

HB 2111 -- POWERS OF THE STATE AUDITOR

SPONSOR: Christofanelli

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Government Efficiency and Downsizing by a vote of 8 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 7 to 2.

This bill defines "improper governmental activity," as official misconduct, fraud, misappropriation, mismanagement, waste of resources, or a violation of state or federal law, rule, or regulation.

The bill provides that the Auditor or their authorized representative may audit all or part of any political subdivision or government entity if, after an investigation, the Auditor believes improper governmental activity has occurred, or when requested to by a prosecuting attorney, circuit attorney, or law enforcement agency as part of an investigation.

This bill provides that testimony and records obtained through subpoenas issued by the Auditor shall be subject to the same confidentiality and disclosure requirements for audit workpapers and related supportive material.

Currently, each fiscal year, the State Auditor must audit, adjust and settle all receipts and disbursements in the insurance dedicated fund and the insurance examiners' fund, and taxes certified and collected on foreign and domestic insurance premiums, surplus line premiums, and county taxes on property owned by insurance companies. This bill repeals the requirement to audit taxes certified and collected on foreign and domestic insurance premiums, surplus line premiums, and county taxes on property owned by insurance companies and requires that the results of audits of the insurance dedicated fund and the insurance examiners' fund shall be reported as part of the annual audit of the state's financial statements.

The bill adds records relating to reports of allegations of improper governmental activities to the list of records exempt from public disclosure.

This bill is similar to HB 1175 (2023).

PROPOSERS: Supporters say that this bill changes the process through which the Auditor can conduct an audit of a political subdivision. It is highly unlikely that a political subdivision will invite the Auditor to audit it, which is one of the ways it is

able to initiate an audit. Alternatively, citizens have a way to invite the Auditor but it is very cumbersome. This bill allows different ways for the Auditor to initiate an audit. This bill would grant the Auditor the same power he or she has to initiate an audit with a school district. This is a much more sensible approach to allow our Auditor to use government resources to investigate where necessary. The complaints would not be subject to open records statutes so it would allow complainants to make allegations without having their names out there. The scope of an audit is determined by the Auditor when the office goes in and starts an investigation. Sometimes law enforcement requests that the Auditor conduct an audit but he does not have the authority to do so. There are some audits required by law to be conducted and they might not be as useful as the ones the office is requested to conduct. Currently, the complaint submitted by a whistle blower is an open record, but the identity of the complainant is redacted. This would allow the complaint to be closed, too. The issue with leaving the complaint portion open is that sometimes the identity of the whistle blower can be deduced from the content of the complaint. The word "audit" is a little misleading from a citizen standpoint because it ends up being a waste of time and resources and it didn't answer any questions. Audits are not necessarily a bad thing. Financial audits can assure citizens that their tax dollars are being used properly. They are so important to the political subdivision and to the citizen because it proves that they are doing their jobs correctly.

Testifying in person for the bill were Representative Christofanelli; April Cederburg; Scott Fitzpatrick, Missouri State Auditor's Office; and Kerri VanMeveren.

OPPONENTS: There was no opposition voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.