

SENATE SUBSTITUTE
FOR
SENATE COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 116

AN ACT

To repeal sections 21.760, 29.090, 29.180, 29.190, 29.200, 29.210, 29.230, 29.235, 29.250, 29.260, 29.270, 29.275, 29.340, 50.055, 50.057, 50.622, 50.1030, 56.809, 70.605, 103.025, 104.190, 104.480, 169.020, and 238.272, RSMo, and to enact in lieu thereof twenty-four new sections relating to public accounts, with penalty provisions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
AS FOLLOWS:

1 Section A. Sections 21.760, 29.090, 29.180, 29.190, 29.200,
2 29.210, 29.230, 29.235, 29.250, 29.260, 29.270, 29.275, 29.340,
3 50.055, 50.057, 50.622, 50.1030, 56.809, 70.605, 103.025,
4 104.190, 104.480, 169.020, and 238.272, RSMo, is repealed and
5 twenty-four new sections enacted in lieu thereof, to be known as
6 sections 29.005, 29.185, 29.190, 29.200, 29.210, 29.216, 29.221,
7 29.230, 29.235, 29.250, 29.260, 29.351, 50.055, 50.057, 50.622,
8 50.1030, 56.809, 70.605, 103.025, 104.190, 104.480, 169.020,
9 238.272, and 1, to read as follows:

10 29.005. As used in this chapter, the following terms mean:

11 (1) "Accounting system", the total structure of records and
12 procedures which discover, record, classify, and report
13 information on the financial position and operating results of a
14 governmental unit or any of its funds, balanced account groups,

1 and organizational components;

2 (2) "Audit", an independent, objective assessment of the
3 stewardship, performance, or cost of government policies,
4 programs, or operations, depending upon the type and scope of the
5 audit. All audits shall conform to the standards established by
6 the comptroller general of the United States for audits of
7 government entities, organizations, programs, activities, and
8 functions as presented in the publication Government Auditing
9 Standards;

10 (3) "Federal agency", any department, agency, or
11 instrumentality of the federal government and any federally owned
12 or controlled corporation;

13 (4) "Financial audits", audits providing an independent
14 assessment of whether an entity's reported financial information
15 is presented fairly in accordance with recognized criteria.
16 Financial audits shall consist of the following:

17 (a) Financial statement audits that shall:

18 a. Provide or disclaim an opinion about whether an entity's
19 financial statements are presented fairly in all material
20 respects in conformity with accounting principles generally
21 accepted in the United States or with another applicable
22 financial reporting framework; or

23 b. Report on internal control deficiencies and on
24 compliance with provisions of laws, regulations, contracts, and
25 grant agreements, as those controls and provisions relate to
26 financial transactions, systems, and processes; or

27 (b) Other financial audits of various scopes which may
28 include, but not be limited to:

1 a. Reporting on specified elements, accounts, or items of a
2 financial statement; and

3 b. Auditing compliance with requirements related to federal
4 award expenditures and other governmental financial assistance in
5 conjunction with a financial statement audit;

6 (5) "Internal control", the plans, policies, methods, and
7 procedures used to meet an entity's or organization's mission,
8 goals, and objectives. Internal control shall include the
9 processes and procedures for planning, organizing, directing, and
10 controlling operations, as well as management's system for
11 measuring, reporting, and monitoring performance;

12 (6) "Performance audits", audits that provide findings or
13 conclusions based on an evaluation of sufficient, appropriate
14 evidence against identified criteria. Performance audit
15 objectives shall include, but not be limited to, the following:

16 (a) Effectiveness and results. This objective may measure
17 the extent to which an entity, organization, activity, program,
18 or function is achieving its goals and objectives;

19 (b) Economy and efficiency. This objective shall assess
20 the costs and resources used to achieve results of an entity,
21 organization, activity, program, or function;

22 (c) Internal control. This objective shall assess one or
23 more components of an entity's internal control system, which is
24 designed to provide reasonable assurance of achieving effective
25 and efficient operations, reliable financial and performance
26 reporting, or compliance with applicable legal requirements; and

27 (d) Compliance. This objective shall assess compliance
28 with criteria established by provisions of laws, regulations,

1 contracts, and grant agreements or by other requirements that
2 could affect the acquisition, protection, use, and disposition of
3 an entity's resources and the quantity, quality, timeliness, and
4 cost of services the entity produces and delivers;

5 (7) "State agency", any department, institution, board,
6 commission, committee, division, bureau, officer, official, or
7 any other entity for which the state has oversight
8 responsibility, which shall include, but not be limited to, any
9 institution of higher education, mental or specialty hospital,
10 community college, or circuit court and divisions of the circuit
11 court.

12 29.185. When conducting an audit under this chapter, the
13 audit objectives as defined in the standards established by the
14 comptroller general of the United States shall determine the type
15 of audit to be conducted which may include financial and
16 performance audits. Neither the audit type nor the audit
17 objectives shall be mutually exclusive. An audit may include
18 either financial or performance audit objectives or one or more
19 objectives from both types of audits. A performance audit may
20 include one primary objective, such as economy and efficiency, or
21 a combination of objectives, such as internal control and
22 compliance.

23 29.190. The state auditor shall [prescribe the form of
24 books, receipts, vouchers and documents required to separate and
25 verify each transaction, and forms of reports and statements
26 required for the administration of such officer, or for the
27 information of the public. He shall also] prescribe a uniform
28 method and plan of publishing the county financial statement each

1 year for the information of the public. Such statement or
2 statements shall set forth the true financial condition of the
3 county, the revenues and receipts, expenditures and disbursements
4 for the year as compared with the budget for the year, the bonded
5 debt and other liabilities at the close of the year, the total
6 salaries, fees and all other emoluments received by all county
7 officers, and such other information as shall be prescribed by
8 the state auditor. The form of such statements shall follow the
9 recognized governmental reporting practices.

10 29.200. [The state auditor shall postaudit the accounts of
11 all state agencies and audit the treasury at least once annually.
12 Once every two years, and when he deems it necessary, proper or
13 expedient, the state auditor shall examine and postaudit the
14 accounts of all appointive officers of the state and of
15 institutions supported in whole or in part by the state. He
16 shall audit any executive department or agency of the state upon
17 the request of the governor.] 1. Except as provided under
18 subsection 2 of this section, all audits conducted under this
19 chapter may be made at the discretion of the auditor without
20 advance notice to the organization being audited. An audit also
21 shall be conducted upon the request of the governor as provided
22 under section 26.060, and the expenses for any such audit
23 conducted upon the request of the governor shall be paid as
24 provided in section 26.090.

25 2. The auditor, on his or her initiative and as often as he
26 or she deems necessary, to the extent deemed practicable and
27 consistent with the overall responsibility as contained in this
28 chapter, shall make or cause to be made audits of all or any part

1 of the activities of the state agencies, except that the auditor
2 may only make, or cause to be made, audits of the general
3 assembly during the legislative interim between a first regular
4 session and second regular session of the general assembly.

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

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

13 5. The auditor shall be authorized to contract with federal
14 audit agencies, or any governmental agency, on a cost
15 reimbursement basis, to perform audits of federal grant programs
16 administered by the state departments and institutions in
17 accordance with agreements negotiated between the auditor and the
18 contracting federal audit agencies or any governmental agency.
19 In instances where the grantee state agency shall subgrant such
20 federal funds to local governments, regional councils of
21 government, other local groups, or private or semiprivate
22 institutions or agencies, the auditor shall have the authority to
23 examine the books and records of these subgrantees to the extent
24 necessary to determine eligibility and proper use in accordance
25 with state and federal laws and regulations. The auditor shall
26 charge and collect from the contracting federal audit agencies,
27 or any governmental agencies, the actual cost of all the audits
28 of the grants and programs that are conducted by the auditor

1 under the contract. Amounts collected under these arrangements
2 shall be deposited into the state treasury and be credited to the
3 state auditor-federal fund and shall be available to hire
4 sufficient personnel to perform these contracted audits and to
5 pay for related travel, supplies, and other necessary expenses.

