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Missouri State Auditor

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Summary of State and Local Audit Findings - Legislative Impact



Office of
Missouri State Auditor
Susan Montee, CPA

December 2007

**The following report is a summary of State and Local Audit Findings –
Legislative Impact.**

Eighty audit reports issued between January 2003 and October 2007 included audit issues and recommendations pertaining to changes or clarifications needed regarding statutory provisions. These audit issues and recommendations were addressed to the General Assembly, state agencies, and/or local governments, or related to information agencies should provide to the General Assembly. The recommendations cover a variety of topics, including the need for new legislation, revisions to existing statutory provisions, clarification of statutory provisions, and the evaluation of agency or local government procedures as compared to statutory provisions. Status information is provided for each recommendation.

This report is a compilation of those recommendations and serves to improve awareness of the General Assembly regarding the status of legislative issues addressed in our audit reports and to encourage consideration of these recommendations in those cases where action has not been taken.

All reports are available on our Web site: www.auditor.mo.gov

YELLOW SHEET

SUMMARY OF STATE AND LOCAL AUDIT FINDINGS - LEGISLATIVE IMPACT

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly

The Missouri State Auditor's office, as required by Chapter 29, RSMo, and Attorney General's opinion, is responsible for audits of state agencies, boards, and commissions; counties that have not elected a county auditor; all divisions of the circuit court system; and, other political subdivisions such as municipalities or school districts upon petition by the voters of those subdivisions.

This report was compiled using audit reports issued between January 2003 and October 2007 (report no. 2003-01 through 2007-66), the General Assembly joint bill tracking system, and follow up with various agency personnel. The objectives of this report were to:

1. Identify audit issues and recommendations:
 - Addressed to the General Assembly.
 - Addressed to a state agency recommending that the agency work with the General Assembly, pursue legislation regarding an issue or provide information to the General Assembly.
 - Regarding unclear or conflicting provisions of state law, most commonly reported in 3rd class county audit reports.
2. Provide status information regarding the recommendations.

Our methodology to accomplish these objectives included reviewing audit reports, house and/or senate bills, revisions to statutory provisions, and information obtained from inquiries of various agency officials. The status of recommendations has been determined by reviews and inquiries of the sources noted above. As such, this information, in some cases, has not been audited. The work for this summary was substantially completed by November 2007.

The following Executive Summary, Audit Issues, and Appendix sections are presented for informational purposes.

A handwritten signature in black ink, appearing to read "Susan Montee". The signature is written in a cursive, flowing style.

Susan Montee, CPA
State Auditor

EXECUTIVE SUMMARY

SUMMARY OF STATE AND LOCAL AUDIT FINDINGS -
LEGISLATIVE IMPACT
EXECUTIVE SUMMARY

This report compiles audit issues and recommendations pertaining to statutory provisions and addressed to the General Assembly, state agencies, and/or local governments, or related to information agencies should provide to the General Assembly. This information was compiled using audit reports issued between January 2003 and October 2007. Recommendations address a variety of topics, including the need for new legislation, revisions to existing statutory provisions, clarification of statutory provisions, and the evaluation of agency or local government procedures as compared to statutory provisions. Status information is provided for each recommendation. This information was obtained from a variety of sources and is unaudited.

The State Audit Issues section reports on audit issues by state agency. A coordinated effort by the agency and General Assembly is needed to evaluate statutory provisions and take appropriate action.

The Local Audit Issues section reports on audit issues impacting local governments. The issues addressed pertain to multiple local governments. The other local government issues present the more common problems reported in audits of 3rd class counties. It is expected that similar issues will be addressed in future audit reports if statutory provisions remain the same. Similar and other county salary issues were addressed in numerous audit reports issued prior to 2003.

The Appendix provides a listing of each report and its publication date used as a source for the issues presented.

This report serves to improve awareness of the General Assembly regarding the status of legislative issues addressed in our audit reports and to encourage consideration of these recommendations in those cases where action has not been taken.

STATE AUDIT ISSUES

**SUMMARY OF STATE AND LOCAL AUDIT FINDINGS –
LEGISLATIVE IMPACT
STATE AUDIT ISSUES**

DEPARTMENT OF AGRICULTURE

MISSOURI STATE FAIR

Grandstand Bank Account

The Missouri State Fair (MSF) has no authority to open the Grandstand Account outside the state treasury. This account is used year round and a balance of at least \$600,000 has been maintained in the account since the 2001 fair.

Recommendation: Review the monies currently being held by the MSF and the Foundation outside the state treasury and take action to turn any state monies over to the STO, unless legislative authority is obtained allowing these monies to be maintained outside the state treasury.

Status: House Bill No. 428, which passed during the 2007 legislative session, created the State Fair Escrow Fund to be maintained by the State Fair Commission.

Report Source: 2005-86

DEPARTMENT OF ECONOMIC DEVELOPMENT

MISSOURI DEVELOPMENT FINANCE BOARD

BUILD Tax Credit Program

The Business Use Incentives for Large-Scale Development (BUILD) program is operated by the Missouri Development Finance Board (MDFB) under Sections 100.700 to 100.850, RSMo. This program is an economic development incentive program offered to companies that are considering locating or expanding their investment and employment in Missouri.

The current BUILD program structure unnecessarily increases the amount of state tax credits issued and is overly complex. The MDFB operates the program as a private activity revenue bond issue program, as specified by state law.

The MDFB should evaluate the benefits, including the reduction in the amount of tax credits issued, of changing the BUILD program from a bond issue/loan program to a tax credit program.

The MDFB should report the results of that evaluation to the legislature for their consideration of possible changes to state law to enhance the program's effectiveness. In November 2005, the Incentives Review Committee appointed by the Director of the Department of Economic Development (DED) issued the Report on Missouri Incentives Programs which included a similar recommendation.

Recommendation: The MDFB evaluate alternative methods for the delivery of tax credits under the BUILD program to eliminate credits issued for unnecessary interest and related fees, and report the results of that evaluation to the legislature for its consideration.

Status: The MDFB indicated an evaluation of the program has not been undertaken since the Incentives Review Committee report was issued in November 2005. In addition, no legislation to change the program was introduced during the 2007 legislative session.

Report Source: 2007-12

ANALYSIS OF THE NEW GENERATION COOPERATIVE INCENTIVE TAX CREDIT PROGRAM

Tax Credit Will Not Create Sufficient Economic Activity

The New Generation Cooperative Incentive tax credit program (NG) will not create enough economic activity to offset the tax credits used. The NG program sunsets December 31, 2010. Because of the minimal economic benefits resulting from program costs, the General Assembly should evaluate whether the program's social benefits outweigh those costs when considering the program's extension.

Recommendation: The General Assembly evaluate whether the NG program's social benefits outweigh its costs when considering its extension.

Status: No legislation was passed during the 2007 legislative session regarding this program. The legislative Joint Committee on Tax Policy is scheduled to review this tax credit between September and December 2008.

Report Source: 2007-06

Tax Credit Law Needs Clarification

State law does not require new generation cooperatives to own or operate facilities in Missouri and does not define when a facility would have to be placed in operation to remain eligible for tax credits. In addition, unclear statutes can allow individuals to exceed the \$15,000 tax credit limit per cooperative per producer member. As a result, the tax credit's potential economic

benefit to the state is less than it could be and some individuals may be able to benefit from the credit more than the General Assembly intended.

Recommendations: The Missouri Agricultural Small Business Development Authority (MASBDA) request the General Assembly:

- Modify state law to ensure new generation cooperatives establish facilities within the state and establish a timeframe by which the facility needs to be in place (for example 3 to 5 years after issuance of the credits).
- Clarify in state law whether entity name or tax identification number controls who is considered a separate producer member for tax credit eligibility.

