

FIRST REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 116**  
97TH GENERAL ASSEMBLY

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Reported from the Committee on Jobs, Economic Development and Local Government, May 8, 2013, with recommendation that the Senate Committee Substitute do pass.

0523S.05C

TERRY L. SPIELER, Secretary.

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**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.

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

Section A. 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29.340, 50.055, 50.057, 50.622, 50.1030, 56.809, 70.605, 103.025, 104.190, 104.480, 169.020, and 238.272, RSMo, is repealed and twenty-four new sections enacted in lieu thereof, to be known as sections 29.005, 29.185, 29.190, 29.200, 29.210, 29.216, 29.221, 29.230, 29.235, 29.250, 29.260, 29.351, 50.055, 50.057, 50.622, 50.1030, 56.809, 70.605, 103.025, 104.190, 104.480, 169.020, 238.272, and 1, to read as follows:

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

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

(2) "Audit", an independent, objective assessment of the stewardship, performance, or cost of government policies, programs, or operations, depending upon the type and scope of the audit. All audits shall conform to the standards established by the comptroller general

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

11 of the United States for audits of government entities, organizations,  
12 programs, activities, and functions as presented in the publication  
13 Government Auditing Standards;

14 (3) "Federal agency", any department, agency, or instrumentality  
15 of the federal government and any federally owned or controlled  
16 corporation;

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

21 (a) Financial statement audits that shall:

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

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

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

32 a. Reporting on specified elements, accounts, or items of a  
33 financial statement; and

34 b. Auditing compliance with requirements related to federal  
35 award expenditures and other governmental financial assistance in  
36 conjunction with a financial statement audit;

37 (5) "Internal control", the plans, policies, methods, and  
38 procedures used to meet an entity's or organization's mission, goals,  
39 and objectives. Internal control shall include the processes and  
40 procedures for planning, organizing, directing, and controlling  
41 operations, as well as management's system for measuring, reporting,  
42 and monitoring performance;

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

47 (a) Effectiveness and results. This objective may measure the

48 extent to which an entity, organization, activity, program, or function  
49 is achieving its goals and objectives;

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

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

58 (d) Compliance. This objective shall assess compliance with  
59 criteria established by provisions of laws, regulations, contracts, and  
60 grant agreements or by other requirements that could affect the  
61 acquisition, protection, use, and disposition of an entity's resources and  
62 the quantity, quality, timeliness, and cost of services the entity  
63 produces and delivers;

64 (7) "State agency", any department, institution, board,  
65 commission, committee, division, bureau, officer, official, or any other  
66 entity for which the state has oversight responsibility, which shall  
67 include, but not be limited to, any institution of higher education,  
68 mental or specialty hospital, community college, or circuit court and  
69 divisions of the circuit court.

29.185. 1. When conducting an audit under this chapter, the  
2 audit objectives as defined in the standards established by the  
3 comptroller general of the United States shall determine the type of  
4 audit to be conducted which may include financial and performance  
5 audits. Neither the audit type nor the audit objectives shall be  
6 mutually exclusive. An audit may include either financial or  
7 performance audit objectives or one or more objectives from both types  
8 of audits. A performance audit may include one primary objective,  
9 such as economy and efficiency, or a combination of objectives, such as  
10 internal control and compliance.

11 2. Notwithstanding the provisions of subsection 1 of this section  
12 to the contrary, the auditor shall only have the power to conduct a  
13 financial audit of the general assembly as provided under subsection  
14 2 of section 29.200 and such audit shall not include performance audit  
15 objectives.

29.190. The state auditor shall [prescribe the form of books, receipts, 2 vouchers and documents required to separate and verify each transaction, and 3 forms of reports and statements required for the administration of such officer, 4 or for the information of the public. He shall also] prescribe a uniform method 5 and plan of publishing the county financial statement each year for the 6 information of the public. Such statement or statements shall set forth the true 7 financial condition of the county, the revenues and receipts, expenditures and 8 disbursements for the year as compared with the budget for the year, the bonded 9 debt and other liabilities at the close of the year, the total salaries, fees and all 10 other emoluments received by all county officers, and such other information as 11 shall be prescribed by the state auditor. The form of such statements shall follow 12 the recognized governmental reporting practices.

29.200. [The state auditor shall postaudit the accounts of all state 2 agencies and audit the treasury at least once annually. Once every two years, 3 and when he deems it necessary, proper or expedient, the state auditor shall 4 examine and postaudit the accounts of all appointive officers of the state and of 5 institutions supported in whole or in part by the state. He shall audit any 6 executive department or agency of the state upon the request of the governor.] 7 **1. Except as provided under subsection 2 of this section, all audits 8 conducted under this chapter may be made at the discretion of the 9 auditor without advance notice to the organization being audited. An 10 audit also shall be conducted upon the request of the governor as 11 provided under section 26.060, and the expenses for any such audit 12 conducted upon the request of the governor shall be paid as provided 13 in section 26.090.**

14 **2. The auditor, on his or her initiative and as often as he or she 15 deems necessary, to the extent deemed practicable and consistent with 16 the overall responsibility as contained in this chapter, shall make or 17 cause to be made audits of all or any part of the activities of the state 18 agencies, except that the auditor may only make, or cause to be made, 19 audits of the general assembly during the legislative interim between 20 a first regular session and second regular session of the general 21 assembly.**

22 **3. The auditor shall make, or cause to be made, audits of all or 23 any parts of political subdivisions and other entities as authorized in 24 this chapter or any other law of this state.**

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

30           5. The auditor shall be authorized to contract with federal audit  
31 agencies, or any governmental agency, on a cost reimbursement basis,  
32 to perform audits of federal grant programs administered by the state  
33 departments and institutions in accordance with agreements negotiated  
34 between the auditor and the contracting federal audit agencies or any  
35 governmental agency. In instances where the grantee state agency  
36 shall subgrant such federal funds to local governments, regional  
37 councils of government, other local groups, or private or semiprivate  
38 institutions or agencies, the auditor shall have the authority to examine  
39 the books and records of these subgrantees to the extent necessary to  
40 determine eligibility and proper use in accordance with state and  
41 federal laws and regulations. The auditor shall charge and collect from  
42 the contracting federal audit agencies, or any governmental agencies,  
43 the actual cost of all the audits of the grants and programs that are  
44 conducted by the auditor under the contract. Amounts collected under  
45 these arrangements shall be deposited into the state treasury and be  
46 credited to the state auditor-federal fund and shall be available to hire  
47 sufficient personnel to perform these contracted audits and to pay for  
48 related travel, supplies, and other necessary expenses.