6 6. In the auditor's reports of audits and reports of
7 special investigations, the auditor shall make any comments,
8 suggestions, or recommendations deemed appropriate concerning any
9 aspect of such agency's activities and operations.

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

12 8. The auditor may examine the banking accounts and records
13 of the state treasurer, state agency, or any political
14 subdivision at any bank or financial institution provided that
15 the bank or financial institution shall not be required to
16 produce the requested accounts or records until the auditor,
17 treasurer, state agency, or political subdivision reimburses the
18 reasonable document production costs of the bank or financial
19 institution.

20 9. The auditor may, as often as the auditor deems
21 necessary, conduct a detailed review of the bookkeeping and
22 accounting systems in use in the various state agencies that are
23 supported partially or entirely by state funds. Such
24 examinations shall be for the purpose of evaluating the adequacy
25 of systems in use by such agencies. In instances where the
26 auditor determines that existing systems are outmoded,
27 inefficient, or otherwise inadequate, the auditor shall recommend
28 changes to the state agency and notify the general assembly of

1 the recommended changes.

2 10. The auditor shall, through appropriate tests, determine
3 the propriety of the data presented in the state comprehensive
4 annual financial report, and shall express the auditor's opinion
5 in accordance with generally accepted government auditing
6 standards.

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

12 12. At the conclusion of an audit, the auditor or the
13 auditor's designated representative shall supply a copy of a
14 draft report of the audit to, and discuss such draft with, the
15 official, or that official's designated representative, whose
16 office is subject to audit. On any audit of a state agency or
17 political subdivision of the state, the auditee shall provide
18 responses to any recommendations contained in the draft report
19 within thirty days from the receipt of the draft report.

20 13. The auditor shall notify the general assembly, the
21 governor, the director of each agency audited, and other persons
22 as the auditor deems appropriate that an audit report has been
23 published, its subject and title, and the locations, including
24 state libraries, at which the report is available. The auditor
25 then shall distribute copies of the report only to those who
26 request a report. The copies shall be available in written form
27 or available on the official website of the auditor. The auditor
28 may charge a reasonable fee for providing a written copy of an

1 audit report. The auditor also shall file a copy of the audit
2 report in the auditor's office; this copy shall be a permanent
3 public record. Nothing in this subsection shall be construed to
4 authorize or permit the publication of information that is
5 otherwise prohibited by law from being disclosed.

6 14. The audit function provided in this chapter shall be
7 construed by the courts of this state in a manner consistent with
8 Article II, Article III, and Article V of the constitution of
9 Missouri and shall not be construed to infringe upon or deprive
10 the general assembly or the executive or judicial branches of
11 state government of any rights, powers, or duties vested in or
12 imposed upon them by statute or the constitution of this state.

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

18 16. In accordance with the state's records retention
19 schedule, the auditor shall maintain a complete file of all audit
20 reports and reports of other examinations, investigations,
21 surveys, and reviews issued under the auditor's authority. Audit
22 work papers and other evidence and related supportive material
23 directly pertaining to the work of the auditor's office shall be
24 retained according to an agreement between the auditor and the
25 state archives. To promote intergovernmental cooperation and
26 avoid unnecessary duplication of audit effort, pertinent work
27 papers and other supportive material related to issued audit
28 reports may be, at the discretion of the auditor and unless

1 otherwise prohibited by law, made available for inspection by
2 duly authorized representatives of the state and federal
3 government who desire access to, and inspection of, such records
4 in connection with a matter officially before them, including
5 criminal investigations. Except as provided in this section,
6 audit work papers and related supportive material shall be kept
7 confidential, including any interpretations, advisory opinions,
8 or other information or materials used and relied on in
9 performing the audit.

10 29.210. [In the year 1949 and every two years thereafter,
11 it shall be the duty of] Whenever the state auditor [to] conducts
12 an audit of the state highways and transportation commission and
13 the state transportation department[.], salaries of auditors,
14 examiners, clerks, stenographers and other employees of the state
15 auditor making such audit and all expenses incurred in making
16 such audit shall be paid monthly by the state highways and
17 transportation commission and the state transportation department
18 out of moneys appropriated to the state highways and
19 transportation commission and the state transportation department
20 [for that purpose], when such payrolls and expense accounts for
21 such purposes are certified to the state highways and
22 transportation commission and the state transportation department
23 by the state auditor.

24 29.216. The state auditor may make, or cause to be made,
25 audits of any public employee retirement or public employee
26 health care system operating within the state, which shall
27 include but not be limited to a public employee retirement or
28 public employee health care system established under sections

1 70.600 to 70.755 and chapters 50, 56, 103, 104, and 169.

2 29.221. 1. The auditor shall provide various means to
3 receive reports of allegations of improper governmental
4 activities, which shall include a telephone hotline, electronic
5 mail, and internet access. The auditor shall periodically
6 publicize the hotline telephone number, electronic mail address,
7 internet website address, and any other means by which the
8 auditor may receive reports of allegations of improper
9 governmental activities. Individuals who make a report under
10 this section may choose to remain anonymous until the individual
11 affirmatively consents to having the individual's identity
12 disclosed.

13 2. The auditor shall receive and initially review reports
14 of allegations of improper governmental activities of state
15 agencies, political subdivisions, or state or political
16 subdivision officers or employees within the scope of authority
17 set forth in this section, including misappropriation,
18 mismanagement, waste of resources, fraud, or violations of state
19 or federal law, rule or regulation. After conducting an initial
20 review, the auditor may investigate those allegations the auditor
21 deems to be credible. When the auditor believes that an
22 allegation of improper governmental activity is outside the
23 authority set forth in this section, the auditor shall refer the
24 allegation to the appropriate state agency responsible for the
25 enforcement or administration of the matter for investigation.
26 When the auditor believes that an allegation of improper
27 governmental activity involves matters set forth in this
28 subsection, those matters shall be referred as follows:

1 (1) Allegations of criminal misconduct to either the
2 attorney general or the prosecuting attorney for the county where
3 the alleged misconduct occurred;

4 (2) Allegations of violations of sections 105.450 to
5 105.496 to the Missouri ethics commission;

6 (3) Allegations of violations of chapter 115 to the
7 appropriate election authority or the secretary of state.

8 29.230. 1. In every county which does not elect a county
9 auditor, the state auditor shall audit, without cost to the
10 county, at least once during the term for which any county
11 officer is chosen, the accounts of the various county officers
12 supported in whole or in part by public moneys. [The audit shall
13 be made as near the expiration of the term of office as the
14 auditing force of the state auditor will permit.]