Status: No legislation was passed during the 2007 legislative session to address these issues.

Report Source: 2007-06

**REVIEW OF STATE TAX CREDITS ADMINISTERED BY THE DEPARTMENT OF
ECONOMIC DEVELOPMENT**

The Missouri Certified Capital Company Tax Credit Program Is An Inefficient And Ineffective Use of State Tax Credits

The Missouri Certified Capital Company (CAPCO) Tax Credit program is an inefficient and ineffective tax credit program. Based on the assumptions used when entering CAPCO program data into the model, the program will cost the state over \$116.4 million and will create an average of 293 jobs for 15 years. The program would result in a total increase in gross state product of \$414 million over the 12-year life of the program. However, that economic activity and the jobs created will not produce enough additional state revenue to offset the cost of the tax credits.

Recommendation: The Department of Economic Development and the General Assembly let the Missouri Certified Capital Company Tax Credit program expire without authorizing any additional tax credits.

Status: No additional tax credits can be authorized unless state law is amended. The Department of Economic Development has indicated it currently has no plans to seek additional tax credits under the Certified Capital Companies Tax Credit. It will continue to maintain this tax credit program until all authorized tax credits under this program expire.

Report Source: 2004-56

COMMUNITY DEVELOPMENT CORPORATION TAX CREDIT PROGRAM

The Community Development Corporation (CDC) Program Has Not Created Sufficient Economic Activity

The CDC tax credit program started in 1994 and is authorized to issue up to \$6 million in tax credits. Using an economic software model, which is also used by the Department of Economic Development (DED) to analyze its tax credit programs, this audit reviewed the cost-benefit to the state of the CDC tax credit program and found the credit would not create enough economic activity to offset the tax credits used. The results showed the CDC program would cost the state \$6 million in lost revenue and create only an average of 9 jobs over the 15-year life of the program.

Recommendation: We recommend the General Assembly allow the CDC program to expire without authorizing additional tax credits.

Status: The Missouri Tax Credits Report issued by the legislative Joint Committee on Tax Policy in November 2006, agreed with the recommendation that the General Assembly should let the program expire.

No additional tax credits can be authorized unless state law is amended. The Department of Economic Development has indicated it currently has no plans to seek additional tax credits under the Community Development Tax Credit program. It will continue to maintain this tax credit until all authorized tax credits under this program expire.

Report Source: 2005-55

SMALL BUSINESS INVESTMENT TAX CREDIT PROGRAM

Tax Credit Program

Although the Small Business Investment (SBI) Tax Credit program is estimated to create jobs and increase gross state product, the economic software model estimates it will not generate

sufficient economic activity to offset tax credits redeemed. Based on the assumptions used when entering the SBI program data into the model, the results show the SBI program will cost the state \$11.8 million in lost revenue and create an average of 52 jobs over the 17-year life of the program. The SBI program is almost complete with only transfer and redemption activity remaining. Because of the projected state revenue loss associated with this program, we believe the General Assembly should not provide additional funding for the program.

Recommendation: We recommend the General Assembly allow the SBI program to expire with authorizing additional tax credits.

Status: The Missouri Tax Credits Report issued by the legislative Joint Committee on Tax Policy in November 2006, agreed with the recommendation. The committee suggested that state resources should be allocated to a new program that provides a better method for seed and venture capital investments in targeted companies.

No additional tax credits can be authorized unless state law is amended. The Department of Economic Development has indicated it currently has no plans to seek additional tax credits under the Small Business Investment Tax Credit program. It will continue to maintain this tax credit program until all authorized tax credits under this program expire.

Report Source: 2005-54

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

EDUCATOR CERTIFICATION BACKGROUND CHECKS

Inadequate State Laws For Background Checks Leave Public School Students At Risk

Imprecise language in state law and the omission of other critical requirements from state law and Department of Elementary and Secondary Education (DESE) policies increases the risk an individual, who has a criminal background or history of committing other offenses, can obtain an educator certificate and actively teach in Missouri's public schools. Family Care Safety Registry (FCSR) background checks cannot be performed using the method required by state law and applicants for an educator certificate are not required to register with the FCSR. As a result, DESE has not required FCSR background checks and has recommended school districts should determine if these checks need to be performed. We found cases of certified educators who had a criminal background and/or a history of committing other offenses, such as child abuse or neglect. DESE officials had been aware of some of these cases, determined the educator was not a risk to students and cleared the background. However, DESE officials had not been aware of all of the cases we found because FCSR checks and periodic background checks have not been required.

To help ensure the safety of Missouri's public school students, state laws attempt to prohibit individuals who have disqualifying criminal offenses from obtaining a certificate to teach. However, due to the omission of critical language and the lack of other laws and adequate policies, public school students face being taught by or having contact with educators who have a criminal background or history of other offenses. Adequate funding is also necessary to ensure sufficient resources are available to support the FCSR background checks and other reviews needed to help ensure the safety of Missouri's public school students.

Recommendations: The General Assembly:

- Revise state laws to ensure adequate background checks are performed before an educator can obtain a certificate to teach or have contact with Missouri's public school students. These revisions should include requiring:
 - FCSR background checks be performed using name, date of birth and SSN and clarify which department is responsible for performing the checks.
 - Applicants for an educator certificate to register with the FCSR and consider requiring all active educators to register.
 - FCSR background checks prior to issuance of the educator certificate and prior to a new employee in a school district having contact with students.
 - Periodic FCSR background checks of all educators and others who have contact with students.
- Ensure adequate funding is available to support FCSR background checks and any resulting process changes at the DESE, the Department of Health and Senior Services, and the Missouri State Highway Patrol.

Status: This report was issued after the 2007 legislative session.

Report Source: 2007-32

SCHOOL DISTRICT PURCHASING PRACTICES

Procurement Procedure Improvements

Officials cannot ensure they are receiving the lowest overall cost and the best value on goods and services purchased if they are not competitively bidding purchases. Current state law does not require districts to competitively select most purchases. Also, the state has not established any type of procurement guidelines to help school districts regarding procurement policies. Other states, such as Texas, Florida and Arkansas, have implemented or are implementing legislation intended to increase the fiscal accountability of school districts. These states have established financial management "best practices," which include guidelines on procurement.

Recommendations: The General Assembly:

- Revise state statutes to require the competitive selection of goods and services at the school district level.
- Implement financial management "best practices" legislation to increase the fiscal accountability of the school districts similar to Texas, Florida, and Arkansas. This legislation should include guidelines on procurement.

Status: No legislation was passed during the 2007 legislative session which addressed these issues.

Report Source: 2006-43

HIGH SCHOOL GRADUATION RATES

Documentation Is Not Required For Home School Students

State law does not currently require parents and guardians who choose to home school their children to notify the local school. Without notification students are withdrawing to home school, schools are not able to accurately verify these students are not dropouts.

Recommendation: The General Assembly pass legislation requiring persons who home school students to file written documentation with the local school.

Status: The DESE indicated it is not aware of any legislation being introduced by the General Assembly relating to this recommendation for home school students.

Report Source: 2006-20

GENERAL OBLIGATION BOND SALES PRACTICES FOLLOW-UP

Competitive Bond Sales Not Always Required By State Law And Issuers Have Not Obtained Independent Financial Advice

Public entity issuers incurred unnecessary interest costs on general obligation bonds due to continued reliance on negotiated sales. This situation has occurred, in part, because state law has not required public school districts and municipalities to use competitive bond sales. While various Missouri statutes require the use of competitive sales in a variety of instances, the statute pertaining to school districts and municipalities does not contain this restriction. Legislation is needed to require school districts and other public entities to use independent financial advisors and use competitive sales of bonds when bond issues have a rating of "A" or higher.