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

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

55           8. The auditor may examine the banking accounts and records  
56 of the state treasurer, state agency, or any political subdivision at any  
57 bank or financial institution provided that the bank or financial  
58 institution shall not be required to produce the requested accounts or  
59 records until the auditor, treasurer, state agency, or political  
60 subdivision reimburses the reasonable document production costs of  
61 the bank or financial institution.

62           9. The auditor may, as often as the auditor deems necessary,  
63 conduct a detailed review of the bookkeeping and accounting systems  
64 in use in the various state agencies that are supported partially or  
65 entirely by state funds. Such examinations shall be for the purpose of  
66 evaluating the adequacy of systems in use by such agencies. In  
67 instances where the auditor determines that existing systems are  
68 outmoded, inefficient, or otherwise inadequate, the auditor shall  
69 recommend changes to the state agency and notify the general assembly  
70 of the recommended changes.

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

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

80           12. At the conclusion of an audit, the auditor or the auditor's  
81 designated representative shall supply a copy of a draft report of the  
82 audit to, and discuss such draft with, the official, or that official's  
83 designated representative, whose office is subject to audit. On any  
84 audit of a state agency or political subdivision of the state, the auditee  
85 shall provide responses to any recommendations contained in the draft  
86 report within thirty days from the receipt of the draft report.

87           13. The auditor shall notify the general assembly, the governor,  
88 the director of each agency audited, and other persons as the auditor  
89 deems appropriate that an audit report has been published, its subject  
90 and title, and the locations, including state libraries, at which the  
91 report is available. The auditor then shall distribute copies of the  
92 report only to those who request a report. The copies shall be available  
93 in written form or available on the official website of the auditor. The  
94 auditor may charge a reasonable fee for providing a written copy of an  
95 audit report. The auditor also shall file a copy of the audit report in  
96 the auditor's office; this copy shall be a permanent public  
97 record. Nothing in this subsection shall be construed to authorize or  
98 permit the publication of information that is otherwise prohibited by

99 law from being disclosed.

100 14. The audit function provided in this chapter shall not be  
101 construed to infringe upon or deprive the general assembly or the  
102 executive or judicial branches of state government of any rights,  
103 powers, or duties vested in or imposed upon them by statute or the  
104 constitution of this state.

105 15. The auditor shall be responsible for receiving reports of  
106 allegations of improper governmental activities as provided in section  
107 29.221. The auditor shall adopt policies and procedures necessary to  
108 provide for the investigation or referral of such allegations.

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

29.210. [In the year 1949 and every two years thereafter, it shall be the  
2 duty of] **Whenever** the state auditor [to] **conducts an** audit of the state  
3 highways and transportation commission and the state transportation  
4 department[.], salaries of auditors, examiners, clerks, stenographers and other  
5 employees of the state auditor making such audit and all expenses incurred in  
6 making such audit shall be paid monthly by the state highways and  
7 transportation commission and the state transportation department out of moneys  
8 appropriated to the state highways and transportation commission and the state  
9 transportation department [for that purpose], when such payrolls and expense

10 accounts for such purposes are certified to the state highways and transportation  
11 commission and the state transportation department by the state auditor.

**29.216. The state auditor shall have the power to audit any  
2 public employee retirement or public employee health care system  
3 operating within the state, which shall include but not be limited to a  
4 public employee retirement or public employee health care system  
5 established under sections 70.600 to 70.755 and chapters 50, 56, 103, 104,  
6 and 169.**

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

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

25 **(1) Allegations of criminal misconduct to either the attorney  
26 general or the prosecuting attorney for the county where the alleged  
27 misconduct occurred;**

28 **(2) Allegations of violations of sections 105.450 to 105.496 to the  
29 Missouri ethics commission;**



30           **(3) Allegations of violations of chapter 115 to the appropriate**  
31 **election authority or the secretary of state.**

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

7           2. The state auditor shall audit any political subdivision of the state,  
8 including counties having a county auditor, if requested to do so by a petition  
9 signed by the requisite percent of the qualified voters of the political  
10 subdivision. The requisite percent of qualified voters to cause such an audit to  
11 be conducted shall be determined as follows:

12           (1) If the number of qualified voters of the political subdivision  
13 determined on the basis of the votes cast in the last gubernatorial election held  
14 prior to the filing of the petition is less than one thousand, twenty-five percent  
15 of the qualified voters of the political subdivision determined on the basis of the  
16 registered voters eligible to vote at the last gubernatorial election held prior to  
17 the filing of the petition;

18           (2) If the number of qualified voters of the political subdivision  
19 determined on the basis of the votes cast in the last gubernatorial election held  
20 prior to the filing of the petition is one thousand or more but less than five  
21 thousand, fifteen percent of the qualified voters of the political subdivision  
22 determined on the basis of the votes cast in the last gubernatorial election held  
23 prior to the filing of the petition, provided that the number of qualified voters  
24 signing such petition is not less than two hundred;

25           (3) If the number of qualified voters of the political subdivision  
26 determined on the basis of the votes cast in the last gubernatorial election held  
27 prior to the filing of the petition is five thousand or more but less than fifty  
28 thousand, ten percent of the qualified voters of the political subdivision  
29 determined on the basis of the votes cast in the last gubernatorial election held  
30 prior to the filing of the petition, provided that the number of qualified voters  
31 signing such petition is not less than seven hundred fifty;

32           (4) If the number of qualified voters of the political subdivision  
33 determined on the basis of the votes cast in the last gubernatorial election held  
34 prior to the filing of the petition is fifty thousand or more, five percent of the