15 2. The state auditor shall audit any political subdivision
16 of the state, including counties having a county auditor, if
17 requested to do so by a petition signed by the requisite percent
18 of the qualified voters of the political subdivision. The
19 requisite percent of qualified voters to cause such an audit to
20 be conducted shall be determined as follows:

21 (1) If the number of qualified voters of the political
22 subdivision determined on the basis of the votes cast in the last
23 gubernatorial election held prior to the filing of the petition
24 is less than one thousand, twenty-five percent of the qualified
25 voters of the political subdivision determined on the basis of
26 the registered voters eligible to vote at the last gubernatorial
27 election held prior to the filing of the petition;

28 (2) If the number of qualified voters of the political

1 subdivision determined on the basis of the votes cast in the last
2 gubernatorial election held prior to the filing of the petition
3 is one thousand or more but less than five thousand, fifteen
4 percent of the qualified voters of the political subdivision
5 determined on the basis of the votes cast in the last
6 gubernatorial election held prior to the filing of the petition,
7 provided that the number of qualified voters signing such
8 petition is not less than two hundred;

9 (3) If the number of qualified voters of the political
10 subdivision determined on the basis of the votes cast in the last
11 gubernatorial election held prior to the filing of the petition
12 is five thousand or more but less than fifty thousand, ten
13 percent of the qualified voters of the political subdivision
14 determined on the basis of the votes cast in the last
15 gubernatorial election held prior to the filing of the petition,
16 provided that the number of qualified voters signing such
17 petition is not less than seven hundred fifty;

18 (4) If the number of qualified voters of the political
19 subdivision determined on the basis of the votes cast in the last
20 gubernatorial election held prior to the filing of the petition
21 is fifty thousand or more, five percent of the qualified voters
22 of the political subdivision determined on the basis of the votes
23 cast in the last gubernatorial election held prior to the filing
24 of the petition, provided that the number of qualified voters
25 signing such petition is not less than five thousand. The
26 political subdivision shall pay the actual cost of audit. The
27 petition that requests an audit of a political subdivision shall
28 state on its face the estimated cost of the audit and that it

1 will be paid by the political subdivision being audited. The
2 estimated cost of the audit shall be provided by the state
3 auditor within sixty days of such request. The costs of the
4 audit may be billed and paid on an interim basis with individual
5 billing periods to be set at the state auditor's discretion.
6 Moneys held by the state on behalf of a political subdivision may
7 be used to offset unpaid billings for audit costs of the
8 political subdivision. All moneys received by the state in
9 payment of the costs of petition audits shall be deposited in the
10 state treasury and credited to the "Petition Audit Revolving
11 Trust Fund" which is hereby created with the state treasurer as
12 custodian. The general assembly may appropriate additional
13 moneys to the fund as it deems necessary. The state auditor
14 shall administer the fund and approve all disbursements, upon
15 appropriation, from the fund to apply to the costs of performing
16 petition audits. The provisions of section 33.080 to the
17 contrary notwithstanding, money in the fund shall not be
18 transferred and placed to the credit of general revenue until the
19 amount in the fund at the end of any biennium exceeds one million
20 dollars. The amount in the fund which shall lapse is the amount
21 which exceeds one million dollars. No political subdivision
22 shall be audited by petition more than once in any three calendar
23 or fiscal years.

24 29.235. 1. [All audits shall conform to the standards for
25 auditing of governmental organizations, programs, activities and
26 functions established by the comptroller general of the United
27 States. The audit objectives as defined in the standards shall
28 determine the type of audit to be conducted.

1 2. The state auditor and any person appointed by him for
2 that purpose may administer oaths and cause to be summoned before
3 them any person whose testimony is desired or necessary in any
4 examination, and may require the person to produce necessary
5 papers, documents and writings.] The auditor and the auditor's
6 authorized agents are authorized to examine all books and
7 accounts of any individual, firm, or corporation only insofar as
8 they relate to transactions with any agency or political
9 subdivision of the state. The auditor and the auditor's
10 authorized agents shall have ready access to:

11 (1) Persons and may examine and copy all books, records,
12 reports, vouchers, correspondence, files, personnel files,
13 investments, and any other documentation of any state agency or
14 political subdivision of the state that the auditor is authorized
15 by law to audit. The review of state tax returns shall be
16 limited to matters of official business, and the auditor's report
17 shall not violate the confidentiality provisions of tax laws.
18 Notwithstanding confidentiality provisions of tax laws to the
19 contrary, the auditor may use and disclose information related to
20 overdue tax debts in support of the auditor's statutory mission;

21 (2) Persons, records, papers, reports, vouchers,
22 correspondence, books, and any other documentation that is in the
23 possession of any individual, private corporation, institution,
24 association, board, or other organization, provided that the
25 auditor complies with state and federal financial privacy
26 requirements prior to accessing financial records including
27 provisions presented in chapter 408 and provided that the auditor
28 or other public entity reimburses the reasonable documentation

1 and production costs that pertain to:

2 (a) Amounts received under a grant or contract from the
3 federal government or the state or its political subdivisions;

4 (b) Amounts received, disbursed, or otherwise handled on
5 behalf of the federal government or the state. To determine that
6 payments to providers of social and medical services are legal
7 and proper, the providers of such services shall give the
8 auditor, or the auditor's authorized representatives, access to
9 the records of recipients who receive such services; and

10 (3) Examine and inspect all property, equipment, and
11 facilities in the possession of any state agency, political
12 subdivision, or any individual, private corporation, institution,
13 association, board, or other organization that were furnished or
14 otherwise provided through grant, contract, or any other type of
15 funding by the state of Missouri or the federal government.

16 2. All contracts or agreements entered into as a result of
17 the award of a grant by state agencies or political subdivisions
18 shall include, as a necessary part, a clause describing the
19 auditor's access as provided under this section.

20 3. The auditor may obtain the services of certified public
21 accountants, qualified management consultants, or other
22 professional persons and experts as the auditor deems necessary
23 or desirable to carry out the duties and functions assigned under
24 this chapter. Unless otherwise authorized by law, no state
25 agency shall enter into any contract for auditing services
26 without consultation with, and the prior written approval of, the
27 auditor.

28 4. (1) For the purposes of this chapter, the auditor or

1 the auditor's authorized representatives shall have the power to
2 subpoena witnesses, to take testimony under oath, to cause the
3 deposition of witnesses residing within or without the state to
4 be taken in a manner prescribed by law, and to assemble records
5 and documents, by subpoena or otherwise. The subpoena power
6 granted by this section shall be exercised only at the specific
7 written direction of the auditor or the auditor's chief deputy.

8 (2) If any person refuses to comply with a subpoena, the
9 auditor shall seek to enforce the subpoena before a court of
10 competent jurisdiction to require the attendance and testimony of
11 witnesses and the production of books, papers, correspondence,
12 memoranda, contracts, agreements, and other records. Such court
13 may issue an order requiring such person to appear before the
14 auditor or officers designated by the auditor to produce records
15 or to give testimony relating to the matter under investigation
16 or in question. Any failure to comply with such order of the
17 court may be punished by such court as contempt.

18 29.250. [If any such officer or officers shall refuse] 1.
19 Any person who willfully makes or causes to be made, to the state
20 auditor or the auditor's designated representatives, any false,
21 misleading, or unfounded report for the purpose of interfering
22 with the performance of any audit, special review, or
23 investigation, or to hinder or obstruct the auditor or the
24 auditor's designated representatives in the performance of
25 duties, shall be guilty of a class A misdemeanor.

26 2. Any person or entity affected by this chapter who shall
27 refuse or fail to comply with the provisions of this chapter
28 shall be deemed guilty of a class A misdemeanor. Refusing or

1 failing to comply with the provisions of this chapter shall
2 include but not be limited to any person or entity failing to
3 submit their books, papers and concerns to the inspection of the
4 state auditor, or any of [his] the auditor's examiners, or if
5 anyone connected with the official duties of the state, county,
6 institution, or political subdivision of the state, shall refuse
7 to submit to be examined upon oath[, touching the officers of
8 such county or political subdivision,]_.

9 3. The state auditor shall report [the fact] any violation
10 of subsection 1 or 2 of this section to the prosecuting attorney,
11 who shall institute such action or proceedings against such
12 [officer or officers] person or entity as [he] the prosecutor may
13 deem proper.

14 29.260. [Nothing done in sections 29.010 to 29.360] The
15 provisions of this chapter shall not preclude any officer or
16 officers in charge of the offices and institutions mentioned in
17 [said sections] this chapter from having proper recourse in the
18 courts of law in this state.

