Amendment (with directory and title amendments)**

6 Between lines 771 and 772, insert:

7 (i)1. The Office of the Internal Auditor is established  
 8 within the corporation to provide a central point for  
 9 coordination of and responsibility for activities that promote  
 10 accountability, integrity, and efficiency to the policyholders  
 11 and to the taxpayers of this state. The internal auditor shall  
 12 be appointed by the board of governors, shall report to and be  
 13 under the general supervision of the board of governors, and is  
 14 not subject to supervision by an ~~any~~ employee of the  
 15 corporation. Administrative staff and support shall be provided  
 16 by the corporation. The internal auditor shall be appointed  
 17 without regard to political affiliation. It is the duty and  
 18 responsibility of the internal auditor to:

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19 a. Provide direction for, supervise, conduct, and  
20 coordinate audits, investigations, and management reviews  
21 relating to the programs and operations of the corporation.

22 b. Conduct, supervise, or coordinate other activities  
23 carried out or financed by the corporation for the purpose of  
24 promoting efficiency in the administration of, or preventing and  
25 detecting fraud, abuse, and mismanagement in, its programs and  
26 operations.

27 c. Submit final audit reports, reviews, or investigative  
28 reports to the board of governors, the executive director, the  
29 members of the Financial Services Commission, and the President  
30 of the Senate and the Speaker of the House of Representatives.

31 d. Keep the board of governors informed concerning fraud,  
32 abuses, and internal control deficiencies relating to programs  
33 and operations administered or financed by the corporation,  
34 recommend corrective action, and report on the progress made in  
35 implementing corrective action.

36 e. Cooperate and coordinate activities with the  
37 corporation's inspector general.

38 ~~e. Report expeditiously to the Department of Law~~  
39 ~~Enforcement or other law enforcement agencies, as appropriate,~~  
40 ~~whenever the internal auditor has reasonable grounds to believe~~  
41 ~~there has been a violation of criminal law.~~

42 2. On or before February 15, the internal auditor shall  
43 prepare an annual report evaluating the effectiveness of the  
44 internal controls of the corporation and providing  
45 recommendations for corrective action, if necessary, and  
46 summarizing the audits, reviews, and investigations conducted by

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47 the office during the preceding fiscal year. The final report  
48 shall be furnished to the board of governors and the executive  
49 director, the President of the Senate, the Speaker of the House  
50 of Representatives, and the Financial Services Commission.  
51  
52  
53

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55 **D I R E C T O R Y A M E N D M E N T**

56 Remove line 85 and insert:

57 Section 2. Paragraphs (a), (c), (i), and (q) of subsection  
58 (6)  
59  
60  
61

62 -----  
63 **T I T L E A M E N D M E N T**

64 Between lines 19 and 20, insert:  
65 revising procedures relating to the Chief of Internal Audit;  
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