Issuers also did not seek the advice of independent financial advisors. Instead, they have continued to receive and rely on financial services obtained from underwriters of bonds who have a vested interest in using the negotiated sale method in issuing bonds. The underwriter may benefit financially if a negotiated method of sale is chosen. In addition, when underwriters have been used, they have not been selected competitively.

Recommendations: The General Assembly revise Section 108.170, RSMo to require:

- The use of a competitively selected financial advisor, who is independent of the bond sale, when issuing public debt.
- Public entities to use the competitive method of sale for general obligation bond issues with a credit rating of "A" or higher.
- The use of a competitively selected underwriter, when appropriate, for necessary negotiated sales.

Status: The DESE indicated no legislation was passed regarding Section 108.170, RSMo.

Report Source: 2005-101

**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION'S CHARTER
SCHOOL OVERSIGHT**

Improvements Are Needed In The Oversight Of Charter Schools

Department of Elementary and Secondary Education (DESE) officials believe they have little authority over the charter school program, and are limited in what they can require of sponsors and/or charter schools because charter school law does not specify requirements the department may place on sponsors and/or charter schools. Officials also said they do not have the authority to intervene and penalize schools or require corrective action. However, the DESE has placed departmental and other requirements on charter schools and penalized schools if certain requirements were not met. While state statutes are silent on the DESE's role, we believe it should, as the state agency overseeing public education, assume a proactive approach in ensuring charter schools are fully accountable and comply with state statutes.

Recommendation: The General Assembly enact legislation to give the State Board of Education rule-making authority over the charter school program, authorizing the establishment of commonly recognized standards of accountability.

Status: The DESE indicated legislation has not been passed granting such rule-making authority.

Report Source: 2004-59

MISSOURI WESTERN STATE COLLEGE

A+ Schools Program

Missouri Western State College's (MWSC) participation in the A+ Schools Program (A+ Program) appears to circumvent the intent of state law. Since the college's participation in the A+ Program from fall 2000 through spring 2003, MWSC has received reimbursements totaling approximately \$1,425,000. Section 160.545.5, RSMo, provides for the "reimbursement of the costs of tuition, books, and fees to any public community college or vocational or technical school" for eligible students. Since MWSC is not a community college, the college entered into an agreement with a local vocational technical school (Hillyard) whereby students would be enrolled at Hillyard and could attend classes at MWSC. Hillyard's only function is to request the reimbursements from the DESE. Hillyard requests the A+ reimbursements because the DESE has identified Hillyard, not MWSC, as an eligible institution for the A+ Program.

Recommendation: The General Assembly should evaluate the participation in the A+ program statewide to be certain its implementation is following the intent of the legislation.

Status: The DESE indicated it is not aware of any A+ legislation proposed that would have dealt with the issue outlined in this audit report.

Report Source: 2004-24

**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
EDUCATIONAL FUNDING**

Noncompliance In Funding - Video Instructional Development And Educational Opportunity Program (VIDEO)

Section 170.250, RSMo, requires \$4 million to be transferred from the state's General Revenue Fund to the VIDEO Fund annually. However, only \$1,091,081 and \$1,089,519 were appropriated for school years 2001 and 2002, respectively. Furthermore, due to budget restraints on the state, the funding was eliminated for the VIDEO Fund for school year 2003. This program's purpose was to encourage all educational institutions in Missouri to supplement educational opportunities through telecommunications technology and satellite broadcast instruction.

Recommendation: The DESE continue to request the funding levels for video and remedial reading programs as required by state law.

Status: The DESE indicated funding has not been requested pursuant to Section 170.250, RSMo, nor has there been any legislation proposed.

Report Source: 2003-36

Noncompliance In Funding - Remedial Reading Services

The amount of state aid paid for remedial reading services had not been adjusted as required by state law. Since school year 1991, Section 162.975, RSMo, required the amount of state aid paid for remedial reading services per full-time remedial reading teacher shall be adjusted annually by the percentage change in the appropriation of state funds for the foundation formula. However, the DESE's budget division determined the department was entitled to receive approximately \$11,819,000, \$12,568,000, and \$12,738,000 for school years 2000, 2001, and 2002, respectively. For school years 2000 and 2001, the department requested the full amount entitled under the statute. However, for school year 2002, since the DESE had not seen increases in prior years, the department only requested the core budget of \$11,096,925 and decided to direct their efforts towards a different program. The legislature only appropriated \$11,096,925 each school year. Therefore, the DESE did not receive at least \$3.8 million in funding over the three school year

period for remedial reading programs. In addition, further funding shortfalls occurred in previous years.

Recommendation: The DESE continue to request the funding levels for video and remedial reading programs as required by state law.

Status: The DESE indicated Section 162.975.3, RSMo, authorizing state payment for an approved remedial reading program was repealed in Senate Bill No. 287, during the 2005 legislative session. This bill also incorporated funding for specified categories, including remedial reading, into the K-12 public education state aid formula. The DESE continues to request the funding required by the formula adopted in Senate Bill No. 287.

Report Source: 2003-36

SCHOOL BUS SAFETY

Some Missouri school children are being transported by drivers with criminal histories and invalid permits. To help ensure children's safety, state laws prohibit persons who have disqualifying criminal offenses from obtaining permits to drive school buses. However, the laws and incomplete statewide criminal history data have allowed some school bus permit applicants with disqualifying criminal offenses to obtain school bus permits.

State Law Does Not Require Applicants To Submit Fingerprints

Current state laws do not require school bus permit applicants to submit fingerprints. The highway patrol needs applicants' fingerprints to conduct a comprehensive search of all of its criminal records—both open and closed records—for disqualifying offenses.

Recommendation: The General Assembly require current and potential school bus drivers to submit fingerprints with their permit renewal applications or first-time permit applications.

Status: The Department of Revenue (DOR) indicated it implemented fingerprint-based background checks for all new and renewal school bus driver permit applicants starting in August 2003. The background check is still required; however, House Bill No. 487, passed during the 2005 legislative session transferred oversight/administration of this requirement to the Department of Elementary and Secondary Education. Additionally, the house bill required school bus drivers to be subject to the same background check as persons having any contact with pupils who were employed after January 1, 2005.

Report Source: 2003-35

Lack Of Periodic Checks Allows Drivers With Suspended Permits To Continue Driving

Some school bus drivers with suspended or expired drivers licenses were continuing to operate school buses. State law provides if an individual's drivers license is suspended, their school bus permit is invalid and they are not authorized to drive a school bus. However, state laws and regulations do not require school bus operators to periodically verify the validity of drivers licenses and/or school bus permits.

Recommendation: The General Assembly require school bus operators to submit the names and other necessary information of their drivers to the DOR every six months to verify the validity of bus driver permits.

Status: The DOR indicated there is no current statutory provision that addresses this recommendation.

A review of Section 168.133, RSMo, shows it requires school districts to perform criminal background checks and for fingerprints to be submitted, but does not appear to require subsequent periodic reviews of school bus driver backgrounds.

Report Source: 2003-35

DEPARTMENT OF HEALTH AND SENIOR SERVICES

MISSOURI SENIOR RX PROGRAM

National Events And Other Alternatives Impact Program's Future

The implementation of a federal Medicare prescription drug benefit over the next few years will impact the future of the Senior Rx program. Given these choices and alternatives, state officials must evaluate how the existing program could change without duplicating programs and incurring costs that could become the responsibility of the federal government.