19 [21.760.] 29.351. 1. During the regular legislative
20 session which convenes in an odd-numbered year, the general
21 assembly shall, by concurrent resolution, employ an independent
22 certified public accountant or certified public accounting firm
23 to conduct an audit examination of the accounts, functions,
24 programs, and management of the state auditor's office. The
25 audit examination shall be made in accordance with generally
26 accepted auditing standards, including such reviews and
27 inspections of books, records and other underlying data and
28 documents as are necessary to enable the independent certified

1 public accountant performing the audit to reach an informed
2 opinion on the condition and performance of the accounts,
3 functions, programs, and management of the state auditor's
4 office. Upon completion of the audit, the independent certified
5 public accountant shall make a written report of his findings and
6 conclusions, and shall supply each member of the general
7 assembly, the governor, and the state auditor with a copy of the
8 report. The cost of the audit and report shall be paid out of
9 the joint contingent fund of the general assembly.

10 2. The commissioner of administration shall bid these
11 services, at the direction of the general assembly, pursuant to
12 state purchasing laws.

13 50.055. The accounts of [counties] any county of the second
14 class, or the accounts of any officer or office of such county,
15 may be audited at any time, if the county commission determines
16 such an audit desirable or necessary, [every odd-numbered year
17 within six months after the determination of the preceding fiscal
18 year,] either by a certified public accountant employed by the
19 county commission or by the state auditor, as the county
20 commission may determine. If the audit is to be made by the
21 state auditor, the state auditor shall be requested by the county
22 commission to make the audit, as provided by law. Unless the
23 audit is requested for a particular officer or office, the audit
24 [herein provided shall] may also review the records of the
25 receipts and disbursements and the property inventory of every
26 officer or office of the county which receives or disburses money
27 on behalf of the county or which holds property belonging to the
28 county. Upon the completion of the investigation, the certified

1 public accountant or the state auditor, as the case may be, shall
2 render a report to the county commission [together with a
3 statement showing, under appropriate classifications, the
4 receipts and disbursements of the county during the period of the
5 audit. The first audit, as provided by this section, may be made
6 following the fiscal year of 1946, and such audit may be made
7 every two years thereafter]. The county commission shall provide
8 for the expense of such audit if made by a certified public
9 accountant employed by the county commission. For audits
10 performed by the state auditor, all expenses incurred in
11 performing the audit, including salaries of auditors, examiners,
12 clerks, and other employees of the state auditor, shall be paid
13 by the county or county commission and the monies are to be
14 deposited in the petition audit revolving trust fund pursuant to
15 section 29.230.

16 50.057. The accounts of any county of the first class not
17 having a charter form of government, or the accounts of any
18 officer or office of such county, may be audited at any time, if
19 the county commission determines such an audit desirable or
20 necessary, either by a certified public accountant employed by
21 the county commission or by the state auditor, as the county
22 commission may determine. If the audit is to be made by the
23 state auditor, the state auditor shall be requested by the county
24 commission to make the audit, as provided by law. Unless the
25 audit is requested only for a particular officer or office, the
26 audit shall also review the records of the receipts and
27 disbursements and the property inventory of every officer or
28 office of the county which receives or disburses money on behalf

1 of the county or which holds property belonging to the county.
2 Upon completion of the investigation, the certified public
3 accountant or the state auditor, as the case may be, shall render
4 a report to the county commission together with a statement
5 showing under appropriate classifications the receipts and
6 disbursements of the county or of the particular officer or
7 office of the county for which the audit was requested, as the
8 case may be, during the period covered by the audit. For audits
9 performed by the state auditor, all expenses incurred in
10 performing the audit, including salaries of auditors, examiners,
11 clerks, and other employees of the state auditor, shall be paid
12 by the county or county commission and the monies are to be
13 deposited in the petition audit revolving trust fund pursuant to
14 section 29.230.

15 50.622. 1. Any county may amend the annual budget during
16 any fiscal year in which the county receives additional funds,
17 and such amount or source, including but not limited to, federal
18 or state grants or private donations, could not be estimated when
19 the budget was adopted. The county shall follow the same
20 procedures as required in sections 50.525 to 50.745 for adoption
21 of the annual budget to amend its budget during a fiscal year.

22 2. Any county may decrease the annual budget twice during
23 any fiscal year in which the county experiences a verifiable
24 decline in funds of two percent or more, and such amount could
25 not be estimated or anticipated when the budget was adopted,
26 provided that any decrease in appropriations shall not unduly
27 affect any one officeholder. Before any reduction affecting an
28 independently elected officeholder can occur, negotiations shall

1 take place with all officeholders who receive funds from the
2 affected category of funds in an attempt to cover the shortfall.
3 The county shall follow the same procedures as required in
4 sections 50.525 to 50.745 to decrease the annual budget, except
5 that the notice provided for in section 50.600 shall be extended
6 to thirty days for purposes of this subsection. Such notice
7 shall include a published summary of the proposed reductions and
8 an explanation of the shortfall.

9 3. Any decrease in an appropriation authorized under
10 subsection 2 of this section shall not impact any dedicated fund
11 otherwise provided by law.

12 4. County commissioners may reduce budgets of departments
13 under their direct supervision and responsibility at any time
14 without the restrictions imposed by this section.

15 5. Subsections 2, 3, and 4 of this section shall expire on
16 July 1, 2016.

17 6. Notwithstanding the provisions of this section, no
18 charter county shall be restricted from amending its budget
19 pursuant to the terms of its charter.

20 50.1030. 1. The general administration and the
21 responsibility for the proper operation of the fund and the
22 system and the investment of the funds of the system are vested
23 in a board of directors of eleven persons. Nine directors shall
24 be elected by a secret ballot vote of the county employee members
25 of this state. Two directors, who have no beneficiary interest
26 in the system, shall be appointed by the governor with the advice
27 and consent of the senate. No more than one director at any one
28 time shall be employed by the same elected county office.

1 Directors shall be chosen for terms of four years from the first
2 day of January next following their election. It shall be the
3 responsibility of the board to establish procedures for the
4 conduct of future elections of directors and such procedures
5 shall be approved by a majority vote by secret ballot by members
6 of the system. The board shall have all powers and duties that
7 are necessary and proper to enable it, its officers, employees
8 and agents to fully and effectively carry out all the purposes of
9 sections 50.1000 to 50.1300.

10 2. The board of directors shall elect one of their number
11 as chairman and one of their number as vice chairman and may
12 employ an administrator who shall serve as secretary to the
13 board. The board shall hold regular meetings at least once each
14 quarter. Board meetings shall be held in Jefferson City. Other
15 meetings may be called as necessary by the chairman. Notice of
16 such meetings shall be given in accordance with chapter 610.

17 3. The board of directors shall retain an actuary as
18 technical advisor to the board.

19 4. The board of directors shall retain investment counsel
20 to be an investment advisor to the board.

21 5. The ~~state auditor~~ board shall ~~provide for biennial~~
22 arrange for annual audits of the Missouri county employees'
23 retirement system and the operations of the board[, to be paid
24 for out of the funds of the system] by a certified public
25 accountant or by a firm of certified public accountants.

26 6. The board of directors shall serve without compensation
27 for their services, but each director shall be paid out of the
28 funds of the system for any actual and necessary expenses

1 incurred in the performance of duties authorized by the board.

2 7. The board of directors shall be allowed administrative
3 costs for the operation of the system to be paid out of the funds
4 of the system.

5 8. The board shall keep a record of its proceedings which
6 shall be open to public inspection. It shall annually prepare a
7 report showing the financial condition of the system. The report
8 shall contain, but not be limited to, an auditor's opinion,
9 financial statements prepared in accordance with generally
10 accepted accounting principles, an actuary's certification along
11 with actuarial assumptions and financial solvency tests.

