

FIRST REGULAR SESSION

SENATE BILL NO. 381

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR RIDDLER.

Read 1st time January 31, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

1473S.01I

AN ACT

To repeal section 29.200, RSMo, and to enact in lieu thereof one new section relating to reports issued by the state auditor.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 29.200, RSMo, is repealed and one new section enacted 2 in lieu thereof, to be known as section 29.200, to read as follows:

29.200. 1. Except as provided under subsection 2 of this section, all 2 audits conducted under this chapter may be made at the discretion of the auditor 3 without advance notice to the organization being audited. An audit also shall be 4 conducted upon the request of the governor as provided under section 26.060, and 5 the expenses for any such audit conducted upon the request of the governor shall 6 be paid as provided in section 26.090.

7 2. The auditor, on his or her initiative and as often as he or she deems 8 necessary, to the extent deemed practicable and consistent with the overall 9 responsibility as contained in this chapter, shall make or cause to be made audits 10 of all or any part of the activities of the state agencies.

11 3. The auditor shall make, or cause to be made, audits of all or any parts 12 of political subdivisions and other entities as authorized in this chapter or any 13 other law of this state.

14 4. In selecting audit areas and in evaluating current audit activity, the 15 auditor may, at his or her discretion, consider and utilize, in whole or in part, the 16 relevant audit coverage and applicable reports of the audit staffs of the various 17 state agencies, independent contractors, and federal agencies.

18 5. The auditor shall be authorized to contract with federal audit agencies, 19 or any governmental agency, on a cost-reimbursement basis, to perform audits of

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

20 federal grant programs administered by the state departments and institutions
21 in accordance with agreements negotiated between the auditor and the
22 contracting federal audit agencies or any governmental agency. In instances
23 where the grantee state agency shall subgrant such federal funds to local
24 governments, regional councils of government, other local groups, or private or
25 semiprivate institutions or agencies, the auditor shall have the authority to
26 examine the books and records of these subgrantees to the extent necessary to
27 determine eligibility and proper use in accordance with state and federal laws
28 and regulations. The auditor shall charge and collect from the contracting federal
29 audit agencies, or any governmental agencies, the actual cost of all the audits of
30 the grants and programs that are conducted by the auditor under the
31 contract. Amounts collected under these arrangements shall be deposited into the
32 state treasury and be credited to the state auditor-federal fund and shall be
33 available to hire sufficient personnel to perform these contracted audits and to
34 pay for related travel, supplies, and other necessary expenses.

35 6. **(1)** In the auditor's reports of audits **conducted under this chapter**
36 and reports of special investigations, the auditor shall make any comments,
37 suggestions, or recommendations deemed appropriate concerning any aspect of
38 [such agency's] **the auditee's** activities and operations.

39 **(2) If, in making any report under subdivision (1) of this**
40 **subsection, the auditor fails to make any suggestions or**
41 **recommendations for any practice deemed inadequate by the auditor,**
42 **the auditee may request that the auditor make, and the auditor shall**
43 **provide, suggestions or recommendations for how to remedy the**
44 **inadequate practice.**

45 **(3) The auditor shall make a summary of any report of an audit**
46 **conducted under this chapter. Such summary shall contain a summary**
47 **of the recommendations provided to the auditee, if any.**

48 7. The auditor shall audit the state treasury at least once annually.

49 8. The auditor may examine the banking accounts and records of the state
50 treasurer, state agency, or any political subdivision at any bank or financial
51 institution provided that the bank or financial institution shall not be required
52 to produce the requested accounts or records until the auditor, treasurer, state
53 agency, or political subdivision reimburses the reasonable document production
54 costs of the bank or financial institution.

55 9. The auditor may, as often as the auditor deems necessary, conduct a

56 detailed review of the bookkeeping and accounting systems in use in the various
57 state agencies that are supported partially or entirely by state funds. Such
58 examinations shall be for the purpose of evaluating the adequacy of systems in
59 use by such agencies. In instances where the auditor determines that existing
60 systems are outmoded, inefficient, or otherwise inadequate, the auditor shall
61 recommend changes to the state agency and notify the general assembly of the
62 recommended changes.

63 10. The auditor shall, through appropriate tests, determine the propriety
64 of the data presented in the state comprehensive annual financial report, and
65 shall express the auditor's opinion in accordance with generally accepted
66 government auditing standards.

67 11. The auditor shall provide a report to the governor, attorney general,
68 and other appropriate officials of facts in the auditor's possession which pertain
69 to the apparent violation of penal statutes or apparent instances of malfeasance,
70 misfeasance, or nonfeasance by an officer or employee.

71 12. At the conclusion of an audit, the auditor or the auditor's designated
72 representative shall supply a copy of a draft report of the audit to, and discuss
73 such draft with, the official, or that official's designated representative, whose
74 office is subject to audit. On any audit of a state agency or political subdivision
75 of the state, the auditee shall provide responses to any recommendations
76 contained in the draft report within thirty days from the receipt of the draft
77 report.

78 13. The auditor shall notify the general assembly, the governor, the
79 director of each agency audited, and other persons as the auditor deems
80 appropriate that an audit report has been published, its subject and title, and the
81 locations, including state libraries, at which the report is available. The auditor
82 then shall distribute copies of the report only to those who request a report. The
83 copies shall be available in written form or available on the official website of the
84 auditor. The auditor may charge a reasonable fee for providing a written copy of
85 an audit report. The auditor also shall file a copy of the audit report in the
86 auditor's office; this copy shall be a permanent public record. Nothing in this
87 subsection shall be construed to authorize or permit the publication of
88 information that is otherwise prohibited by law from being disclosed.

89 14. Nothing in this chapter shall be construed to infringe upon or deprive
90 the legislative, executive, or judicial branches of state government of any rights,
91 powers, or duties vested in or imposed upon them by statute or the constitution

92 of this state.

93 15. Nothing in this chapter shall be construed by the courts of this state
94 in a manner inconsistent with Article II of the Constitution of Missouri.

95 16. The auditor shall be responsible for receiving reports of allegations of
96 improper governmental activities as provided in section 29.221. The auditor shall
97 adopt policies and procedures necessary to provide for the investigation or
98 referral of such allegations.

99 17. In accordance with the state's records retention schedule, the auditor
100 shall maintain a complete file of all audit reports and reports of other
101 examinations, investigations, surveys, and reviews issued under the auditor's
102 authority. Audit workpapers and other evidence and related supportive material
103 directly pertaining to the work of the auditor's office shall be retained according
104 to an agreement between the auditor and the state archives. To promote
105 intergovernmental cooperation and avoid unnecessary duplication of audit effort,
106 pertinent workpapers and other supportive material related to issued audit
107 reports may be, at the discretion of the auditor and unless otherwise prohibited
108 by law, made available for inspection by duly authorized representatives of the
109 state and federal government who desire access to, and inspection of, such records
110 in connection with a matter officially before them, including criminal
111 investigations. Except as provided in this section, audit workpapers and related
112 supportive material shall be kept confidential, including any interpretations,
113 advisory opinions, or other information or materials used and relied on in
114 performing the audit.

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