35 qualified voters of the political subdivision determined on the basis of the votes  
36 cast in the last gubernatorial election held prior to the filing of the petition,  
37 provided that the number of qualified voters signing such petition is not less than  
38 five thousand. The political subdivision shall pay the actual cost of audit. The  
39 petition that requests an audit of a political subdivision shall state on its face the  
40 estimated cost of the audit and that it will be paid by the political subdivision  
41 being audited. The estimated cost of the audit shall be provided by the state  
42 auditor within sixty days of such request. The costs of the audit may be billed  
43 and paid on an interim basis with individual billing periods to be set at the state  
44 auditor's discretion. Moneys held by the state on behalf of a political subdivision  
45 may be used to offset unpaid billings for audit costs of the political subdivision.  
46 All moneys received by the state in payment of the costs of petition audits shall  
47 be deposited in the state treasury and credited to the "Petition Audit Revolving  
48 Trust Fund" which is hereby created with the state treasurer as custodian. The  
49 general assembly may appropriate additional moneys to the fund as it deems  
50 necessary. The state auditor shall administer the fund and approve all  
51 disbursements, upon appropriation, from the fund to apply to the costs of  
52 performing petition audits. The provisions of section 33.080 to the contrary  
53 notwithstanding, money in the fund shall not be transferred and placed to the  
54 credit of general revenue until the amount in the fund at the end of any biennium  
55 exceeds one million dollars. The amount in the fund which shall lapse is the  
56 amount which exceeds one million dollars. No political subdivision shall be  
57 audited by petition more than once in any three calendar or fiscal years.

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

5 2. The state auditor and any person appointed by him for that purpose  
6 may administer oaths and cause to be summoned before them any person whose  
7 testimony is desired or necessary in any examination, and may require the person  
8 to produce necessary papers, documents and writings.] **(1) The auditor and**  
9 **the auditor's authorized representatives shall have ready access to**  
10 **persons and may examine and copy all books, records, reports,**  
11 **vouchers, correspondence, files, personnel files, investments, and any**  
12 **other documentation of any state agency or political subdivision of the**  
13 **state that the auditor is authorized by law to audit. The review of state**

14 tax returns shall be limited to matters of official business, and the  
15 auditor's report shall not violate the confidentiality provisions of tax  
16 laws. Notwithstanding confidentiality provisions of tax laws to the  
17 contrary, the auditor may use and disclose information related to  
18 overdue tax debts in support of the auditor's statutory mission.

19 (2) The auditor and the auditor's duly authorized representatives  
20 shall have such access to persons, records, papers, reports, vouchers,  
21 correspondence, books, and any other documentation that is in the  
22 possession of any individual, private corporation, institution,  
23 association, board, or other organization, provided that the auditor  
24 complies with state and federal financial privacy requirements prior to  
25 accessing financial records including provisions presented in chapter  
26 408 and provided that the auditor or other public entity reimburses the  
27 reasonable documentation and production costs that pertain to:

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

30 (b) Amounts received, disbursed, or otherwise handled on behalf  
31 of the federal government or the state. To determine that payments to  
32 providers of social and medical services are legal and proper, the  
33 providers of such services shall give the auditor, or the auditor's  
34 authorized representatives, access to the records of recipients who  
35 receive such services.

36 (3) The auditor shall, for the purpose of examination and audit  
37 authorized by this chapter, have the authority, and shall be provided  
38 ready access, to examine and inspect all property, equipment, and  
39 facilities in the possession of any state agency, political subdivision, or  
40 any individual, private corporation, institution, association, board, or  
41 other organization that were furnished or otherwise provided through  
42 grant, contract, or any other type of funding by the state of Missouri or  
43 the federal government.

44 (4) All contracts or agreements entered into as a result of the  
45 award of a grant by state agencies or political subdivisions shall  
46 include, as a necessary part, a clause describing the auditor's access as  
47 provided under this section.

48 (5) The auditor and the auditor's authorized agents are  
49 authorized to examine all books and accounts of any individual, firm,  
50 or corporation only insofar as they relate to transactions with any

51 agency or political subdivision of the state.

52       2. The auditor may obtain the services of certified public  
53 accountants, qualified management consultants, or other professional  
54 persons and experts as the auditor deems necessary or desirable to  
55 carry out the duties and functions assigned under this chapter. Unless  
56 otherwise authorized by law, no state agency shall enter into any  
57 contract for auditing services without consultation with, and the prior  
58 written approval of, the auditor.

59       3. (1) For the purposes of this chapter, the auditor or the  
60 auditor's authorized representatives shall have the power to subpoena  
61 witnesses, to take testimony under oath, to cause the deposition of  
62 witnesses residing within or without the state to be taken in a manner  
63 prescribed by law, and to assemble records and documents, by  
64 subpoena or otherwise. The subpoena power granted by this section  
65 shall be exercised only at the specific written direction of the auditor  
66 or the auditor's chief deputy.

67       (2) If any person refuses to comply with a subpoena, the auditor  
68 shall seek to enforce the subpoena before a court of competent  
69 jurisdiction to require the attendance and testimony of witnesses and  
70 the production of books, papers, correspondence, memoranda,  
71 contracts, agreements, and other records. Such court may issue an  
72 order requiring such person to appear before the auditor or officers  
73 designated by the auditor to produce records or to give testimony  
74 relating to the matter under investigation or in question. Any failure  
75 to comply with such order of the court may be punished by such court  
76 as contempt.

29.250. [If any such officer or officers shall refuse] 1. Any person who  
2 willfully makes or causes to be made, to the state auditor or the  
3 auditor's designated representatives, any false, misleading, or  
4 unfounded report for the purpose of interfering with the performance  
5 of any audit, special review, or investigation, or to hinder or obstruct  
6 the auditor or the auditor's designated representatives in the  
7 performance of duties, shall be guilty of a class A misdemeanor.

8       2. Any person or entity affected by this chapter who shall refuse  
9 or fail to comply with the provisions of this chapter shall be deemed  
10 guilty of a class A misdemeanor. Refusing or failing to comply with the  
11 provisions of this chapter shall include but not be limited to any person

12 **or entity failing** to submit their books, papers and concerns to the inspection  
13 of the state auditor, or any of [his] **the auditor's** examiners, or if anyone  
14 connected with the official duties of the state, county, institution, or political  
15 subdivision of the state, shall refuse to submit to be examined upon oath[,  
16 touching the officers of such county or political subdivision,].