12 9. The board shall conduct an annual review, to determine
13 if, among other things, the following actions are actuarially
14 feasible:

15 (1) An adjustment to the formula described in section
16 50.1060, subject to the limitations of subsection 4 of section
17 50.1060;

18 (2) An adjustment in the flat dollar pension benefit credit
19 described in subsection 1 of section 50.1060;

20 (3) The cost-of-living increase as described in section
21 50.1070;

22 (4) An adjustment in the matching contribution described in
23 section 50.1230;

24 (5) An adjustment in the twenty-five year service cap on
25 creditable service;

26 (6) An adjustment to the target replacement ratio; or

27 (7) An additional benefit or enhancement which will improve
28 the quality of life of future retirees. Based upon the findings

1 of the actuarial review, the board may vote to change none, one,
2 or more than one of the above items, subject to the actuarial
3 guidelines outlined in section 50.1031.

4 56.809. 1. The general administration and the
5 responsibility for the proper operation of the fund are vested in
6 a board of trustees of five persons. Trustees shall be elected
7 by a secret ballot vote of the prosecuting attorneys and circuit
8 attorneys of this state. Trustees shall be chosen for terms of
9 four years from the first day of January next following their
10 election except that the members of the first board shall be
11 appointed by the governor by and with the consent of the senate
12 after notification in writing, respectively, by the prosecuting
13 attorneys and circuit attorneys of eighty percent of the counties
14 in the state, including a city not within a county, that the
15 prosecuting attorney or circuit attorney has elected to come
16 under the provisions of sections 56.800 to 56.840. It shall be
17 the responsibility of the initial board to establish procedures
18 for the conduct of future elections of trustees and such
19 procedures shall be approved by a majority vote by secret ballot
20 of the prosecuting attorneys and circuit attorneys in this state.
21 The board shall have all powers and duties that are necessary and
22 proper to enable it, its officers, employees and agents to fully
23 and effectively carry out all the purposes of sections 56.800 to
24 56.840.

25 2. The board of trustees shall elect one of their number as
26 chairman and one of their number as vice chairman and may employ
27 an administrator who shall serve as executive secretary to the
28 board. The Missouri office of prosecution services, sections

1 56.750 to 56.775, may, in the discretion of the board of
2 trustees, act as administrative employees to carry out all of the
3 purposes of sections 56.800 to 56.840. In addition, the board of
4 trustees may appoint such other employees as may be required.
5 The board shall hold regular meetings at least once each quarter.
6 Other meetings may be called as necessary by the chairman or by
7 any three members of the board. Notice of such meetings shall be
8 given in accordance with chapter 610.

9 3. The board of trustees shall appoint an actuary or firm
10 of actuaries as technical advisor to the board of trustees.

11 4. The board of trustees shall retain investment advisors
12 to be investment advisors to the board.

13 5. The board of trustees may retain legal counsel to advise
14 the board and represent the system in legal proceedings.

15 6. The board shall arrange for annual audits of the records
16 and accounts of the system by a certified public accountant or by
17 a firm of certified public accountants. [The state auditor shall
18 examine such audits at least once every three years and report to
19 the board of trustees and to the governor.]

20 7. The board of trustees shall serve without compensation
21 for their services as such; except that each trustee shall be
22 paid from the system's funds for any necessary expenses incurred
23 in the performance of duties authorized by the board.

24 8. The board of trustees shall be authorized to appropriate
25 funds from the system for administrative costs in the operation
26 of the system.

27 9. The board of trustees shall, from time to time, after
28 receiving the advice of its actuary, adopt such mortality and

1 other tables of experience, and a rate or rates of regular
2 interest, as shall be necessary for the actuarial requirements of
3 the system, and shall require its executive secretary to keep in
4 convenient form such data as shall be necessary for actuarial
5 investigations of the experience of the system, and such data as
6 shall be necessary for the annual actuarial valuations of the
7 system.

8 10. The board of trustees shall, after reasonable notice to
9 all interested parties, hear and decide questions arising from
10 the administration of sections 56.800 to ~~[56.835]~~ 56.840; except
11 that within thirty days after a decision or order, any member,
12 retirant, beneficiary or political subdivision adversely affected
13 by that determination or order may make an appeal under the
14 provisions of chapter 536.

15 11. The board of trustees shall arrange for adequate surety
16 bonds covering the executive secretary and any other custodian of
17 funds or investments of the board. When approved by the board,
18 such bonds shall be deposited in the office of the Missouri
19 secretary of state.

20 12. Subject to the limitations of sections 56.800 to
21 ~~[56.835]~~ 56.840, the board of trustees shall formulate and adopt
22 rules and regulations for the government of its own proceedings
23 and for the administration of the retirement system.

24 13. The board of trustees shall be the trustees of the
25 funds of the system. Subject to the provisions of any applicable
26 federal or state laws, the board of trustees shall have full
27 power to invest and reinvest the moneys of the system, and to
28 hold, purchase, sell, assign, transfer or dispose of any of the

1 securities and investments in which such moneys shall have been
2 invested, as well as the proceeds of such investments and such
3 moneys.

4 14. Notwithstanding any other provision of the law to the
5 contrary, the board of trustees may delegate to its duly
6 appointed investment advisors authority to act in place of the
7 board of trustees in the investment and reinvestment of all or
8 part of the moneys of the system, and may also delegate to such
9 advisors the authority to act in place of the board of trustees
10 in the holding, purchasing, selling, assigning, transferring or
11 disposing of any or all of the securities and investments in
12 which such moneys shall have been invested, as well as the
13 proceeds of such investments and such moneys. Such investment
14 counselor shall be registered as an investment advisor with the
15 United States Securities and Exchange Commission. In exercising
16 or delegating its investment powers and authority, members of the
17 board of trustees shall exercise ordinary business care and
18 prudence under the facts and circumstances prevailing at the time
19 of the action or decision. In so doing, the board of trustees
20 shall consider the long-term and short-term needs of the system
21 in carrying out its purposes, the system's present and
22 anticipated financial requirements, the expected total return on
23 the system's investment, the general economic conditions, income,
24 growth, long-term net appreciation, and probable safety of funds.
25 No member of the board of trustees shall be liable for any action
26 taken or omitted with respect to the exercise of or delegation of
27 these powers and authority if such member shall have discharged
28 the duties of his or her position in good faith and with that

1 degree of diligence, care and skill which prudent men and women
2 would ordinarily exercise under similar circumstances in a like
3 position.

4 15. The board shall keep a record of its proceedings which
5 shall be open to public inspection. It shall annually prepare a
6 report showing the financial condition of the system. The report
7 shall contain, but not be limited to, an auditor's opinion,
8 financial statements prepared in accordance with generally
9 accepted accounting principles, an actuary's certification along
10 with actuarial assumptions and financial solvency tests.

11 70.605. 1. For the purpose of providing for the retirement
12 or pensioning of the officers and employees and the widows and
13 children of deceased officers and employees of any political
14 subdivision of the state, there is hereby created and established
15 a retirement system which shall be a body corporate, which shall
16 be under the management of a board of trustees herein described,
17 and shall be known as the "Missouri Local Government Employees'
18 Retirement System". Such system may sue and be sued, transact
19 business, invest funds, and hold cash, securities, and other
20 property. All suits or proceedings directly or indirectly
21 against the system shall be brought in Cole County. The system
22 shall begin operations on the first day of the calendar month
23 next following sixty days after the date the board of trustees
24 has received certification from ten political subdivisions that
25 they have elected to become employers.

26 2. The general administration and the responsibility for
27 the proper operation of the system is vested in a board of
28 trustees of seven persons: three persons to be elected as

1 trustees by the members of the system; three persons to be
2 elected trustees by the governing bodies of employers; and one
3 person, to be appointed by the governor, who is not a member,
4 retirant, or beneficiary of the system and who is not a member of
5 the governing body of any political subdivision.