National events and other practices suggest that other alternatives are being established on a regular basis providing options to replace or augment the Senior Rx program.

By the spring 2004, state officials should have a clearer idea whether or not Missouri's seniors are responding to the current program. If enrollment figures remain less than expected, then an alternative program needs to be considered. By not enrolling, many seniors may be saying they either do not see how the current program benefits them or are not interested in a state program.

Recommendations: The General Assembly:

- Monitor the establishment of a Medicare prescription drug benefit and its impact on Missouri's Senior Rx program. Modify the program as necessary based on the enacted federal program to limit the state's costs, but still benefit seniors in need of assistance.
- Consider having the Senior Rx Commission evaluate programs currently operating in other states that could better benefit Missouri citizens.
- Evaluate ways to expand the program's enrollment period.

Status: Sections 208.550 through 208.571, RSMo, which governed the Missouri Senior Rx Program, were repealed in 2005 by Senate Bill No. 539. This program was replaced with a new state pharmacy assistance program named Missouri Rx, which was established by the same senate bill. These recommendations are no longer applicable.

Report Source: 2004-15

Improvements In Management And Oversight And Statutory Changes Would Benefit The Program

Statutory changes to the pharmacy compensation calculations could reduce costs for seniors and the state and are needed to clarify the meaning of the law. Increased management attention to compliance with state law, and analysis of the contracted pharmacy audits and claims activity is needed to control program costs and ensure seniors and the state pay the appropriate amounts. More efficient eligibility testing could also help limit program costs.

Recommendation: The General Assembly clarify in Section 208.562, RSMo, if pharmacy reimbursement for covered drugs can be the lower of the providers usual and customary charge or the applicable statutory rate. Add the Missouri and federal maximum allowable costs to possible reimbursement options.

Status: Sections 208.550 through 208.571, RSMo, which governed the Missouri Senior Rx Program, were repealed in 2005 legislative session by Senate Bill No. 539. This program was replaced with Missouri Rx, a new state pharmacy assistance program, which was established by the same senate bill. This recommendation is no longer applicable.

Report Source: 2004-15

DEPARTMENT OF HIGHER EDUCATION

STATE STUDENT FINANCIAL ASSISTANCE

State Student Financial Assistance

The methodology to award student financial assistance for the state's largest need-based program, the Gallagher program, provides an eligibility advantage to students attending private institutions. Since private schools charge higher tuition, and tuition is included in the determination of need, students at private schools are more likely to qualify for this assistance.

Recommendation: Seek legislation to revise the current methodology to determine need for the Gallagher program so that students attending either private or public institutions are treated equitably.

Status: The Department of Higher Education (DHE) indicated Senate Bill No. 389 passed during the 2007 legislative session which, among other things, resulted in a new scholarship program entitled Access Missouri. The DHE received additional funding for this program and the criteria for need is based only on Expected Family Contribution. The DHE anticipates this change will more equitably distribute student financial assistance between independent and public sector institutions.

Report Source: 2007-16

**DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS,
AND PROFESSIONAL REGISTRATION**

DEPARTMENT OF INSURANCE

Examination Billings

The Missouri Department of Insurance (MDI) examination billing policies may not comply with state law, and amounts billed may not accurately reflect actual costs incurred.

Recommendation: The MDI review its current examination billing policies and ensure the true cost of each examination is tracked and billed. Any legal matters needing clarification should be resolved by seeking applicable legislation or legal opinions.

Status: The MDI indicated Senate Bill No. 66, which passed during the 2007 legislative session, changes the way examinations are to be billed. The bill repealed the 15 percent surcharge on examination billings to

companies and the administration and support costs (including employee benefits) will be funded by the department's Dedicated Fund instead of being charged to the examined companies. As a result of these changes, the MDI has increased fees to compensate for the increased expenses in the Dedicated Fund.

Report Source: 2005-75

Examination Tax Credit

Section 148.400, RSMo, allows all insurance companies to deduct the entire cost of examinations from premium taxes paid to the state and deposited into the state's General Revenue Fund. Additionally, a state law passed in 2001 allows insurance companies to carry forward these credits for five years beginning with the 2004 tax year. In essence, the state's General Revenue Fund is paying a significant portion of the examination costs instead of charging all the costs to insurance companies as a part of doing business in Missouri.

Recommendation: The MDI review this issue and consider seeking legislation to reduce or eliminate the examination tax credit.

Status: The MDI indicated pursuant to Senate Bill No. 66, which passed during the 2007 legislative session, examination costs will be reduced and the department will increase their revenues from fees charged to insurance companies. The MDI believes the increased fees will offset a large cost of the examination tax credits. However, companies are still allowed to take a dollar for dollar tax credit for examination costs and deduct the costs from the premium taxes owed to the state.

Report Source: 2005-75

Title Insurance Examinations

Premiums on title insurance make up less than one percent of the total insurance premiums paid in Missouri; however, approximately 10 percent of the MDI's market conduct staff are used exclusively to conduct examinations of title insurance companies. Section 381.241, RSMo, required the MDI to review each title insurance company at least once every four years.

Recommendation: The MDI review the current title insurance examination requirements and consider seeking legislation to revise the applicable statute to better utilize MDI resources.

Status: The MDI indicated Senate Bill No. 66, which passed during the 2007 legislative session, revised the requirements for title examinations and repealed the "every 4 year" requirement. Title insurance companies are now under the same requirements as other insurance companies in regards to market conduct, which are at the discretion of the department.

Report Source: 2005-75

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

SECOND INJURY FUND

Fund Likely To Become Insolvent Unless Corrective Action Taken

Legislative changes implementing the 3 percent surcharge cap have eliminated the division's ability to assess an employer surcharge rate sufficient to cover fund expenditures. As a result, the fund will become insolvent during 2008 unless corrective action is taken. Prior to the legislative changes in 2005, the surcharge rate formula, in place since 1993, was a self-adjusting fund mechanism which used a variable surcharge rate to ensure revenues were sufficient to cover expenses. While the 2005 changes are expected to result in fund expenditure reductions, the changes will also impact the premium base, and therefore, the revenue side of the surcharge equation. In the event the premium base drops, a 3 percent surcharge rate will result in less revenue than it did in prior periods. The lack of a variable surcharge rate does not allow the fund to collect adequate funds to remain solvent.

A January 2007 Missouri Supreme Court decision will result in additional future fund liabilities. Determining a more specific impact of the court's decision would assist the General Assembly in determining the extent of action to be taken to cover expected shortfalls in funding.

Action is needed because state laws provide no contingency plan or funding available to cover the expected shortfall. In addition, pending legislation does not address the short-term solvency concerns of the fund, therefore additional funding sources are needed to address this short-term insolvency of the Second Injury Fund.

Recommendations:

- The General Assembly take action to ensure fund solvency in 2008 and in the future.
- The Department of Labor and Industrial Relations in conjunction with the General Assembly, develop a contingency plan to address potential fund shortfalls.

Status:

A legislative committee studying the Second Injury Fund (SIF) has met several times and has requested a significant amount of information from the Division of Workers' Compensation, as well as the Attorney General's office and the State Auditor's office. An additional actuarial report on the SIF has also been recently completed at the request of the Governor.

