

*As Amended by Senate Committee*

Session of 2009

**HOUSE BILL No. 2265**

By Legislative Post Audit Committee

2-4

10 AN ACT concerning the legislative post audit act; relating to periodic  
11 audits of the state treasurer and the pooled money investment board;  
12 transition audits; amending K.S.A. 2008 Supp. 46-1106 and repealing  
13 the existing section.

14

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

16 Section 1. K.S.A. 2008 Supp. 46-1106 is hereby amended to read as  
17 follows: 46-1106. (a) (1) A financial-compliance audit shall be conducted  
18 each year of the general purpose financial statements prepared by the  
19 division of accounts and reports for its annual financial report. This audit  
20 shall be conducted in accordance with generally accepted governmental  
21 auditing standards. The resulting written audit report shall be issued as  
22 soon after the end of the fiscal year as is practicable.

23 (2) In addition, *once every ~~three~~ two years*, separate written audit  
24 reports on the financial management practices of the office of the state  
25 treasurer and the pooled money investment board shall be prepared ad-  
26 dressing the adequacy of financial management practices and compliance  
27 with applicable state laws. The separate audit of the pooled money in-  
28 vestment board also shall include a comparative investment performance  
29 review and an analysis of the investment program, including an evaluation  
30 of investment policies and practices and of specific investments in the  
31 pooled money investment portfolio. The analysis of the specific invest-  
32 ments in the pooled money investment portfolio shall review whether  
33 such investments meet the investment priorities of safety, liquidity and  
34 performance. The performance of such investments shall be measured  
35 by comparison to an appropriate market index.

36 (3) *In addition, whenever an individual is first elected (or appointed)*  
37 *and qualified to the office of state treasurer, a transition audit shall be*  
38 *conducted within two weeks after the date such individual enters upon*  
39 *the duties of the office of state treasurer. The purpose of the transition*  
40 *audit shall be to review the assets in the custody of the office of state*  
41 *treasurer for significant discrepancies at the time of the transition. A sep-*  
42 *arate written report shall be prepared for each transition audit.*

43 (4) Copies of the reports of audits conducted pursuant to this sub-

1 section (a) shall be furnished to the governor, director of accounts and  
2 reports, director of the budget, each state agency, the legislative post audit  
3 committee and other persons or agencies as may be required by law or  
4 by the specifications of the audit.

5 ~~(4)~~ (5) Any additional costs associated with preparing the separate  
6 additional reports on the office of the state treasurer and the pooled  
7 money investment board shall be borne by the office of the state treasurer  
8 and the pooled money investment board in accordance with K.S.A. 46-  
9 1121, and amendments thereto.

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

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

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

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

1 and shall be subject to any civil or criminal penalties imposed by law for  
2 violations of such duty of confidentiality.

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

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

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

- 1 supersede any requirement of federal law.
- 2 (h) Any firm or firms which develop information in the course of
- 3 conducting a financial-compliance audit or other audit or audit work un-
- 4 der the legislative post audit act which the post auditor is required to
- 5 report under subsection (d) or (e) shall immediately report such infor-
- 6 mation to the post auditor. The post auditor shall then make the report
- 7 required in subsection (d) or (e).
- 8 Sec. 2. K.S.A. 2008 Supp. 46-1106 is hereby repealed.
- 9 Sec. 3. This act shall take effect and be in force from and after its
- 10 publication in the statute book.