6 3. Trustees shall be chosen for terms of four years from
7 the first day of January next following their election or
8 appointment, except that of the first board shall all be
9 appointed by the governor by and with the consent of the senate,
10 as follows:

11 (1) Three persons who are officers or officials of
12 political subdivisions, one for a term of three years, one for a
13 term of two years, and one for a term of one year; and

14 (2) Three persons who are employees of political
15 subdivisions and who would, if the subdivision by which they are
16 employed becomes an employer, be eligible as members, one for a
17 term of three years, one for a term of two years, and one for a
18 term of one year; and

19 (3) That person appointed by the governor under the
20 provisions of subsection 2 of this section. All the members of
21 the first board shall take office as soon as appointed by the
22 governor, but their terms shall be computed from the first day of
23 January next following their appointment, and only one member may
24 be from any political subdivision or be a policeman or fireman.

25 4. Successor trustees elected or appointed as member
26 trustees shall be members of the retirement system; provided,
27 that not more than one member trustee shall be employed by any
28 one employer, and not more than one member trustee shall be a

1 policeman, and not more than one member trustee shall be a
2 fireman.

3 5. Successor trustees elected as employer trustees shall be
4 elected or appointed officials of employers and shall not be
5 members of the retirement system; provided, that not more than
6 one employer trustee shall be from any one employer.

7 6. An annual meeting of the retirement system shall be
8 called by the board in the last calendar quarter of each year in
9 Jefferson City, or at such place as the board shall determine,
10 for the purpose of electing trustees and to transact such other
11 business as may be required for the proper operation of the
12 system. Notice of such meeting shall be sent by registered mail
13 to the clerk or secretary of each employer not less than thirty
14 days prior to the date of such meeting. The governing body of
15 each employer shall certify to the board the name of one delegate
16 who shall be an officer of the employer, and the members of the
17 employer shall certify to the board a member of the employer to
18 represent such employer at such meeting. The delegate certified
19 as member delegate shall be elected by secret ballot by the
20 members of such employer, and the clerk or secretary of each
21 employer shall be charged with the duty of conducting such
22 election in a manner which will permit each member to vote in
23 such election. Under such rules and regulations as the board
24 shall adopt, approved by the delegates, the member delegates
25 shall elect a member trustee for each such position on the board
26 to be filled, and the officer delegates shall elect an employer
27 trustee for each such position on the board to be filled.

28 7. In the event any member trustee ceases to be a member of

1 the retirement system, or any employer trustee ceases to be an
2 appointed or elected official of an employer, or becomes a member
3 of the retirement system, or if the trustee appointed by the
4 governor becomes a member of the retirement system or an elected
5 or appointed official of a political subdivision, or if any
6 trustee fails to attend three consecutive meetings of the board,
7 unless in each case excused for cause by the remaining trustees
8 attending such meeting or meetings, he or she shall be considered
9 as having resigned from the board and the board shall, by
10 resolution, declare his or her office of trustee vacated. If a
11 vacancy occurs in the office of trustee, the vacancy shall be
12 filled for the unexpired term in the same manner as the office
13 was previously filled; provided, however, that the remaining
14 trustees may fill employer and member trustee vacancies on the
15 board until the next annual meeting.

16 8. Each trustee shall be commissioned by the governor, and
17 before entering upon the duties of his office, shall take and
18 subscribe to an oath or affirmation to support the Constitution
19 of the United States, and of the state of Missouri, and to demean
20 himself faithfully in his or her office. Such oath as subscribed
21 to shall be filed in the office of the secretary of state of this
22 state.

23 9. Each trustee shall be entitled to one vote in the board
24 of trustees. Four votes shall be necessary for a decision by the
25 trustees at any meeting of the board of trustees. Four trustees,
26 of whom at least two shall be member trustees and at least two
27 shall be employer trustees, shall constitute a quorum at any
28 meeting of the board. Unless otherwise expressly provided

1 herein, a meeting need not be called or held to make any decision
2 on a matter before the board. Each member must be sent by the
3 executive secretary a copy of the matter to be decided with full
4 information from the files of the board. The concurring
5 decisions of four trustees may decide the issue by signing a
6 document declaring their decision and sending the written
7 instrument to the executive secretary, provided that no other
8 trustee shall send a dissenting decision to the executive
9 secretary within fifteen days after the document and information
10 was mailed to him or her. If any trustee is not in agreement
11 with the four trustees, the matter is to be passed on at a
12 regular board meeting or a special meeting called for that
13 purpose. The board shall hold regular meetings at least once
14 each quarter, the dates of these meetings to be designated in the
15 rules and regulations adopted by the board. Other meetings as
16 deemed necessary may be called by the chairman or by any four
17 trustees acting jointly.

18 10. The board of trustees shall elect one of their number
19 as chairman, and one of their number as vice chairman, and shall
20 employ an executive secretary, not one of their number, who shall
21 be the executive officer of the board. Other employees of the
22 board shall be chosen only upon the recommendation of the
23 executive secretary.

24 11. The board shall appoint an actuary or a firm of
25 actuaries as technical advisor to the board on matters regarding
26 the operation of the system on an actuarial basis. The actuary
27 or actuaries shall perform such duties as are required of him or
28 her under sections 70.600 to 70.755, and as are from time to time

1 required by the board.

2 12. The board may appoint an attorney-at-law or firm of
3 attorneys-at-law to be the legal advisor of the board and to
4 represent the board in all legal proceedings.

5 13. The board may appoint an investment counselor to be the
6 investment advisor of the board.

7 14. The board shall from time to time, after receiving the
8 advice of its actuary, adopt such mortality and other tables of
9 experience, and a rate or rates of regular interest, as shall be
10 necessary for the actuarial requirements of the system, and shall
11 require its executive secretary to keep in convenient form such
12 data as shall be necessary for actuarial investigations of the
13 experience of the system, and such data as shall be necessary for
14 the annual actuarial valuations of the system.

15 15. The board shall keep a record of its proceedings, which
16 shall be open to public inspection. It shall prepare annually
17 and render to each employer a report showing the financial
18 condition of the system as of the preceding June thirtieth. The
19 report shall contain, but shall not be limited to, a financial
20 balance sheet; a statement of income and disbursements; a
21 detailed statement of investments acquired and disposed of during
22 the year, together with a detailed statement of the annual rates
23 of investment income from all assets and from each type of
24 investment; an actuarial balance sheet prepared by means of the
25 last valuation of the system, and such other data as the board
26 shall deem necessary or desirable for a proper understanding of
27 the condition of the system.

28 16. The board of trustees shall, after reasonable notice to

1 all interested parties, conduct administrative hearings to hear
2 and decide questions arising from the administration of sections
3 70.600 to 70.755; except, that such hearings may be conducted by
4 a hearing officer who shall be appointed by the board. The
5 hearing officer shall preside at the hearing and hear all
6 evidence and rule on the admissibility of evidence. The hearing
7 officer shall make recommended findings of fact and may make
8 recommended conclusions of law to the board. All final orders or
9 determinations or other final actions by the board shall be
10 approved in writing by at least four members of the board. Any
11 board member approving in writing any final order, determination
12 or other final action, who did not attend the hearing, shall do
13 so only after certifying that he or she reviewed all exhibits and
14 read the entire transcript of the hearing. Within thirty days
15 after a decision or order or final action of the board, any
16 member, retirant, beneficiary or political subdivision adversely
17 affected by that determination or order or final action may take
18 an appeal under the provisions of chapter 536. Jurisdiction over
19 any dispute regarding the interpretation of sections 70.600 to
20 70.755 and the determinations required thereunder shall lie in
21 the circuit court of Cole County.

22 17. The board shall arrange for adequate surety bonds
23 covering the executive secretary and any other custodian of the
24 funds or investments of the board. When approved by the board,
25 said bonds shall be deposited in the office of the secretary of
26 state.