17 **3.** The state auditor shall report [the fact] **any violation of subsection**  
18 **1 or 2 of this section** to the prosecuting attorney, who shall institute such  
19 action or proceedings against such [officer or officers] **person or entity** as [he]  
20 **the prosecutor** may deem proper.

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

[21.760.] **29.351.** 1. During the regular legislative session which  
2 convenes in an odd-numbered year, the general assembly shall, by concurrent  
3 resolution, employ an independent certified public accountant or certified public  
4 accounting firm to conduct an audit examination of the accounts, functions,  
5 programs, and management of the state auditor's office. The audit examination  
6 shall be made in accordance with generally accepted auditing standards,  
7 including such reviews and inspections of books, records and other underlying  
8 data and documents as are necessary to enable the independent certified public  
9 accountant performing the audit to reach an informed opinion on the condition  
10 and performance of the accounts, functions, programs, and management of the  
11 state auditor's office. Upon completion of the audit, the independent certified  
12 public accountant shall make a written report of his findings and conclusions, and  
13 shall supply each member of the general assembly, the governor, and the state  
14 auditor with a copy of the report. The cost of the audit and report shall be paid  
15 out of the joint contingent fund of the general assembly.

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

50.055. The accounts of [counties] **any county** of the second class, **or the**  
2 **accounts of any officer or office of such county**, may be audited **at any**  
3 **time**, if the county commission determines such an audit desirable or necessary, [  
4 every odd-numbered year within six months after the determination of the  
5 preceding fiscal year,] either by a certified public accountant employed by the  
6 county commission or by the state auditor, as the county commission may

7 determine. If the audit is to be made by the state auditor, the state auditor shall  
8 be requested by the county commission to make the audit, as provided by  
9 law. **Unless the audit is requested for a particular officer or office,** the  
10 audit [herein provided shall] **may** also review the records of the receipts and  
11 disbursements and the property inventory of every officer or office of the county  
12 which receives or disburses money on behalf of the county or which holds  
13 property belonging to the county. Upon the completion of the investigation, the  
14 certified public accountant or the state auditor, as the case may be, shall render  
15 a report to the county commission [together with a statement showing, under  
16 appropriate classifications, the receipts and disbursements of the county during  
17 the period of the audit. The first audit, as provided by this section, may be made  
18 following the fiscal year of 1946, and such audit may be made every two years  
19 thereafter]. The county commission shall provide for the expense of such audit  
20 if made by a certified public accountant employed by the county commission. **For**  
21 **audits performed by the state auditor, all expenses incurred in**  
22 **performing the audit, including salaries of auditors, examiners, clerks,**  
23 **and other employees of the state auditor, shall be paid by the county or**  
24 **county commission and the monies are to be deposited in the petition**  
25 **audit revolving trust fund pursuant to section 29.230.**

50.057. The accounts of any county of the first class not having a charter  
2 form of government, or the accounts of any officer or office of such county, may  
3 be audited at any time, if the county commission determines such an audit  
4 desirable or necessary, either by a certified public accountant employed by the  
5 county commission or by the state auditor, as the county commission may  
6 determine. If the audit is to be made by the state auditor, the state auditor shall  
7 be requested by the county commission to make the audit, as provided by  
8 law. Unless the audit is requested only for a particular officer or office, the audit  
9 shall also review the records of the receipts and disbursements and the property  
10 inventory of every officer or office of the county which receives or disburses money  
11 on behalf of the county or which holds property belonging to the county. Upon  
12 completion of the investigation, the certified public accountant or the state  
13 auditor, as the case may be, shall render a report to the county commission  
14 together with a statement showing under appropriate classifications the receipts  
15 and disbursements of the county or of the particular officer or office of the county  
16 for which the audit was requested, as the case may be, during the period covered  
17 by the audit. **For audits performed by the state auditor, all expenses**

18 incurred in performing the audit, including salaries of auditors,  
19 examiners, clerks, and other employees of the state auditor, shall be  
20 paid by the county or county commission and the monies are to be  
21 deposited in the petition audit revolving trust fund pursuant to section  
22 29.230.

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

7 2. Any county may decrease the annual budget twice during any  
8 fiscal year in which the county experiences a verifiable decline in  
9 funds of two percent or more, and such amount could not be estimated  
10 or anticipated when the budget was adopted, provided that any  
11 decrease in appropriations shall not unduly affect any one  
12 officeholder. Before any reduction affecting an independently elected  
13 officeholder can occur, negotiations shall take place with all  
14 officeholders who receive funds from the affected category of funds in  
15 an attempt to cover the shortfall. The county shall follow the same  
16 procedures as required in sections 50.525 to 50.745 to decrease the  
17 annual budget, except that the notice provided for in section 50.600  
18 shall be extended to thirty days for purposes of this subsection. Such  
19 notice shall include a published summary of the proposed reductions  
20 and an explanation of the shortfall.

21 3. Any decrease in an appropriation authorized under subsection  
22 2 of this section shall not impact any dedicated fund otherwise  
23 provided by law.

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

27 5. Subsections 2, 3, and 4 of this section shall expire on July 1,  
28 2016.

29 6. Notwithstanding the provisions of this section, no charter  
30 county shall be restricted from amending its budget pursuant to the  
31 terms of its charter.

50.1030. 1. The general administration and the responsibility for the

2 proper operation of the fund and the system and the investment of the funds of  
3 the system are vested in a board of directors of eleven persons. Nine directors  
4 shall be elected by a secret ballot vote of the county employee members of this  
5 state. Two directors, who have no beneficiary interest in the system, shall be  
6 appointed by the governor with the advice and consent of the senate. No more  
7 than one director at any one time shall be employed by the same elected county  
8 office. Directors shall be chosen for terms of four years from the first day of  
9 January next following their election. It shall be the responsibility of the board  
10 to establish procedures for the conduct of future elections of directors and such  
11 procedures shall be approved by a majority vote by secret ballot by members of  
12 the system. The board shall have all powers and duties that are necessary and  
13 proper to enable it, its officers, employees and agents to fully and effectively carry  
14 out all the purposes of sections 50.1000 to 50.1300.

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

21           3. The board of directors shall retain an actuary as technical advisor to  
22 the board.