Report Source:

2007-19

REVIEW OF THE MISSOURI UNEMPLOYMENT COMPENSATION TRUST FUND

State's Handling Of Misconduct Discharges Differs From Other States

The Department of Labor and Industrial Relation's (DOLIR) handling of unemployment claims related to discharge for misconduct generally complies with state laws and department guidance. However, the state's approach to penalizing misconduct discharge claims differs from most states contacted because Missouri law allows an individual discharged for misconduct to collect full benefits after a waiting period. Although the department can impose a waiting period of up to 16 weeks before benefits are paid, it seldom imposes a waiting period of more than 4 to 8 weeks and does not have a formal policy addressing waiting periods. Missouri also differs because state law does not reduce benefits eventually paid to individuals discharged for misconduct, and state case law requires evidence of on the job impairment to find misconduct on drug-related discharges.

Recommendations: The General Assembly:

- Add a monetary penalty equal to the number of disqualification weeks as a penalty for misconduct discharges.
- Review current department policy and established case law regarding the handling of drug-related discharges to determine whether department policy reflects legislative intent.

Status: The DOLIR-Division of Employment Security (DES) indicated House Bill No. 1268, which passed in 2004, made changes to the unemployment law (Section 288.050.2, RSMo) which eliminated all compensation for an individual who lost their job as a result of misconduct. An individual who is found to have committed misconduct is now awarded no benefits and can only be compensated for future unemployment if they have gone back to work and earned 6 times their weekly wage since the initial misconduct. In addition, the DES indicated a new law was passed (Section 288.045, RSMo), effective October 1, 2006, which clearly spells out expectations for drug-related offenses and specifically abrogates prior case law on the topic. The new law makes it clear that the employer does not have to prove impairment while on the job and that a positive random test is enough to prove misconduct, as long as the employer has a known policy.

Report Source: 2003-91

Action Is Needed To Restore The Solvency Of The Fund

Missouri has been forced to borrow funds from the U.S. Department of Labor (USDOL) to return the fund to temporary solvency. If no corrective action is taken to resolve insolvency, the

fund is expected to remain insolvent until 2009, with benefits exceeding contributions through 2010. The department has borrowed \$42 million and expects to borrow \$764 million through 2008 unless revenue is increased and/or benefits are reduced. Missouri employers are estimated to incur \$95 million in interest charges on borrowed federal funds during that timeframe. If the state does not take action to sufficiently correct the insolvency within 2 years, the USDOL may impose as much as \$539 million in increased federal unemployment taxes on all Missouri employers through 2007 to eliminate the existing fund deficit.

Although not a major factor affecting the fund's solvency, timely identification of overpayments of unemployment benefits and enhanced collection of overpayments would improve fund solvency. Obtaining new-hire data on a weekly basis could reduce overpayments. The use of a collection agency would likely result in increased collections of overpayments; however, state law currently prohibits department personnel from using a collection agency.

Recommendation: The General Assembly take action to resolve the solvency of the fund.

Status: The DES indicated legislative changes were made to increase the taxable wage base and also to increase the thresholds at which the taxable wage base is adjusted up or down (Section 288.036, RSMo). The legislature also included in the law additional rate increases for employers who are at the previous maximum (Section 288.122, RSMo). The DES estimated these changes would generate approximately \$86 million in additional revenue to the fund annually.

Report Source: 2003-91

DEPARTMENT OF NATURAL RESOURCES

ANALYSIS OF WOOD ENERGY TAX CREDIT PROGRAM

Wood Energy Tax Credit Is More Costly Than Anticipated

Annual wood energy tax credits issued and redeemed are at least three times more than the original estimates when the General Assembly reauthorized the tax credit. This cost increase occurred because Department of Natural Resources (DNR) officials established a higher tax credit rate for charcoal products in state regulations based on input weight to create the wood product (charcoal) rather than the output weight. The tax credit statute states the tax credit shall be \$5 per ton of processed wood material. The officials interpreted the phrase to mean the input weight, but it is not clear that was the legislative intent of the wording.

Recommendation: The Director of the Department of Natural Resources work with the General Assembly to clarify in the Wood Energy tax credit law whether processed wood material is intended to be defined as input material or output material and change the program's regulations as necessary.

Status: This report was issued after the 2007 legislative session. The DNR commented that personnel have testified before the Joint Committee on Tax Credits regarding the Wood Energy Tax Credit and will bring this particular issue to the committee's attention for a recommendation to the rest of the General Assembly.

Report Source: 2007-58

DEPARTMENT OF PUBLIC SAFETY

OVERSIGHT OF AMUSEMENT RIDE SAFETY

Missouri's Amusement Ride Safety Laws Are Lacking

Other states have stricter requirements for inspecting portable rides at each set up and reporting accidents and mechanical failures. In addition, current state law does not require owner-hired inspectors to be independent, and Missouri's amusement ride safety requirements are not all inclusive.

Recommendation: The Director of the Department of Public Safety conduct a comprehensive review of inspection requirements and recommend program enhancements to the General Assembly. This review should include addressing areas such as inspections of portable rides at each set up, strengthening requirements on the reporting of accidents and mechanical failures, and requiring owner hired inspectors to be independent. Other states' ride safety programs should be considered in this review.

Status: The Division of Fire Safety indicated many of these recommendations would require changes to promulgated rules, not state law. No legislation has been passed and no rules have been promulgated addressing these issues. Rules changes are being considered regarding reporting of accidents and mechanical failures, and inspector independence.

Report Source: 2005-23

**PEACE OFFICER STANDARDS AND TRAINING PROGRAM
(LICENSING, TRAINING, AND COMPLAINT INVESTIGATION ASPECTS)**

Program Enhancements-Discipline For Misconduct

Section 590.080.1, RSMo, does not allow discipline for misconduct unless the misconduct occurred while the officer was on duty or was a criminal act. To ensure public safety is maximized, Peace Office Standards and Training (POST) program officials should pursue legislative changes that allow disciplinary action for instances of misconduct that occur when a peace officer is not on duty.

Recommendation: POST program officials seek legislative changes allowing for discipline in more situations.

Status: The Department of Public Safety (DPS) indicated legislation has not been pursued and the attempt to regulate behavior of off-duty peace officers has serious opposition in the legislature because of employee/labor court decisions. The DPS also indicated it has no future plans to pursue legislation.

Report Source: 2005-10

Program Enhancements-Revealing Employment History

State law prevents POST program officials from revealing employment history to prospective law enforcement agency employers. Section 590.180.2, RSMo, states that POST can release the name, licensure status, and commissioning agency as open records, and can release to law enforcement agencies the final determination of cause for discipline. However, POST cannot release information regarding previous employment or termination.

Recommendation: POST program officials seek legislative changes allowing POST to reveal previous employment information to prospective local law enforcement employers.

Status: The DPS indicated legislation has not been pursued. The recommendation will be on the agenda of the POST Commission's meeting in October 2007.

Report Source: 2005-10

Licensing Procedures And Entrance Standards-Verification Of State Income Tax Returns

State law requires certain governmental entities that issue various professional licenses to obtain verification from the Missouri Department of Revenue that their licensees' have filed state

income tax returns in the three previous years. However, peace officer licenses are not subject to this law. It appears reasonable that peace officer licenses should also be subject to state income tax compliance provisions.

Recommendation: Consider pursuing legislation that would require individuals to file and pay state taxes before receiving a peace officer license.

Status: The DPS indicated legislation has not been pursued. The recommendation will be on the agenda of the POST Commission's meeting in October 2007.

Report Source: 2005-10

MISSOURI STATE HIGHWAY PATROL

Use Of Highway Funds

In June 2001, we issued report No. 2001-47, *Use of Highway Funds by Other State Agencies*. This report concluded some state agencies, including the Missouri State Highway Patrol (MSHP), had expended highway funds for purposes that were not highway related. As a result of this report, in February 2002, the MSHP prepared a study of its utilization of state highway funds. The study evaluated activities of the patrol by program area and estimated 98 percent of funding received from the State Highway Fund appeared to be directly related to highway related activities, leaving 2 percent, or approximately \$2.6 million, that was expended for non-highway related purposes.