27 18. The board shall arrange for annual audits of the
28 records and accounts of the system by a certified public

1 accountant or by a firm of certified public accountants. [The
2 state auditor shall examine such audits at least once every three
3 years and report to the board and the governor.]

4 19. The headquarters of the retirement system shall be in
5 Jefferson City.

6 20. The board of trustees shall serve as trustees without
7 compensation for their services as such; except that each trustee
8 shall be paid for any necessary expenses incurred in attending
9 meetings of the board or in the performance of other duties
10 authorized by the board.

11 21. Subject to the limitations of sections 70.600 to
12 70.755, the board shall formulate and adopt rules and regulations
13 for the government of its own proceedings and for the
14 administration of the retirement system.

15 103.025. The board shall arrange for annual audits of the
16 records and accounts of the plan by a certified public accountant
17 or firm of certified public accountants. [The state auditor
18 shall examine such audits at least once every three years and
19 report to the board and the governor.]

20 104.190. 1. The board shall keep a complete record of all
21 its proceedings, which shall be open at all reasonable hours to
22 the inspection of any member. A statement covering the
23 operations of the system for the year, including income and
24 disbursements, and the financial condition of the system at the
25 end of the year, showing the actuarial valuation and appraisal of
26 its assets and liabilities, as of July first, shall each year be
27 delivered to the governor of Missouri and be made readily
28 available to the members.

1 2. A system of member employment records necessary for the
2 calculation of retirement benefits shall be kept separate and
3 apart from the customary employee employment records.

4 3. The principal office of the system shall be located in
5 Jefferson City. The system shall have a seal bearing the
6 inscription "Transportation Department Employees' and Highway
7 Patrol Retirement System", which shall be in the custody of its
8 executive director. The courts of this state shall take judicial
9 notice of the seal; and all copies of records, books, and written
10 instruments which are kept in the office of the system and are
11 certified by the executive director under said seal shall be
12 proved or admitted in any court or proceeding as provided by
13 section 109.130.

14 4. The board shall arrange for annual audits of the records
15 and accounts of the system by a certified public accountant or by
16 a firm of certified public accountants. [The state auditor shall
17 examine such audits at least once every three years and report to
18 the board and the governor.]

19 104.480. 1. The board shall keep a complete record of all
20 its proceedings, which shall be open at all reasonable hours to
21 the inspection of any member.

22 2. A statement covering the operations of the system for
23 the year, including income and disbursements, and of the
24 financial condition of the system at the end of the year, showing
25 the actuarial valuation and appraisal of its assets and
26 liabilities, as of July first, shall each year be delivered to
27 the governor of Missouri and be made readily available to the
28 members.

1 3. The principal office of the system shall be in Jefferson
2 City. The system shall have a seal bearing the inscription
3 "Missouri State Employees' Retirement System", which shall be in
4 the custody of its director. The courts of this state shall take
5 judicial notice of the seal; and all copies of records, books,
6 and written instruments which are kept in the office of the
7 system and are certified by the director under the seal shall be
8 proved or admitted in any court or proceeding as provided by
9 section 109.130.

10 4. The board shall arrange for annual audits of the records
11 and accounts of the system by a certified public accountant or by
12 a firm of certified public accountants. [The state auditor shall
13 examine such audits at least once every three years and report to
14 the board and the governor.]

15 169.020. 1. For the purpose of providing retirement
16 allowances and other benefits for public school teachers, there
17 is hereby created and established a retirement system which shall
18 be a body corporate, shall be under the management of a board of
19 trustees herein described, and shall be known as "The Public
20 School Retirement System of Missouri". Such system shall, by and
21 in such name, sue and be sued, transact all of its business,
22 invest all of its funds, and hold all of its cash, securities,
23 and other property. The system so created shall include all
24 school districts in this state, except those in cities that had
25 populations of four hundred thousand or more according to the
26 latest United States decennial census, and such others as are or
27 hereafter may be included in a similar system or in similar
28 systems established by law and made operative; provided, that

1 teachers in school districts of more than four hundred thousand
2 inhabitants who are or may become members of a local retirement
3 system may become members of this system with the same legal
4 benefits as accrue to present members of such state system on the
5 terms and under the conditions provided for in section 169.021.
6 The system hereby established shall begin operations on the first
7 day of July next following the date upon which sections 169.010
8 to 169.130 shall take effect.

9 2. The general administration and the responsibility for
10 the proper operation of the retirement system and for making
11 effective the provisions of sections 169.010 to 169.141 are
12 hereby vested in a board of trustees of seven persons as follows:
13 four persons to be elected as trustees by the members and retired
14 members of the public school retirement system created by
15 sections 169.010 to 169.141 and the public education employee
16 retirement system created by sections 169.600 to 169.715; and
17 three members appointed by the governor with the advice and
18 consent of the senate. The first member appointed by the
19 governor shall replace the commissioner of education for a term
20 beginning August 28, 1998. The other two members shall be
21 appointed by the governor at the time each member's, who was
22 appointed by the state board of education, term expires.

23 3. Trustees appointed and elected shall be chosen for terms
24 of four years from the first day of July next following their
25 appointment or election, except that one of the elected trustees
26 shall be a member of the public education employee retirement
27 system and shall be initially elected for a term of three years
28 from July 1, 1991. The initial term of one other elected trustee

1 shall commence on July 1, 1992.

2 4. Trustees appointed by the governor shall be residents of
3 school districts included in the retirement system, but not
4 employees of such districts or a state employee or a state
5 elected official. At least one trustee so appointed shall be a
6 retired member of the public school retirement system or the
7 public education employee retirement system. Three elected
8 trustees shall be members of the public school retirement system
9 and one elected trustee shall be a member of the public education
10 employee retirement system.

11 5. The elections of the trustees shall be arranged for,
12 managed and conducted by the board of trustees of the retirement
13 system.

14 6. If a vacancy occurs in the office of trustee, the
15 vacancy shall be filled for the unexpired term in the same manner
16 as the office was previously filled.

17 7. Trustees of the retirement system shall serve without
18 compensation but they shall be reimbursed for expenses
19 necessarily incurred through service on the board of trustees.

20 8. Each trustee shall be commissioned by the governor, and
21 before entering upon the duties of the trustee's office, shall
22 take and subscribe to an oath or affirmation to support the
23 Constitution of the United States, and of the state of Missouri
24 and to demean himself or herself faithfully in the trustee's
25 office. Such oath as subscribed to shall be filed in the office
26 of secretary of state of this state.

27 9. Each trustee shall be entitled to one vote in the board
28 of trustees. Four votes shall be necessary for a decision by the

1 trustees at any meeting of the board of trustees. Unless
2 otherwise expressly provided herein, a meeting need not be called
3 or held to make any decision on a matter before the board. Each
4 member must be sent by the executive director a copy of the
5 matter to be decided with full information from the files of the
6 board of trustees. The unanimous decision of four trustees may
7 decide the issue by signing a document declaring their decision
8 and sending such written instrument to the executive director of
9 the board, provided that no other member of the board of trustees
10 shall send a dissenting decision to the executive director of the
11 board within fifteen days after such document and information was
12 mailed to the trustee. If any member is not in agreement with
13 four members the matter is to be passed on at a regular board
14 meeting or a special meeting called for the purpose.

15 10. The board of trustees shall elect one of their number
16 as chairman, and shall employ a full-time executive director, not
17 one of their number, who shall be the executive officer of the
18 board. Other employees of the board shall be chosen only upon
19 the recommendation of the executive director.

20 11. The board of trustees shall employ an actuary who shall
21 be its technical advisor on matters regarding the operation of
22 the retirement system, and shall perform such duties as are
23 essential in connection therewith, including the recommendation
24 for adoption by the board of mortality and other necessary
25 tables, and the recommendation of the level rate of contributions
26 required for operation of the system.