23           4. The board of directors shall retain investment counsel to be an  
24 investment advisor to the board.

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

29           6. The board of directors shall serve without compensation for their  
30 services, but each director shall be paid out of the funds of the system for any  
31 actual and necessary expenses incurred in the performance of duties authorized  
32 by the board.

33           7. The board of directors shall be allowed administrative costs for the  
34 operation of the system to be paid out of the funds of the system.

35           8. The board shall keep a record of its proceedings which shall be open to  
36 public inspection. It shall annually prepare a report showing the financial  
37 condition of the system. The report shall contain, but not be limited to, an



38 auditor's opinion, financial statements prepared in accordance with generally  
39 accepted accounting principles, an actuary's certification along with actuarial  
40 assumptions and financial solvency tests.

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

43 (1) An adjustment to the formula described in section 50.1060, subject to  
44 the limitations of subsection 4 of section 50.1060;

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

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

48 (4) An adjustment in the matching contribution described in section  
49 50.1230;

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

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

53 (7) An additional benefit or enhancement which will improve the quality  
54 of life of future retirees. Based upon the findings of the actuarial review, the  
55 board may vote to change none, one, or more than one of the above items, subject  
56 to the actuarial guidelines outlined in section 50.1031.

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

17 2. The board of trustees shall elect one of their number as chairman and

18 one of their number as vice chairman and may employ an administrator who shall  
19 serve as executive secretary to the board. The Missouri office of prosecution  
20 services, sections 56.750 to 56.775, may, in the discretion of the board of trustees,  
21 act as administrative employees to carry out all of the purposes of sections 56.800  
22 to 56.840. In addition, the board of trustees may appoint such other employees  
23 as may be required. The board shall hold regular meetings at least once each  
24 quarter. Other meetings may be called as necessary by the chairman or by any  
25 three members of the board. Notice of such meetings shall be given in accordance  
26 with chapter 610.

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

29           4. The board of trustees shall retain investment advisors to be investment  
30 advisors to the board.

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

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

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

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

43           9. The board of trustees shall, from time to time, after receiving the advice  
44 of its actuary, adopt such mortality and other tables of experience, and a rate or  
45 rates of regular interest, as shall be necessary for the actuarial requirements of  
46 the system, and shall require its executive secretary to keep in convenient form  
47 such data as shall be necessary for actuarial investigations of the experience of  
48 the system, and such data as shall be necessary for the annual actuarial  
49 valuations of the system.

50           10. The board of trustees shall, after reasonable notice to all interested  
51 parties, hear and decide questions arising from the administration of sections  
52 56.800 to [56.835] **56.840**; except that within thirty days after a decision or order,  
53 any member, retirant, beneficiary or political subdivision adversely affected by

54 that determination or order may make an appeal under the provisions of chapter  
55 536.

56 11. The board of trustees shall arrange for adequate surety bonds covering  
57 the executive secretary and any other custodian of funds or investments of the  
58 board. When approved by the board, such bonds shall be deposited in the office  
59 of the Missouri secretary of state.

60 12. Subject to the limitations of sections 56.800 to [56.835] **56.840**, the  
61 board of trustees shall formulate and adopt rules and regulations for the  
62 government of its own proceedings and for the administration of the retirement  
63 system.

64 13. The board of trustees shall be the trustees of the funds of the  
65 system. Subject to the provisions of any applicable federal or state laws, the  
66 board of trustees shall have full power to invest and reinvest the moneys of the  
67 system, and to hold, purchase, sell, assign, transfer or dispose of any of the  
68 securities and investments in which such moneys shall have been invested, as  
69 well as the proceeds of such investments and such moneys.

70 14. Notwithstanding any other provision of the law to the contrary, the  
71 board of trustees may delegate to its duly appointed investment advisors  
72 authority to act in place of the board of trustees in the investment and  
73 reinvestment of all or part of the moneys of the system, and may also delegate to  
74 such advisors the authority to act in place of the board of trustees in the holding,  
75 purchasing, selling, assigning, transferring or disposing of any or all of the  
76 securities and investments in which such moneys shall have been invested, as  
77 well as the proceeds of such investments and such moneys. Such investment  
78 counselor shall be registered as an investment advisor with the United States  
79 Securities and Exchange Commission. In exercising or delegating its investment  
80 powers and authority, members of the board of trustees shall exercise ordinary  
81 business care and prudence under the facts and circumstances prevailing at the  
82 time of the action or decision. In so doing, the board of trustees shall consider  
83 the long-term and short-term needs of the system in carrying out its purposes, the  
84 system's present and anticipated financial requirements, the expected total return  
85 on the system's investment, the general economic conditions, income, growth,  
86 long-term net appreciation, and probable safety of funds. No member of the board  
87 of trustees shall be liable for any action taken or omitted with respect to the  
88 exercise of or delegation of these powers and authority if such member shall have  
89 discharged the duties of his or her position in good faith and with that degree of

90 diligence, care and skill which prudent men and women would ordinarily exercise  
91 under similar circumstances in a like position.

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

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

13 2. The general administration and the responsibility for the proper  
14 operation of the system is vested in a board of trustees of seven persons: three  
15 persons to be elected as trustees by the members of the system; three persons to  
16 be elected trustees by the governing bodies of employers; and one person, to be  
17 appointed by the governor, who is not a member, retirant, or beneficiary of the  
18 system and who is not a member of the governing body of any political  
19 subdivision.

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

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

27 (2) Three persons who are employees of political subdivisions and who  
28 would, if the subdivision by which they are employed becomes an employer, be

29 eligible as members, one for a term of three years, one for a term of two years,  
30 and one for a term of one year; and

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

36 4. Successor trustees elected or appointed as member trustees shall be  
37 members of the retirement system; provided, that not more than one member  
38 trustee shall be employed by any one employer, and not more than one member  
39 trustee shall be a policeman, and not more than one member trustee shall be a  
40 fireman.