In its fiscal year 2004 budget request, the MSHP requested reallocations of funding from highway funds to the state's General Revenue Fund totaling approximately \$3.2 million. This request resulted in reallocations by the legislature totaling \$661,000. MSHP officials stated they were instructed by the Office of Administration, Division of Budget and Planning not to include additional funding reallocations in fiscal year 2005. The MSHP intended to include requests for reallocations totaling \$1.9 million in its fiscal year 2006 budget.

To ensure compliance with Section 226.200.3, RSMo, by July 1, 2007, the MSHP should continue to perform reviews of funding sources and uses for the agency's activities and pursue appropriate funding changes in the fiscal year 2006 and 2007 budgets.

Recommendation: The MSHP perform annual studies of funding sources and uses for the agency's activities, and pursue appropriate reallocations of funding in future budgets.

Status: The MSHP indicated during the most recent budget cycle, fiscal year 2008, a request was submitted and received the governor's recommendation. It asked that \$3,244,200 be cut from Highway funding

in various Patrol programs (Crime Lab, Training Academy, Administration, etc.), and that it be replaced with a corresponding amount of General Revenue funding in the same programs. The request was also approved by the House of Representatives, but did not receive approval in the Senate.

In addition, while in the Senate, a governor's amendment was added to authorize a fund switch in the Patrol's Enforcement program. It cut \$1,996,126 in Highway funding and replaced it with General Revenue funding in the same program. This money is intended to be used specifically by road officers who are engaged in non-Highway duties (state fair, manhunts, etc.). Meanwhile, the Patrol is preparing to submit a decision item in the fiscal year 2009 budget process, to again request a fund switch that would provide General Revenue funding for its other core programs (Crime Lab, Training Academy, Administration, etc.).

Report Source: 2005-05

DEPARTMENT OF REVENUE

SALES AND USE TAX

Sales And Use Tax Refund Liabilities

The Department of Revenue (DOR) records reflect sales and use tax refund requests filed as of June 30, 2006, totaling approximately \$210 million, which are related to one issue and have not been validated.

The issue is related to the tax exemption addressed in an opinion handed down on December 20, 2005, by the Missouri Supreme Court in the case of *Southwestern Bell Telephone Company, v. Director of Revenue*. Interest, which could be substantial, continues to accrue on these claims. In a February 5, 2007, letter to the State Auditor, the Director of Revenue indicated that refund claims filed citing a connection to the abovementioned case had risen to approximately \$300 million. However, the Director would not provide us with any detailed or other supporting documentation to allow us to verify her statement.

Given the potential fiscal impact of these liabilities on state and local funds, it is essential that this issue be addressed, including the development of a plan to validate the use tax refund requests by the DOR and a funding plan by the General Assembly for the payment of amounts (including interest) determined to be valid and due.

Recommendation: The DOR, along with the General Assembly, determine the most feasible course of action and develop a plan to address in a timely manner the refund claims and related liabilities noted above.

Status: During the year ended June 30, 2007, the DOR resolved, by negotiated settlement, approximately \$115 million in claims (plus interest). The DOR now has between \$75 million and \$100 million (plus interest) in related claims still open or pending. The DOR intends to continue to resolve claims by negotiated settlement where possible. The DOR obtains documentation from the taxpayer to determine, among other things, that the claim was filed within the statute of limitations, the claim meets other legal requirements, the claimed tax was actually paid, and the equipment and machinery for which the refund is sought is exempt under the two Supreme Court decisions. Only then does the DOR management and General Counsel staff negotiate resolution.

Report Source: 2007-15

Sales And Use Tax Exemptions

The Department of Revenue (DOR) does not track information regarding all sales and use tax exemptions and, as a result, cannot determine the effects on state revenue related to each of the exemptions.

Failure to determine the fiscal impact of various sales and use tax exemptions on state revenues reduces the General Assembly's ability to make informed decisions regarding the propriety of current and possible future exemptions. A method of reporting, which would provide reliable additional information for various sales and use tax exemptions, should be developed to accumulate the information that should already be available. Such information should be reported to the General Assembly annually.

Recommendation: The DOR develop a comprehensive system to compile and maintain exemption information so that the reductions of state revenue related to each exemption can be determined.

Status: In April 2007, the Missouri State Auditor's Office issued audit report No. 2007-15, *Sales and Use Tax*. In that report, the DOR indicated that currently no method exists to efficiently or reliably capture exemption data and that implementing this recommendation would result in a significant and undue burden on taxpayers. In addition, the DOR indicated it would incur significant costs related to forms, personnel, and mainframe system programming.

Report Source: 2005-13 and 2003-55

Sales And Use Tax Refunds

State law does not require vendors to return sales and use tax refunds and related interest to the original purchaser when applicable, resulting in a windfall for the vendor. While House Bill No.

600, which passed in the 2003 legislative session, provides additional guidance related to sales and use tax refunds, it does not provide that refunds must be returned to the original purchaser.

We addressed this issue in previous reports and the DOR agreed with the recommendation to support legislation that would require sales and use tax refunds and related interest to be returned to the original purchaser; however, such legislation has not been successful.

Recommendation: The DOR continue to support legislation that would require sales and use tax refunds and related interest to be returned to the original purchaser.

Status: In April 2007, the Missouri State Auditor's Office issued audit report No. 2007-15, *Sales and Use Tax*. In that report, the DOR indicated they have continually supported legislation introduced in the Missouri General Assembly; however, such legislation has not been successful.

Report Source: 2005-13 and 2003-55
In addition, this issue was addressed in other reports prior to 2003.

Project Exemptions Certificates

The Department of Revenue (DOR) lacks procedures to monitor the issuance or use of project exemption certificates issued by tax-exempt entities. Section 144.062.2, RSMo, provides that when any tax-exempt entity contracts for the purpose of constructing, repairing or remodeling facilities, and purchases of tangible personal property and materials to be incorporated in the project are to be made on a tax-exempt basis, such entity shall issue project exemption certificates. Project exemption certificates authorize contractors to purchase materials to be consumed in projects without paying sales tax.

Without adequate documentation or proper monitoring of materials used in the tax-exempt project, the DOR cannot determine whether the tax exemption was applied in compliance with state law.

Recommendation: The DOR develop procedures to monitor the issuance and use of project exemption certificates.

Status: The DOR indicated no changes have been made to the process and no legislation has been introduced to abolish or modify the exemption.

Report Source: 2003-55

BRANCH OFFICE CONVERSION

Selection Of Contract Agents

The DOR has not established criteria or solicited proposals for selection of contract agents. It should be noted that the method used by the current administration to appoint or select contract agents has been a long-standing practice within state government. It appears that the appointed contract agents should be held to standards other than just their political affiliation. The DOR should support any legislation requiring the contract agents to be selected through a competitive process.

Recommendation: The DOR consider establishing minimum experience and educational requirements for potential candidates. In addition, the DOR should consider soliciting proposals to maintain an acceptable level of service and support legislation that requires contract agents to be selected through a competitive evaluation process.

Status: The DOR competitively bid three contract agents. However, three contract agents were appointed without a competitive bid process subsequent to the announcement of the first request for proposal. Cities were named as the contract agents for two of these appointments. The DOR indicated no legislation was passed regarding this issue.

Report Source: 2006-37

MISSOURI STATE TAX COMMISSION

Ratio Studies

Because of state law requirements related to certifying equivalent sales ratios (ESR) for use in the school foundation formula, the State Tax Commission (STC) has less resources to ensure equitable and uniform assessment of property throughout the state. In addition, in the event a jurisdiction's ESR falls below 31 2/3 percent, state law requires the STC to conduct a second ratio study.