27 12. As soon as practicable after the establishment of the
28 retirement system, and annually thereafter, the actuary shall

1 make a valuation of the system's assets and liabilities on the
2 basis of such tables as have been adopted.

3 13. At least once in the three-year period following the
4 establishment of the retirement system, and in each five-year
5 period thereafter, the board of trustees shall cause to be made
6 an actuarial investigation into the mortality, service, and
7 compensation experience of the members and beneficiaries of the
8 system, and shall make any changes in the mortality, service, and
9 other tables then in use which the results of the investigation
10 show to be necessary.

11 14. Subject to the limitations of sections 169.010 to
12 169.141 and 169.600 to 169.715, the board of trustees shall
13 formulate and adopt rules and regulations for the government of
14 its own proceedings and for the administration of the retirement
15 system.

16 15. The board of trustees shall determine and decide all
17 questions of doubt as to what constitutes employment within the
18 meaning of sections 169.010 to 169.141 and 169.600 to 169.715,
19 the amount of benefits to be paid to members, retired members,
20 beneficiaries and survivors and the amount of contributions to be
21 paid by employer and employee. The executive director shall
22 notify by certified mail both employer and member, retired
23 member, beneficiary or survivor interested in such determination.
24 Any member, retired member, beneficiary or survivor, district or
25 employer adversely affected by such determination, at any time
26 within thirty days after being notified of such determination,
27 may appeal to the circuit court of Cole County. Such appeal
28 shall be tried and determined anew in the circuit court and such

1 court shall hear and consider any and all competent testimony
2 relative to the issues in the case, which may be offered by
3 either party thereto. The circuit court shall determine the
4 rights of the parties under sections 169.010 to 169.141 and
5 169.600 to 169.715 using the same standard provided in section
6 536.150, and the judgment or order of such circuit court shall be
7 binding upon the parties and the board shall carry out such
8 judgment or order unless an appeal is taken from such decision of
9 the circuit court. Appeals may be had from the circuit court by
10 the employer, member, retired member, beneficiary, survivor or
11 the board, in the manner provided by the civil code.

12 16. The board of trustees shall keep a record of all its
13 proceedings, which shall be open to public inspection. It shall
14 prepare annually a comprehensive annual financial report, the
15 financial section of which shall be prepared in accordance with
16 applicable accounting standards and shall include the independent
17 auditor's opinion letter. The report shall also include
18 information on the actuarial status and the investments of the
19 system. The reports shall be preserved by the executive director
20 and made available for public inspection.

21 17. The board of trustees shall provide for the maintenance
22 of an individual account with each member, setting forth such
23 data as may be necessary for a ready determination of the
24 member's earnings, contributions, and interest accumulations. It
25 shall also collect and keep in convenient form such data as shall
26 be necessary for the preparation of the required mortality and
27 service tables and for the compilation of such other information
28 as shall be required for the valuation of the system's assets and

1 liabilities. All individually identifiable information
2 pertaining to members, retirees, beneficiaries and survivors
3 shall be confidential.

4 18. The board of trustees shall meet regularly at least
5 twice each year, with the dates of such meetings to be designated
6 in the rules and regulations adopted by the board. Such other
7 meetings as are deemed necessary may be called by the chairman of
8 the board or by any four members acting jointly.

9 19. The headquarters of the retirement system shall be in
10 Jefferson City, where suitable office space, utilities and other
11 services and equipment necessary for the operation of the system
12 shall be provided by the board of trustees and all costs shall be
13 paid from funds of the system. All suits or proceedings directly
14 or indirectly against the board of trustees, the board's members
15 or employees or the retirement system established by sections
16 169.010 to 169.141 or 169.600 to 169.715 shall be brought in Cole
17 County.

18 20. The board may appoint an attorney or firm of attorneys
19 to be the legal advisor to the board and to represent the board
20 in legal proceedings, however, if the board does not make such an
21 appointment, the attorney general shall be the legal advisor of
22 the board of trustees, and shall represent the board in all legal
23 proceedings.

24 21. The board of trustees shall arrange for adequate surety
25 bonds covering the executive director. When approved by the
26 board, such bonds shall be deposited in the office of the
27 secretary of state of this state.

28 22. The board shall arrange for annual audits of the

1 records and accounts of the system by a firm of certified public
2 accountants[, the state auditor shall review the audit of the
3 records and accounts of the system at least once every three
4 years and shall report the results to the board of trustees and
5 the governor].

6 23. The board by its rules may establish an interest charge
7 to be paid by the employer on any payments of contributions which
8 are delinquent. The rate charged shall not exceed the
9 actuarially assumed rate of return on invested funds of the
10 pertinent system.

11 238.272. The state auditor [shall] may audit each district
12 not [less] more than once every three years[, and may audit more
13 frequently if the state auditor deems appropriate]. The costs of
14 this audit shall be paid by the district and shall not exceed the
15 greater of three percent of the gross revenues received by the
16 transportation district or three percent of the expenditures made
17 by the transportation district.

18 Section 1. The state auditor may make, or cause to be made,
19 audits of any community action agency as defined under 10 C.F.R.
20 440.3. The term "community action agency" as used in this
21 section shall mean a private corporation or public agency
22 established under the Economic Opportunity Act of 1964, Pub. L.
23 88-452, which is authorized to administer funds received from
24 federal, state, local, or private funding entities to assess,
25 design, operate, finance, and oversee antipoverty programs.

26 [29.090. It shall be unlawful for any examiner
27 appointed under the provisions of this chapter to
28 accept, receive or ride on any free transportation
29 while engaged on official business, and any officer who
30 shall request such free transportation for any such

1 examiner shall be guilty of a misdemeanor, and
2 punishable by a fine not to exceed five hundred
3 dollars.]

4
5 [29.180. The state auditor in cooperation with
6 the budget director shall establish appropriate systems
7 of accounting for all officers and agencies of the
8 state, including all educational and eleemosynary
9 institutions, and he shall also prescribe systems of
10 accounting for all county officers. Such systems of
11 accounting shall conform to recognized principles of
12 governmental accounting and shall be uniform in
13 application to offices of the same grade and kind and
14 to accounts of the same kind. Such systems of
15 accounting shall be adequate to record all assets and
16 revenues accrued, all liabilities and expenditures
17 incurred, as well as all cash receipts and
18 disbursements, and all transactions affecting the
19 acquisition and disposition of property, including the
20 preparation and keeping of inventories of all property.
21 Each department shall keep such accounts in accordance
22 with the system of accounts prescribed by the auditor.]

23
24 [29.270. The state auditor shall report to the
25 governor as soon as possible the result of his findings
26 from an examination of the state institutions, and
27 report to the elective officers the result of his
28 findings from an examination of their appointive
29 officers, setting out in detail the findings as to the
30 collection and disbursements of public funds and the
31 mode of bookkeeping and accounting in force in such
32 institution, and as soon as possible after the
33 completion of the examination of a county's officers
34 and institutions, he shall report in writing the
35 findings to the county court or prosecuting attorney or
36 proper officer thereof, setting out in detail the
37 results as to the collection and disbursement of county
38 funds and the mode of bookkeeping and accounting in use
39 and such recommendations as may be proper. All audit
40 reports and reports of examinations made by the state
41 auditor shall be made a matter of public record. The
42 state auditor shall report to each general assembly his
43 findings and recommendations resulting from audits and
44 examinations of the various state officials and
45 institutions made by him in accordance with law.]

46
47 [29.275. Before the state auditor performs a duty
48 or service required by law for which a fee is charged,
49 the person requiring the service shall produce to the
50 state auditor the receipt of the state director of

1 revenue showing that the fee has been paid to him.]

2
3 [29.340. Any state or county official affected by
4 this chapter who shall refuse or fail to comply with
5 the provisions of this chapter shall be deemed guilty
6 of a misdemeanor.]
7