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

45 6. An annual meeting of the retirement system shall be called by the  
46 board in the last calendar quarter of each year in Jefferson City, or at such place  
47 as the board shall determine, for the purpose of electing trustees and to transact  
48 such other business as may be required for the proper operation of the  
49 system. Notice of such meeting shall be sent by registered mail to the clerk or  
50 secretary of each employer not less than thirty days prior to the date of such  
51 meeting. The governing body of each employer shall certify to the board the name  
52 of one delegate who shall be an officer of the employer, and the members of the  
53 employer shall certify to the board a member of the employer to represent such  
54 employer at such meeting. The delegate certified as member delegate shall be  
55 elected by secret ballot by the members of such employer, and the clerk or  
56 secretary of each employer shall be charged with the duty of conducting such  
57 election in a manner which will permit each member to vote in such  
58 election. Under such rules and regulations as the board shall adopt, approved by  
59 the delegates, the member delegates shall elect a member trustee for each such  
60 position on the board to be filled, and the officer delegates shall elect an employer  
61 trustee for each such position on the board to be filled.

62 7. In the event any member trustee ceases to be a member of the  
63 retirement system, or any employer trustee ceases to be an appointed or elected  
64 official of an employer, or becomes a member of the retirement system, or if the

65 trustee appointed by the governor becomes a member of the retirement system or  
66 an elected or appointed official of a political subdivision, or if any trustee fails to  
67 attend three consecutive meetings of the board, unless in each case excused for  
68 cause by the remaining trustees attending such meeting or meetings, he or she  
69 shall be considered as having resigned from the board and the board shall, by  
70 resolution, declare his or her office of trustee vacated. If a vacancy occurs in the  
71 office of trustee, the vacancy shall be filled for the unexpired term in the same  
72 manner as the office was previously filled; provided, however, that the remaining  
73 trustees may fill employer and member trustee vacancies on the board until the  
74 next annual meeting.

75 8. Each trustee shall be commissioned by the governor, and before  
76 entering upon the duties of his office, shall take and subscribe to an oath or  
77 affirmation to support the Constitution of the United States, and of the state of  
78 Missouri, and to demean himself faithfully in his or her office. Such oath as  
79 subscribed to shall be filed in the office of the secretary of state of this state.

80 9. Each trustee shall be entitled to one vote in the board of trustees. Four  
81 votes shall be necessary for a decision by the trustees at any meeting of the board  
82 of trustees. Four trustees, of whom at least two shall be member trustees and at  
83 least two shall be employer trustees, shall constitute a quorum at any meeting  
84 of the board. Unless otherwise expressly provided herein, a meeting need not be  
85 called or held to make any decision on a matter before the board. Each member  
86 must be sent by the executive secretary a copy of the matter to be decided with  
87 full information from the files of the board. The concurring decisions of four  
88 trustees may decide the issue by signing a document declaring their decision and  
89 sending the written instrument to the executive secretary, provided that no other  
90 trustee shall send a dissenting decision to the executive secretary within fifteen  
91 days after the document and information was mailed to him or her. If any trustee  
92 is not in agreement with the four trustees, the matter is to be passed on at a  
93 regular board meeting or a special meeting called for that purpose. The board  
94 shall hold regular meetings at least once each quarter, the dates of these  
95 meetings to be designated in the rules and regulations adopted by the  
96 board. Other meetings as deemed necessary may be called by the chairman or by  
97 any four trustees acting jointly.

98 10. The board of trustees shall elect one of their number as chairman, and  
99 one of their number as vice chairman, and shall employ an executive secretary,  
100 not one of their number, who shall be the executive officer of the board. Other

101 employees of the board shall be chosen only upon the recommendation of the  
102 executive secretary.

103           11. The board shall appoint an actuary or a firm of actuaries as technical  
104 advisor to the board on matters regarding the operation of the system on an  
105 actuarial basis. The actuary or actuaries shall perform such duties as are  
106 required of him or her under sections 70.600 to 70.755, and as are from time to  
107 time required by the board.

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

111           13. The board may appoint an investment counselor to be the investment  
112 advisor of the board.

113           14. The board shall from time to time, after receiving the advice of its  
114 actuary, adopt such mortality and other tables of experience, and a rate or rates  
115 of regular interest, as shall be necessary for the actuarial requirements of the  
116 system, and shall require its executive secretary to keep in convenient form such  
117 data as shall be necessary for actuarial investigations of the experience of the  
118 system, and such data as shall be necessary for the annual actuarial valuations  
119 of the system.

120           15. The board shall keep a record of its proceedings, which shall be open  
121 to public inspection. It shall prepare annually and render to each employer a  
122 report showing the financial condition of the system as of the preceding June  
123 thirtieth. The report shall contain, but shall not be limited to, a financial balance  
124 sheet; a statement of income and disbursements; a detailed statement of  
125 investments acquired and disposed of during the year, together with a detailed  
126 statement of the annual rates of investment income from all assets and from each  
127 type of investment; an actuarial balance sheet prepared by means of the last  
128 valuation of the system, and such other data as the board shall deem necessary  
129 or desirable for a proper understanding of the condition of the system.

130           16. The board of trustees shall, after reasonable notice to all interested  
131 parties, conduct administrative hearings to hear and decide questions arising  
132 from the administration of sections 70.600 to 70.755; except, that such hearings  
133 may be conducted by a hearing officer who shall be appointed by the board. The  
134 hearing officer shall preside at the hearing and hear all evidence and rule on the  
135 admissibility of evidence. The hearing officer shall make recommended findings  
136 of fact and may make recommended conclusions of law to the board. All final

137 orders or determinations or other final actions by the board shall be approved in  
138 writing by at least four members of the board. Any board member approving in  
139 writing any final order, determination or other final action, who did not attend  
140 the hearing, shall do so only after certifying that he or she reviewed all exhibits  
141 and read the entire transcript of the hearing. Within thirty days after a decision  
142 or order or final action of the board, any member, retirant, beneficiary or political  
143 subdivision adversely affected by that determination or order or final action may  
144 take an appeal under the provisions of chapter 536. Jurisdiction over any dispute  
145 regarding the interpretation of sections 70.600 to 70.755 and the determinations  
146 required thereunder shall lie in the circuit court of Cole County.

147 17. The board shall arrange for adequate surety bonds covering the  
148 executive secretary and any other custodian of the funds or investments of the  
149 board. When approved by the board, said bonds shall be deposited in the office  
150 of the secretary of state.

