

House _____ Amendment NO. _____

Offered By _____

1 AMEND House Committee Substitute for Senate Committee Substitute for Senate Bill No. 765,
2 Page 1, Section A, Line 5, by inserting after all of said section and line the following:
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4 "29.200. 1. Except as provided under subsection 2 of this section, all audits conducted
5 under this chapter may be made at the discretion of the auditor without advance notice to the
6 organization being audited. An audit also shall be conducted upon the request of the governor as
7 provided under section 26.060, and the expenses for any such audit conducted upon the request of
8 the governor shall be paid as provided in section 26.090.

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

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

14 4. Beginning with the year 2017 and every two years thereafter, the auditor shall make or
15 cause to be made audits of all joint municipal utility commissions created under the provisions of
16 section 393.700 to 393.770. The municipal members of the joint municipal utility commission
17 being audited shall jointly pay all expenses incurred in making the audits, including the salaries of
18 auditors, examiners, clerks, stenographers, and other employees of the state auditor conducting the
19 audit.

20 5. In selecting audit areas and in evaluating current audit activity, the auditor may, at his or
21 her discretion, consider and utilize, in whole or in part, the relevant audit coverage and applicable
22 reports of the audit staffs of the various state agencies, independent contractors, and federal
23 agencies.

24 [5.] 6. The auditor shall be authorized to contract with federal audit agencies, or any
25 governmental agency, on a cost-reimbursement basis, to perform audits of federal grant programs
26 administered by the state departments and institutions in accordance with agreements negotiated
27 between the auditor and the contracting federal audit agencies or any governmental agency. In
28 instances where the grantee state agency shall subgrant such federal funds to local governments,
29 regional councils of government, other local groups, or private or semiprivate institutions or
30 agencies, the auditor shall have the authority to examine the books and records of these subgrantees
31 to the extent necessary to determine eligibility and proper use in accordance with state and federal
32 laws and regulations. The auditor shall charge and collect from the contracting federal audit
33 agencies, or any governmental agencies, the actual cost of all the audits of the grants and programs
34 that are conducted by the auditor under the contract. Amounts collected under these arrangements
35 shall be deposited into the state treasury and be credited to the state auditor-federal fund and shall be
36 available to hire sufficient personnel to perform these contracted audits and to pay for related travel,

Standing Action Taken _____ Date _____

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1 supplies, and other necessary expenses.

2 [6.] 7. In the auditor's reports of audits and reports of special investigations, the auditor shall
3 make any comments, suggestions, or recommendations deemed appropriate concerning any aspect
4 of such agency's activities and operations.

5 [7.] 8. The auditor shall audit the state treasury at least once annually.

6 [8.] 9. The auditor may examine the banking accounts and records of the state treasurer,
7 state agency, or any political subdivision at any bank or financial institution provided that the bank
8 or financial institution shall not be required to produce the requested accounts or records until the
9 auditor, treasurer, state agency, or political subdivision reimburses the reasonable document
10 production costs of the bank or financial institution.

11 [9.] 10. The auditor may, as often as the auditor deems necessary, conduct a detailed review
12 of the bookkeeping and accounting systems in use in the various state agencies that are supported
13 partially or entirely by state funds. Such examinations shall be for the purpose of evaluating the
14 adequacy of systems in use by such agencies. In instances where the auditor determines that
15 existing systems are outmoded, inefficient, or otherwise inadequate, the auditor shall recommend
16 changes to the state agency and notify the general assembly of the recommended changes.

17 [10.] 11. The auditor shall, through appropriate tests, determine the propriety of the data
18 presented in the state comprehensive annual financial report, and shall express the auditor's opinion
19 in accordance with generally accepted government auditing standards.

20 [11.] 12. The auditor shall provide a report to the governor, attorney general, and other
21 appropriate officials of facts in the auditor's possession which pertain to the apparent violation of
22 penal statutes or apparent instances of malfeasance, misfeasance, or nonfeasance by an officer or
23 employee.

