

SECOND REGULAR SESSION

SENATE BILL NO. 766

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHMITT.

Pre-filed December 2, 2015, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4759S.02I

AN ACT

To repeal section 29.200, RSMo, and to enact in lieu thereof one new section relating to audits of higher education institutions.

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

Section A. Section 29.200, RSMo, is repealed and one new section enacted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

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

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

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

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

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

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

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

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

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

39 8. **Notwithstanding the provisions of this section to the contrary,**
40 **the auditor shall audit the University of Missouri system at least once**
41 **annually.**

42 9. The auditor may examine the banking accounts and records of the state
43 treasurer, state agency, or any political subdivision at any bank or financial
44 institution provided that the bank or financial institution shall not be required
45 to produce the requested accounts or records until the auditor, treasurer, state
46 agency, or political subdivision reimburses the reasonable document production
47 costs of the bank or financial institution.

48 [9.] 10. The auditor may, as often as the auditor deems necessary,
49 conduct a detailed review of the bookkeeping and accounting systems in use in
50 the various state agencies that are supported partially or entirely by state
51 funds. Such examinations shall be for the purpose of evaluating the adequacy of
52 systems in use by such agencies. In instances where the auditor determines that
53 existing systems are outmoded, inefficient, or otherwise inadequate, the auditor
54 shall recommend changes to the state agency and notify the general assembly of
55 the recommended changes.

56 [10.] 11. The auditor shall, through appropriate tests, determine the
57 propriety of the data presented in the state comprehensive annual financial
58 report, and shall express the auditor's opinion in accordance with generally
59 accepted government auditing standards.

60 [11.] 12. The auditor shall provide a report to the governor, attorney
61 general, and other appropriate officials of facts in the auditor's possession which
62 pertain to the apparent violation of penal statutes or apparent instances of
63 malfeasance, misfeasance, or nonfeasance by an officer or employee.

64 [12.] 13. At the conclusion of an audit, the auditor or the auditor's
65 designated representative shall supply a copy of a draft report of the audit to, and
66 discuss such draft with, the official, or that official's designated representative,
67 whose office is subject to audit. On any audit of a state agency or political
68 subdivision of the state, the auditee shall provide responses to any
69 recommendations contained in the draft report within thirty days from the receipt
70 of the draft report.

71 [13.] 14. The auditor shall notify the general assembly, the governor, the
72 director of each agency audited, and other persons as the auditor deems
73 appropriate that an audit report has been published, its subject and title, and the
74 locations, including state libraries, at which the report is available. The auditor
75 then shall distribute copies of the report only to those who request a report. The
76 copies shall be available in written form or available on the official website of the
77 auditor. The auditor may charge a reasonable fee for providing a written copy of
78 an audit report. The auditor also shall file a copy of the audit report in the
79 auditor's office; this copy shall be a permanent public record. Nothing in this
80 subsection shall be construed to authorize or permit the publication of
81 information that is otherwise prohibited by law from being disclosed.

82 [14.] 15. Nothing in this chapter shall be construed to infringe upon or
83 deprive the legislative, executive, or judicial branches of state government of any
84 rights, powers, or duties vested in or imposed upon them by statute or the
85 constitution of this state.

86 [15.] 16. Nothing in this chapter shall be construed by the courts of this
87 state in a manner inconsistent with Article II of the Constitution of Missouri.

88 [16.] 17. The auditor shall be responsible for receiving reports of
89 allegations of improper governmental activities as provided in section
90 29.221. The auditor shall adopt policies and procedures necessary to provide for
91 the investigation or referral of such allegations.

92 [17.] 18. In accordance with the state's records retention schedule, the
93 auditor shall maintain a complete file of all audit reports and reports of other
94 examinations, investigations, surveys, and reviews issued under the auditor's
95 authority. Audit workpapers and other evidence and related supportive material
96 directly pertaining to the work of the auditor's office shall be retained according
97 to an agreement between the auditor and the state archives. To promote
98 intergovernmental cooperation and avoid unnecessary duplication of audit effort,
99 pertinent workpapers and other supportive material related to issued audit
100 reports may be, at the discretion of the auditor and unless otherwise prohibited
101 by law, made available for inspection by duly authorized representatives of the
102 state and federal government who desire access to, and inspection of, such records
103 in connection with a matter officially before them, including criminal
104 investigations. Except as provided in this section, audit workpapers and related
105 supportive material shall be kept confidential, including any interpretations,
106 advisory opinions, or other information or materials used and relied on in
107 performing the audit.

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