Recommendation: The STC work with the legislature to allow for the most effective use of resources to ensure equitable and uniform assessment of property throughout the state.

Status: The STC indicated funding was received for International Association of Assessing Officers (IAAO) and Agricultural studies. Legislation was not passed in 2007 which would increase the amount of education for

assessors, allow better access to real estate sales, provide a phased-in statewide assessment system, or other assessment related issues.

Section 163.011, RSMo was amended during the 2005 legislative session. This amendment repealed the language requiring the State Tax Commission to report the ESR to the Department of Elementary and Secondary Education on or before March 15, and eliminated the equivalent sales ratio as a factor in calculating the school foundation formula for distributing state aid to schools. The requirement for second studies was also repealed.

Report Source: 2005-30

Certificates Of Value

The State Tax Commission (STC) does not have access to adequate market data statewide. A law mandating the use of certificates of value (COV) would require the disclosure of detailed sales information and provide another tool which assessors could use to more equitably assess property and the STC could use to perform ratio studies.

Available STC annual reports showed a statewide COV law has been recommended to the General Assembly every year since 1980. Such bills have been introduced in the General Assembly seven times since 1995; however, none of the legislation has been successful.

Recommendation: The STC continue to develop procedures and begin testing in the jurisdictions which have passed a local sales disclosure law. In addition, the STC should continue to support legislation which will ensure equitable and uniform assessments throughout the state.

Status: The STC indicated legislation was not passed mandating the use of COVs.

Report Source: 2005-30

Business Personal Property Assessments

A standardized schedule of depreciation for business personal property has not been developed for use by all assessors, which may result in inequitable assessments of business personal property throughout the state.

Recommendation: The STC continue to support legislation that would provide guidance and the establishment of a standardized schedule of depreciation to determine the assessed valuation of business personal property.

Status: The STC indicated Section 137.122, RSMo, which established a depreciation schedule for business personal property, was passed in the 2005 legislative session.

Report Source: 2005-30

EFFORTS TO ENFORCE UNINSURED MOTORIST LAW

Uninsured Motorist Law

The exclusion of commercial, fleet and rental vehicles from compliance with the motor vehicle responsibility law hinders the Department of Revenue's (DOR) ability to ensure insurance companies report all necessary records. The state's \$20 reinstatement fee for a first offense of not having a vehicle insured is the lowest compared to 12 other states reviewed. The legislature reduced the fee effective January 2000 with the apparent intent of increasing reinstatements; however, the lower fees have not created the intended result.

Recommendation: The General Assembly revise compliance under the motor vehicle responsibility law to include commercial, fleet, and rental vehicles and evaluate increasing the 1st offense reinstatement fee.

Status: Chapter 303, RSMo, has not been revised to include commercial, fleet, and rental vehicles. In addition, the \$20 1st offense reinstatement fee is still intact pursuant to Section 303.042.2 (1).

Report Source: 2005-16

DEPARTMENT OF SOCIAL SERVICES

CHILD SUPPORT DELINQUENCIES

Opinions Differ On Terminating Judicial Orders Of Support

Clarifying state law to identify who shall be responsible for terminating judicial support orders and obligations on the automated system would provide uniformity and consistency, and ensure arrears do not continue to accrue when child support is no longer due. Until state law is clarified, the division should identify courts where judges have stated they do not want division personnel terminating judicial orders, and amend policy to require division personnel to terminate judicial support orders originating in all other courts once statutory criteria has been met.

Recommendation: The General Assembly clarify state law to clearly identify who has the authority and responsibility to terminate judicial orders of support and end

further accruals of unpaid support on the automated system, when child support is no longer due.

Status: This report was issued after the 2007 legislative session.

Report Source: 2007-59

SPECIAL NEEDS ADOPTION TAX CREDIT
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Revisions To Tax Credit Program Needed

The special needs adoption tax credit is often not available to a family adopting a resident Missouri special needs child because either the family does not have any nonrecurring adoption expenses; the family receives a direct adoption subsidy from the state for these expenses; or the funds are not available. In its current form, while the credit is often not beneficial to families wishing to adopt a resident Missouri special needs child, it is beneficial to families that adopt an out-of-state or international child.

Recommendation: The Director, Department of Social Services seek legislative changes to the tax credit program to restrict eligibility to only Missouri resident special needs adoptions.

Status: House Bill No. 1453, which passed during the 2004 legislative session, amended Section 135.327, RSMo, to establish two separate tax credits of \$2 million each for adoptions of special needs children. One of the \$2 million tax credits is for Missouri resident special needs children and the second \$2 million in tax credits (for a total of \$4 million in tax credits) is for non-resident special needs children. Prior to this change tax credits totaling \$2 million were available and the credits were awarded based on the first to apply irregardless of the state of residence of the adopted special needs child.

Report Source: 2004-13

LIEUTENANT GOVERNOR

OFFICE OF LIEUTENANT GOVERNOR

State Vehicle

The Lieutenant Governor reimbursed the state for personal use of his state-owned vehicle; but there is no provision in state law which allows a state vehicle to be used for anything other than official use.

There is no provision that exists in state law that allows any state official to use state vehicles for personal or political purposes. Furthermore, there are no provisions that allow non-official use as long as there is appropriate reimbursement. Regarding state-owned vehicles, Section 301.260, RSMo, provides that "No officer or employee or other person shall use such a motor vehicle for other than official use." If the state intends to allow elected or other state officials to use state resources for anything other than business purposes, legislation should be pursued to clearly allow this practice and any other related conditions, such as reimbursement, for such use. Until such provisions are approved, no state resource should be used for purposes other than official state business.

Recommendation: The Office of Lieutenant Governor, in conjunction with the Office of Administration (OA) and other state officials, pursue legislation regarding the proper use of state-owned vehicles and other state resources by elected and other state officials.

Status: This report was issued after the 2007 legislative session.

Report Source: 2007-64

GENERAL ASSEMBLY

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS COMMITTEE ON LEGISLATIVE RESEARCH

Fiscal Impact Of Legislative Decisions

The Committee on Legislative Research's (COLR) Oversight Division provides information to the General Assembly regarding the estimated fiscal impact of proposed legislation. This information is provided through fiscal notes developed by the division with assistance from the affected agency(ies). However, there are no statutory provisions or any other means or mechanism which require or provide for the actual fiscal impact of legislative decisions to be reported to the General Assembly after legislation has been passed. The audit disclosed various

examples where the actual fiscal impact of legislative decisions was not determined and reported to the legislature. In some instances, the actual fiscal impact may have been significantly different than the fiscal impact estimated when the related legislation was being considered.

Sections 23.250 to 23.298, RSMo (The Missouri Sunset Act) provides that any new program authorized into law will sunset after a period of not more than six years unless it is reauthorized. That legislation provides the Committee on Legislature Research shall review the new programs before their sunset dates and present a report to the General Assembly regarding the need and performance of the programs and make recommendations regarding the sunset, continuation, or reorganization of each affected program. While these statutory provisions include criteria to be considered during these program reviews, we saw no requirement that the actual fiscal impact of such programs be compared to original estimates.

Recommendation: The Committee on Legislative Research work with the General Assembly in establishing a means or mechanism to follow-up and report on the actual fiscal impact of significant legislative decisions. Such an effort may result in the need to make revisions to the Missouri Sunset Act or other statutes.