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

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

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

160 21. Subject to the limitations of sections 70.600 to 70.755, the board shall  
161 formulate and adopt rules and regulations for the government of its own  
162 proceedings and for the administration of the retirement system.

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

104.190. 1. The board shall keep a complete record of all its proceedings,  
2 which shall be open at all reasonable hours to the inspection of any member. A  
3 statement covering the operations of the system for the year, including income  
4 and disbursements, and the financial condition of the system at the end of the  
5 year, showing the actuarial valuation and appraisal of its assets and liabilities,  
6 as of July first, shall each year be delivered to the governor of Missouri and be



7 made readily available to the members.

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

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

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

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

3           2. A statement covering the operations of the system for the year,  
4 including income and disbursements, and of the financial condition of the system  
5 at the end of the year, showing the actuarial valuation and appraisal of its assets  
6 and liabilities, as of July first, shall each year be delivered to the governor of  
7 Missouri and be made readily available to the members.

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

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

169.020. 1. For the purpose of providing retirement allowances and other  
2 benefits for public school teachers, there is hereby created and established a

3 retirement system which shall be a body corporate, shall be under the  
4 management of a board of trustees herein described, and shall be known as "The  
5 Public School Retirement System of Missouri". Such system shall, by and in such  
6 name, sue and be sued, transact all of its business, invest all of its funds, and  
7 hold all of its cash, securities, and other property. The system so created shall  
8 include all school districts in this state, except those in cities that had  
9 populations of four hundred thousand or more according to the latest United  
10 States decennial census, and such others as are or hereafter may be included in  
11 a similar system or in similar systems established by law and made operative;  
12 provided, that teachers in school districts of more than four hundred thousand  
13 inhabitants who are or may become members of a local retirement system may  
14 become members of this system with the same legal benefits as accrue to present  
15 members of such state system on the terms and under the conditions provided for  
16 in section 169.021. The system hereby established shall begin operations on the  
17 first day of July next following the date upon which sections 169.010 to 169.130  
18 shall take effect.

19           2. The general administration and the responsibility for the proper  
20 operation of the retirement system and for making effective the provisions of  
21 sections 169.010 to 169.141 are hereby vested in a board of trustees of seven  
22 persons as follows: four persons to be elected as trustees by the members and  
23 retired members of the public school retirement system created by sections  
24 169.010 to 169.141 and the public education employee retirement system created  
25 by sections 169.600 to 169.715; and three members appointed by the governor  
26 with the advice and consent of the senate. The first member appointed by the  
27 governor shall replace the commissioner of education for a term beginning August  
28 28, 1998. The other two members shall be appointed by the governor at the time  
29 each member's, who was appointed by the state board of education, term expires.

30           3. Trustees appointed and elected shall be chosen for terms of four years  
31 from the first day of July next following their appointment or election, except that  
32 one of the elected trustees shall be a member of the public education employee  
33 retirement system and shall be initially elected for a term of three years from  
34 July 1, 1991. The initial term of one other elected trustee shall commence on  
35 July 1, 1992.

36           4. Trustees appointed by the governor shall be residents of school districts  
37 included in the retirement system, but not employees of such districts or a state  
38 employee or a state elected official. At least one trustee so appointed shall be a

39 retired member of the public school retirement system or the public education  
40 employee retirement system. Three elected trustees shall be members of the  
41 public school retirement system and one elected trustee shall be a member of the  
42 public education employee retirement system.

43 5. The elections of the trustees shall be arranged for, managed and  
44 conducted by the board of trustees of the retirement system.

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

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

50 8. Each trustee shall be commissioned by the governor, and before  
51 entering upon the duties of the trustee's office, shall take and subscribe to an  
52 oath or affirmation to support the Constitution of the United States, and of the  
53 state of Missouri and to demean himself or herself faithfully in the trustee's  
54 office. Such oath as subscribed to shall be filed in the office of secretary of state  
55 of this state.

56 9. Each trustee shall be entitled to one vote in the board of trustees. Four  
57 votes shall be necessary for a decision by the trustees at any meeting of the board  
58 of trustees. Unless otherwise expressly provided herein, a meeting need not be  
59 called or held to make any decision on a matter before the board. Each member  
60 must be sent by the executive director a copy of the matter to be decided with full  
61 information from the files of the board of trustees. The unanimous decision of  
62 four trustees may decide the issue by signing a document declaring their decision  
63 and sending such written instrument to the executive director of the board,  
64 provided that no other member of the board of trustees shall send a dissenting  
65 decision to the executive director of the board within fifteen days after such  
66 document and information was mailed to the trustee. If any member is not in  
67 agreement with four members the matter is to be passed on at a regular board  
68 meeting or a special meeting called for the purpose.

69 10. The board of trustees shall elect one of their number as chairman, and  
70 shall employ a full-time executive director, not one of their number, who shall be  
71 the executive officer of the board. Other employees of the board shall be chosen  
72 only upon the recommendation of the executive director.

73 11. The board of trustees shall employ an actuary who shall be its  
74 technical advisor on matters regarding the operation of the retirement system,

75 and shall perform such duties as are essential in connection therewith, including  
76 the recommendation for adoption by the board of mortality and other necessary  
77 tables, and the recommendation of the level rate of contributions required for  
78 operation of the system.

79 12. As soon as practicable after the establishment of the retirement  
80 system, and annually thereafter, the actuary shall make a valuation of the  
81 system's assets and liabilities on the basis of such tables as have been adopted.

82 13. At least once in the three-year period following the establishment of  
83 the retirement system, and in each five-year period thereafter, the board of  
84 trustees shall cause to be made an actuarial investigation into the mortality,  
85 service, and compensation experience of the members and beneficiaries of the  
86 system, and shall make any changes in the mortality, service, and other tables  
87 then in use which the results of the investigation show to be necessary.

88 14. Subject to the limitations of sections 169.010 to 169.141 and 169.600  
89 to 169.715, the board of trustees shall formulate and adopt rules and regulations  
90 for the government of its own proceedings and for the administration of the  
91 retirement system.

