

FIRST REGULAR SESSION

[P E R F E C T E D]

SENATE BILL NO. 138

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR RIDDLE.

Pre-filed December 1, 2018, and ordered printed.

Read 2nd time January 24, 2019, and referred to the Committee on Professional Registration.

Reported from the Committee February 28, 2019, with recommendation that the bill do pass.

Taken up for Perfection March 25, 2019. Bill declared Perfected and Ordered Printed.

ADRIANE D. CROUSE, Secretary.

0191S.01P

AN ACT

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

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

Section A. Section 29.200, RSMo, is repealed and one new section enacted

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

29.200. 1. Except as provided under subsection 2 of this section, all

2 audits conducted under this chapter may be made at the discretion of the auditor

3 without advance notice to the organization being audited. An audit also shall be

4 conducted upon the request of the governor as provided under section 26.060, and

5 the expenses for any such audit conducted upon the request of the governor shall

6 be paid as provided in section 26.090.

7 2. The auditor, on his or her initiative and as often as he or she deems

8 necessary, to the extent deemed practicable and consistent with the overall

9 responsibility as contained in this chapter, shall make or cause to be made audits

10 of all or any part of the activities of the state agencies.

11 3. The auditor shall make, or cause to be made, audits of all or any parts

12 of political subdivisions and other entities as authorized in this chapter or any

13 other law of this state.

14 4. In selecting audit areas and in evaluating current audit activity, the

15 auditor may, at his or her discretion, consider and utilize, in whole or in part, the

16 relevant audit coverage and applicable reports of the audit staffs of the various

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

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
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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