

SENATE BILL No. 1

By Legislative Post Audit Committee

12-10

1 AN ACT concerning the legislative post audit act; relating to periodic
2 audits of the state treasurer and the pooled money investment board;
3 transition audits; amending K.S.A. 2012 Supp. 46-1106 and repealing
4 the existing section.
5

6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2012 Supp. 46-1106 is hereby amended to read as
8 follows: 46-1106. (a) (1) A financial-compliance audit shall be conducted
9 each year of the general purpose financial statements prepared by the
10 division of accounts and reports for its annual financial report. This audit
11 shall be conducted in accordance with generally accepted governmental
12 auditing standards. The resulting written audit report shall be issued as
13 soon after the end of the fiscal year as is practicable.

14 (2) In addition, *once every three years*, separate written audit reports
15 on the financial management practices of the office of the state treasurer
16 and the pooled money investment board shall be prepared addressing the
17 adequacy of financial management practices and compliance with
18 applicable state laws. The separate audit of the pooled money investment
19 board also shall include a comparative investment performance review and
20 an analysis of the investment program, including an evaluation of
21 investment policies and practices and of specific investments in the pooled
22 money investment portfolio. The analysis of the specific investments in the
23 pooled money investment portfolio shall review whether such investments
24 meet the investment priorities of safety, liquidity and performance. The
25 performance of such investments shall be measured by comparison to an
26 appropriate market index.

27 (3) *In addition, whenever an individual is first elected or appointed*
28 *and qualified to the office of the state treasurer, a transition audit shall be*
29 *conducted within two weeks after the date such individual enters upon the*
30 *duties of the office of the state treasurer. The purpose of the transition*
31 *audit shall be to review the assets in the custody of the office of the state*
32 *treasurer for significant discrepancies at the time of the transition. A*
33 *separate written report shall be prepared for each transition audit.*

34 (4) Copies of the reports of audits conducted pursuant to this
35 subsection (a) shall be furnished to the governor, director of accounts and
36 reports, director of the budget, each state agency, the legislative post audit

1 committee and other persons or agencies as may be required by law or by
2 the specifications of the audit.

3 ~~(4)~~(5) Any additional costs associated with preparing the separate
4 additional reports on the office of the state treasurer and the pooled money
5 investment board shall be borne by the office of the state treasurer and the
6 pooled money investment board in accordance with K.S.A. 46-1121, and
7 amendments thereto.

8 (b) Including financial-compliance audit work conducted as part of
9 the audit conducted pursuant to subsection (a), financial-compliance audit
10 work shall be conducted at each state agency at least once every three
11 years as directed by the legislative post audit committee. Written reports
12 on the results of such auditing shall be furnished to the governor, director
13 of accounts and reports, director of the budget, the state agency which is
14 audited, the legislative post audit committee and such other persons or
15 agencies as may be required by law or by the specifications of the audit.

16 (c) (1) Books and accounts of the state treasurer and the director of
17 accounts and reports, including the bond register of the state treasurer, may
18 be examined monthly if the legislative post audit committee so determines,
19 and such examination may include detailed checking of every transaction
20 or test checking.

21 (2) Any person receiving tax information under the provisions of
22 subsection (a) or (b) shall be subject to the same duty of confidentiality
23 imposed by law upon the personnel of the department of revenue and shall
24 be subject to any civil or criminal penalties imposed by law for violations
25 of such duty of confidentiality.

26 (d) The post auditor shall report immediately in writing to the
27 legislative post audit committee, governor and attorney general whenever
28 it appears in the opinion of the post auditor that there may have occurred
29 any violation of penal statutes or any instances of misfeasance,
30 malfeasance or nonfeasance by a public officer or employee disclosed by
31 any audit or audit work conducted under the legislative post audit act. The
32 post auditor shall furnish the attorney general all information in the
33 possession of the post auditor relative to any report referred to the attorney
34 general. The attorney general shall institute and prosecute civil
35 proceedings against any such delinquent officer or employee, or upon such
36 officer or employee's official bond, or both, as may be needed to recover
37 for the state any funds or other assets misappropriated. The attorney
38 general shall also prosecute such ouster and criminal proceedings as the
39 evidence in the case warrants. Any person receiving tax information under
40 the provisions of this subsection shall be subject to the same duty of
41 confidentiality imposed by law upon the personnel of the department of
42 revenue and shall be subject to any civil or criminal penalties imposed by
43 law for violations of such duty of confidentiality.

1 (e) The post auditor shall immediately report to the committee on
2 surety bonds and insurance when any audit or audit work conducted under
3 the legislative post audit act discloses a shortage in the accounts of any
4 state agency, officer or employee.

5 (f) In the discharge of the duties imposed under the legislative post
6 audit act, the post auditor may require state agencies to preserve and make
7 available their accounts, records, documents, vouchers, requisitions,
8 payrolls, canceled checks or vouchers and coupons, and other evidence of
9 financial transactions.

10 (g) In the discharge of the duties imposed under the legislative post
11 audit act, the post auditor or firm conducting a financial-compliance audit
12 or conducting any other audit or audit work shall have access to all books,
13 accounts, records, files, documents and correspondence, confidential or
14 otherwise, of any person or state agency subject to the legislative post
15 audit act or in the custody of any such person or state agency. Except as
16 otherwise provided in this subsection, the post auditor or firm conducting a
17 financial-compliance audit or other audit or audit work under the
18 legislative post audit act and all employees and former employees of the
19 division of post audit or firm performing a financial-compliance audit or
20 other audit or audit work shall be subject to the same duty of
21 confidentiality imposed by law on any such person or state agency with
22 regard to any such books, accounts, records, files, documents and
23 correspondence, and any information contained therein, and shall be
24 subject to any civil or criminal penalties imposed by law for violations of
25 such duty of confidentiality. The duty of confidentiality imposed on the
26 post auditor and on firms conducting financial-compliance audits or any
27 other audits or audit work under the legislative post audit act and all
28 employees of the division of post audit and all employees of such firms
29 shall be subject to the provisions of subsection (d), and the post auditor
30 may furnish all such books, accounts, records, files, documents and
31 correspondence, and any information contained therein to the attorney
32 general pursuant to subsection (d). Upon receipt thereof, the attorney
33 general and all assistant attorneys general and all other employees and
34 former employees of the office of attorney general shall be subject to the
35 same duty of confidentiality with the exceptions that any such information
36 contained therein may be disclosed in civil proceedings, ouster
37 proceedings and criminal proceedings which may be instituted and
38 prosecuted by the attorney general in accordance with subsection (d), and
39 any such books, accounts, records, files, documents and correspondence
40 furnished to the attorney general in accordance with subsection (d) may be
41 entered into evidence in any such proceedings. Nothing in this subsection
42 shall be construed to supersede any requirement of federal law.

43 (h) Any firm or firms which develop information in the course of

1 conducting a financial-compliance audit or other audit or audit work under
2 the legislative post audit act which the post auditor is required to report
3 under subsection (d) or (e) shall immediately report such information to
4 the post auditor. The post auditor shall then make the report required in
5 subsection (d) or (e).

6 Sec. 2. K.S.A. 2012 Supp. 46-1106 is hereby repealed.

7 Sec. 3. This act shall take effect and be in force from and after its
8 publication in the statute book.