92 15. The board of trustees shall determine and decide all questions of  
93 doubt as to what constitutes employment within the meaning of sections 169.010  
94 to 169.141 and 169.600 to 169.715, the amount of benefits to be paid to members,  
95 retired members, beneficiaries and survivors and the amount of contributions to  
96 be paid by employer and employee. The executive director shall notify by  
97 certified mail both employer and member, retired member, beneficiary or survivor  
98 interested in such determination. Any member, retired member, beneficiary or  
99 survivor, district or employer adversely affected by such determination, at any  
100 time within thirty days after being notified of such determination, may appeal to  
101 the circuit court of Cole County. Such appeal shall be tried and determined anew  
102 in the circuit court and such court shall hear and consider any and all competent  
103 testimony relative to the issues in the case, which may be offered by either party  
104 thereto. The circuit court shall determine the rights of the parties under sections  
105 169.010 to 169.141 and 169.600 to 169.715 using the same standard provided in  
106 section 536.150, and the judgment or order of such circuit court shall be binding  
107 upon the parties and the board shall carry out such judgment or order unless an  
108 appeal is taken from such decision of the circuit court. Appeals may be had from  
109 the circuit court by the employer, member, retired member, beneficiary, survivor  
110 or the board, in the manner provided by the civil code.

111           16. The board of trustees shall keep a record of all its proceedings, which  
112 shall be open to public inspection. It shall prepare annually a comprehensive  
113 annual financial report, the financial section of which shall be prepared in  
114 accordance with applicable accounting standards and shall include the  
115 independent auditor's opinion letter. The report shall also include information  
116 on the actuarial status and the investments of the system. The reports shall be  
117 preserved by the executive director and made available for public inspection.

118           17. The board of trustees shall provide for the maintenance of an  
119 individual account with each member, setting forth such data as may be  
120 necessary for a ready determination of the member's earnings, contributions, and  
121 interest accumulations. It shall also collect and keep in convenient form such  
122 data as shall be necessary for the preparation of the required mortality and  
123 service tables and for the compilation of such other information as shall be  
124 required for the valuation of the system's assets and liabilities. All individually  
125 identifiable information pertaining to members, retirees, beneficiaries and  
126 survivors shall be confidential.

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

131           19. The headquarters of the retirement system shall be in Jefferson City,  
132 where suitable office space, utilities and other services and equipment necessary  
133 for the operation of the system shall be provided by the board of trustees and all  
134 costs shall be paid from funds of the system. All suits or proceedings directly or  
135 indirectly against the board of trustees, the board's members or employees or the  
136 retirement system established by sections 169.010 to 169.141 or 169.600 to  
137 169.715 shall be brought in Cole County.

138           20. The board may appoint an attorney or firm of attorneys to be the legal  
139 advisor to the board and to represent the board in legal proceedings, however, if  
140 the board does not make such an appointment, the attorney general shall be the  
141 legal advisor of the board of trustees, and shall represent the board in all legal  
142 proceedings.

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

146           22. The board shall arrange for annual audits of the records and accounts

147 of the system by a firm of certified public accountants[, the state auditor shall  
148 review the audit of the records and accounts of the system at least once every  
149 three years and shall report the results to the board of trustees and the  
150 governor].

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

          238.272. The state auditor [shall] **may** audit each district not [less] **more**  
2 than once every three years[, and may audit more frequently if the state auditor  
3 deems appropriate]. The costs of this audit shall be paid by the district **and**  
4 **shall not exceed the greater of three percent of the gross revenues**  
5 **received by the transportation district or three percent of the**  
6 **expenditures made by the transportation district.**

**Section 1. The state auditor may have the power to audit a**  
2 **community action agency as defined under 10 C.F.R. 440.3. The term**  
3 **"community action agency" as used in this section shall mean a private**  
4 **corporation or public agency established under the Economic**  
5 **Opportunity Act of 1964, Pub. L. 88-452, which is authorized to**  
6 **administer funds received from federal, state, local, or private funding**  
7 **entities to assess, design, operate, finance, and oversee antipoverty**  
8 **programs.**

          [29.090. It shall be unlawful for any examiner appointed  
2 under the provisions of this chapter to accept, receive or ride on  
3 any free transportation while engaged on official business, and any  
4 officer who shall request such free transportation for any such  
5 examiner shall be guilty of a misdemeanor, and punishable by a  
6 fine not to exceed five hundred dollars.]

          [29.180. The state auditor in cooperation with the budget  
2 director shall establish appropriate systems of accounting for all  
3 officers and agencies of the state, including all educational and  
4 eleemosynary institutions, and he shall also prescribe systems of  
5 accounting for all county officers. Such systems of accounting shall  
6 conform to recognized principles of governmental accounting and  
7 shall be uniform in application to offices of the same grade and  
8 kind and to accounts of the same kind. Such systems of accounting

9 shall be adequate to record all assets and revenues accrued, all  
10 liabilities and expenditures incurred, as well as all cash receipts  
11 and disbursements, and all transactions affecting the acquisition  
12 and disposition of property, including the preparation and keeping  
13 of inventories of all property. Each department shall keep such  
14 accounts in accordance with the system of accounts prescribed by  
15 the auditor.]

[29.270. The state auditor shall report to the governor as  
2 soon as possible the result of his findings from an examination of  
3 the state institutions, and report to the elective officers the result  
4 of his findings from an examination of their appointive officers,  
5 setting out in detail the findings as to the collection and  
6 disbursements of public funds and the mode of bookkeeping and  
7 accounting in force in such institution, and as soon as possible  
8 after the completion of the examination of a county's officers and  
9 institutions, he shall report in writing the findings to the county  
10 court or prosecuting attorney or proper officer thereof, setting out  
11 in detail the results as to the collection and disbursement of county  
12 funds and the mode of bookkeeping and accounting in use and such  
13 recommendations as may be proper. All audit reports and reports  
14 of examinations made by the state auditor shall be made a matter  
15 of public record. The state auditor shall report to each general  
16 assembly his findings and recommendations resulting from audits  
17 and examinations of the various state officials and institutions  
18 made by him in accordance with law.]

[29.275. Before the state auditor performs a duty or service  
2 required by law for which a fee is charged, the person requiring the  
3 service shall produce to the state auditor the receipt of the state  
4 director of revenue showing that the fee has been paid to him.]

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

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