24 [12.] 13. At the conclusion of an audit, the auditor or the auditor's designated representative
25 shall supply a copy of a draft report of the audit to, and discuss such draft with, the official, or that
26 official's designated representative, whose office is subject to audit. On any audit of a state agency
27 or political subdivision of the state, the auditee shall provide responses to any recommendations
28 contained in the draft report within thirty days from the receipt of the draft report.

29 [13.] 14. The auditor shall notify the general assembly, the governor, the director of each
30 agency audited, and other persons as the auditor deems appropriate that an audit report has been
31 published, its subject and title, and the locations, including state libraries, at which the report is
32 available. The auditor then shall distribute copies of the report only to those who request a report.
33 The copies shall be available in written form or available on the official website of the auditor. The
34 auditor may charge a reasonable fee for providing a written copy of an audit report. The auditor
35 also shall file a copy of the audit report in the auditor's office[;], and this copy shall be a permanent
36 public record. Nothing in this subsection shall be construed to authorize or permit the publication
37 of information that is otherwise prohibited by law from being disclosed. [14.] 15. Nothing in this
38 chapter shall be construed to infringe upon or deprive the legislative, executive, or judicial branches
39 of state government of any rights, powers, or duties vested in or imposed upon them by statute or
40 the constitution of this state.

41 [15.] 16. Nothing in this chapter shall be construed by the courts of this state in a manner
42 inconsistent with Article II of the Constitution of Missouri.

43 [16.] 17. The auditor shall be responsible for receiving reports of allegations of improper
44 governmental activities as provided in section 29.221. The auditor shall adopt policies and
45 procedures necessary to provide for the investigation or referral of such allegations.

46 [17.] 18. In accordance with the state's records retention schedule, the auditor shall maintain
47 a complete file of all audit reports and reports of other examinations, investigations, surveys, and
48 reviews issued under the auditor's authority. Audit workpapers and other evidence and related

supportive material directly pertaining to the work of the auditor's office shall be retained according to an agreement between the auditor and the state archives. To promote intergovernmental cooperation and avoid unnecessary duplication of audit effort, pertinent workpapers and other supportive material related to issued audit reports may be, at the discretion of the auditor and unless otherwise prohibited by law, made available for inspection by duly authorized representatives of the state and federal government who desire access to, and inspection of, such records in connection with a matter officially before them, including criminal investigations. Except as provided in this section, audit workpapers and related supportive material shall be kept confidential, including any interpretations, advisory opinions, or other information or materials used and relied on in performing the audit.

29.420. 1. Any audit made of a joint municipal utility commission under the provisions of section 29.200 shall include a report by the auditor to the elective officers of each of the members of the joint municipal utility commission containing the results of his or her findings from an examination of appointed officers, setting out in detail the findings as to the collection and disbursement of public funds and the mode of bookkeeping and accounting in force in such commission.

2. The report of the findings of the examination of a joint municipal utility commission shall recognize the reporting standards required by the Government Auditing Standards Board for joint ventures and disclose the financial benefit or burden the activities of the joint commission may have on the resources of each of the member governments; whether the member governments are legally obligated or have otherwise assumed the obligation to finance the deficits of, or provide financial support to, the joint commission; and whether the member governments are obligated for the debt of the joint commission, and if so, the extent of that current debt. The auditor shall report in detail the extent of the assets and liabilities of any investments or other business joint ventures of the joint municipal utility commission and report how it impacts the liens upon the assets of each municipality so that the joint venture liabilities and obligations are correctly reflected in the annual audits of each municipal member of the joint municipal utility commission.

3. As soon as possible after the completion of an examination of a joint municipal utility commission, the auditor shall report in writing the findings to each of the municipal governing entities that are members of the joint municipal utility commission, setting out in detail the amount of the investments of the joint municipal utility commission and those of all affiliates, associates, and projects of the joint commission; the amounts of its authorized bonded indebtedness, and those of all affiliates, associates, and projects; the amount of its bonds and other forms of evidence of indebtedness issued and outstanding, both taxable and nontaxable; its receipts and expenditures during the preceding period; the amount paid as dividends upon its stock; interest upon its bonds; the names of its officers and the aggregate amount paid as salaries to them; the amount paid as wages to its employees; the location of its plant or plants and system, including a full description of all properties, investments, and franchises and detailed information stating how each franchise and investment stated to be owned was acquired; such other facts pertaining to the operation and maintenance of the plan and system; and the affairs of any affiliated person or corporation as the auditor may deem to be in the public interest. Such reports shall be in the form, cover the period, and contain such recommendations as may be proper.

