

SECOND REGULAR SESSION

# SENATE BILL NO. 765

99TH GENERAL ASSEMBLY

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INTRODUCED BY SENATOR RIDDLE.

Pre-filed December 4, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4180S.01I

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## AN ACT

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

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

Section A. Section 29.200, RSMo, is repealed and one new section enacted

2 in lieu thereof, to be known as section 29.200, to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

90           14. Nothing in this chapter shall be construed to infringe upon or deprive  
91 the legislative, executive, or judicial branches of state government of any rights,

92 powers, or duties vested in or imposed upon them by statute or the constitution  
93 of this state.

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

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

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

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