4. The auditor shall provide recommendations in his or her published report resulting from audits and examinations of joint municipal utility commissions as to legislative improvements that may be made to enhance the accountability for such joint commissions."; and

Further amend said bill, Page 2, Section 304.125, Line 4, by inserting after all of said section and line the following:

1
2 "393.710. 1. Municipalities, joint municipal utility commissions, public water supply
3 districts, and sewer districts may, by joint contract, establish a governmental entity to be known as a
4 joint municipal utility commission, to effect the joint development of a project or projects in whole
5 or in part for the benefit of the inhabitants of such municipalities, public water supply districts and
6 sewer districts.

7 2. Any joint contract establishing a commission under this section shall specify:

8 (1) The name and purpose of the commission and the functions or services to be provided
9 by the commission;

10 (2) The establishment and organization of a governing body of a commission which shall be
11 a board of directors in which all powers of the commission are vested. The joint contract may
12 provide for the creation by the board of an executive committee of the board to which the powers
13 and duties of the board may be delegated as the board or state statute shall specify;

14 (3) The number of directors, the manner of their appointment, terms of office and
15 compensation, if any, and the procedure for filling vacancies on the board. Each contracting
16 municipality, public water supply district, and sewer district shall have the power to appoint one
17 member and an alternate to the board of directors and shall be entitled to remove that member and
18 alternate at will;

19 (4) The manner of selection of the officers of the commission and their duties;

20 (5) The voting requirements for action by the board, but, unless specifically provided
21 otherwise, a majority of directors shall constitute a quorum and a majority of the quorum shall be
22 necessary for any action taken by the board;

23 (6) The duties of the board which shall include the obligation to comply or to cause
24 compliance with this section and the laws of the state and, in addition, with each and every term,
25 provision and covenant in the joint contract creating the commission on its part to be kept or
26 performed;

27 (7) The manner in which additional municipalities, public water supply districts, and sewer
28 districts may become parties to the joint contract;

29 (8) The manner of financing the commission and of establishing and maintaining a budget
30 and annual audit for the commission;

31 (9) The ownership interests of the contracting municipality electric cooperative associations,
32 municipally owned or public utilities in a project or the manner of determining such ownership
33 interest, which ownership interest shall be subject to any mortgage of a project pursuant to section
34 393.735;

35 (10) Provisions for the disposition, division or distribution of any property or assets of the
36 commission on dissolution; and

37 (11) The term of the joint contract, which may be a definite period or until rescinded or
38 terminated, and the method, if any, by which the joint contract may be rescinded or terminated so
39 long as the commission has no bonds outstanding, unless provision for full payment of such bonds,
40 by escrow or otherwise, has been made pursuant to the terms of the bonds or the resolution, trust
41 indenture or security instrument securing the bonds.

42 3. A commission shall, if the joint contract so provides, be the successor to any nonprofit
43 corporation, agency, or another entity theretofore organized by the contracting municipalities to
44 provide the same function, service or facility, and the commission shall be entitled to all rights and
45 privileges and shall assume all obligations and liabilities of such other entity under existing
46 contracts to which such other entity is a party.

47 4. Before any city of the third or fourth class may become a contracting municipality or a
48 participating municipality under sections 393.700 to 393.770, it shall first, by ordinance, submit the

1 proposition for such action to the voters of the city after having held at least one advertised public
2 hearing to provide full disclosure of the proposal in question, and it shall require a majority of the
3 votes cast to be in favor of the proposition before any authority shall exist for the city to enter into
4 any contract or participate in such a project."; and
5

6 Further amend said bill by amending the title, enacting clause, and intersectional references
7 accordingly.