Status: The COLR indicated a new position has been created with one of the duties being to follow-up on and report on the actual fiscal impact of past legislative decisions as directed by the legislature. Although two different house bills were introduced in the 2006 legislative session that would have directly addressed this recommendation, neither passed.

Report Source: 2005-87

<p style="text-align: center;">COMPLIANCE WITH CLOSED MEETING AND CLOSED SESSION PROVISIONS OF THE SUNSHINE LAW</p>
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Notices Posted By Public Bodies Did Not Document Compliance With The 24-hour Rule

The Sunshine Law does not specifically state public meeting notices must include the posting date and time, but requires the public body and its members demonstrate compliance with all law provisions, including the 24-hour posting requirement. Unless a notice includes the posting date and time, a public body cannot clearly demonstrate compliance with the 24-hour rule.

Recommendation: The General Assembly revise the Sunshine Law to require notices posted for public meetings include the date and time the notice is posted.

Status: A review of statutory provisions and revisions since this report was issued, shows that no changes were made to the Sunshine Law to require the date and time of the notice to be provided.

Report Source: 2003-20

Public Bodies Should Document Discussions Held During Closed Meetings And Sessions

The Sunshine Law does not specifically require public bodies to keep minutes for closed meetings or sessions. The Attorney General's Sunshine Law booklet recommends public bodies document discussions during closed session to demonstrate, if necessary, the discussions were limited to the topics announced for the closed session. The Sunshine Law requires certain decisions made during closed meetings/sessions related to legal, real estate, and personnel actions to be made public within specified timeframes. Also, any vote on final decisions to hire, fire, promote, or discipline employees must be made public with the record of how each member voted within 72 hours of the closed meeting/session. Public bodies would be in a better position to prove compliance with these provisions if they maintained minutes of closed meetings/sessions.

Recommendation: The General Assembly revise the Sunshine Law to require public bodies record minutes to document discussions held during closed meetings and sessions.

Status: Senate Bill No. 1020 was passed during the 2004 legislative session which amended Section 610.020.7, RSMo, to require a journal or minutes of closed meetings to be taken and retained.

Report Source: 2003-20

OFFICE OF ADMINISTRATION

MISSOURI ETHICS COMMISSION

Statutory Requirements

The Missouri Ethics Commission (MEC) has the responsibility for the enforcement of conflict of interest and lobbying laws (Sections 105.450-498, RSMo). However, as similarly discussed in our prior report, the MEC's enforcement authority is often limited or non-existent because the state laws are vague, confusing, inconsistent, and contain numerous exceptions to the various reporting requirements. Legislative changes have been pursued by the MEC that would resolve some of these issues, but the changes have not passed.

Recommendation: The MEC continue to pursue statutory changes to Chapter 105 to ensure the laws include appropriate enforcement provisions.

Status: The MEC indicated that multiple bills with provisions related to Chapter 105 were introduced during the 2007 legislative session, but none passed.

Report Source: 2006-51

TOBACCO SETTLEMENT FUNDS

Tracking Expenditures And Transfers Of Funds

All expenditures of tobacco funds cannot be readily identified, and the state does not adequately track or report the expenditures/activities funded with the tobacco monies. During the five years ended June 30, 2005, tobacco payments were distributed to nine different funds and often redistributed again; with some monies held in three different funds before ultimately being spent. Furthermore, a formal report regarding the use of tobacco monies is not prepared for public review.

Non-Participating Manufacturers

Tobacco manufacturing companies that are not part of the Master Settlement Agreement (MSA) (collectively the Non-Participating Manufacturers or NPMs) make no payments and have not agreed to any limitations on advertising, marketing, and promotion of their cigarettes. However, the NPMs are not released from potential state claims. To ensure that Settling States that are successful in a future lawsuit against a NPM would have monies against which they can recover any judgment/settlement money, the MSA recommended the adoption of a model statute requiring the establishment of qualified escrow accounts. Missouri adopted the model statute, effective July 1, 1999.

The state has not passed additional legislation that would amend the model statute passed in 1999. The National Association of Attorneys General (NAAG) has recommended the model statute be amended to include two components, referred to as complimentary legislation and the allocable-share amendment.

According to the NAAG, the purpose of the complimentary legislation is to make enforcement of the model statute more effective. Additionally, the allocable-share amendment would close a loophole in the model statute which allows the release of certain funds placed in the NPMs' escrow accounts.

Recommendation: The Office of Administration (OA) in conjunction with the Governor and Members of the General Assembly record and track tobacco revenues and expenditures in one fund through the state's accounting system, and report the use of these monies. Eliminating multiple transfers of the tobacco monies between funds and establishing the appropriation of tobacco monies from one fund would help ensure greater accountability regarding

the use of these monies. Additionally, the state needs to consider passing additional legislation to amend the model statute.

Status: The OA indicated appropriations of tobacco monies will be made from only one fund, the Healthy Families Trust Fund, effective July 1, 2007.

The Attorney General's Office indicated various legislation was introduced related to the model statute, but none was passed.

Report Source: 2006-16

JUDICIARY

OFFICE OF STATE COURTS ADMINISTRATOR

Court Automation Program

The Office of State Courts Administrator (OSCA) has not formally documented the estimated long-range maintenance, repair, and upgrade costs (personal service and expense and equipment) of court automation once the Justice Information System (JIS) and Juvenile Management System (JMS) are implemented in all Missouri circuit courts.

The OSCA is currently pursuing implementation of the integrated case management system in pilot municipal courts. Pursuant to 49 CFR Section 384.225 (2002) all Commercial Driver's License convictions must be reported to the Commercial Driver's License Information System within ten days of conviction. The OSCA's fiscal year 2006 budget request indicates that failure to comply with this mandate by September 30, 2005, would result in the annual loss of five percent of all Federal Aid Highway Funds beginning October 1, 2007, and ten percent in each subsequent Federal Fiscal Year. The OSCA management indicated compliance with the mandate can only be accomplished through implementation of the integrated case management system in all courts including municipal courts.

Recommendation: The State Courts Administrator develop a formal long-range comprehensive court automation plan. The plan should be a work-in-progress and updated as necessary based on unexpected occurrences and actual costs. This plan should also be provided to the General Assembly for consideration during the overall budgeting process. In addition, to protect federal highway funds, the State Courts Administrator should work with the General Assembly and Missouri Department of Transportation to investigate funding options for implementation of the integrated case management system in the municipal courts.

Status: The OSCA indicated the agency constantly engages in ongoing planning and the implementation of court automation and communicates this

information with the Missouri General Assembly. Information is exchanged in public hearings, with individual members of the General Assembly, and within the organization. The OSCA does not intend to change the way the courts communicate the needs and progressions of the court automation program.

The OSCA indicated the agency has furnished quarterly reports to the legislature that contain financial and program status updates for the court automation plan. Presently, Greene County is the only county that is not on JIS. They are scheduled to convert in April 2008.

The OSCA did ask for 13 FTE to help implement the municipal system in Fiscal Year 2006, but the request was neither recommended by the Governor nor approved by the legislature. As a result of this, the agency has been relying on other funding options including federal funds from grants shared with the Missouri Department of Revenue for the implementation of JIS in the municipal court system.

Report Source: 2006-01

MISSOURI CONSOLIDATED HEALTH CARE PLAN

REVIEW OF MISSOURI CONSOLIDATED HEALTH CARE PLAN MANAGEMENT

Missouri Consolidated's Administrative Structure And Costs Could Be Reduced

The Missouri Consolidated Health Care Plan (MCHCP) could reduce costs by streamlining its administrative structure through one, or a combination of factors. Missouri Consolidated has not performed a review of its structure to determine if the organization and number of employees is necessary or most appropriate given its current state and public entity membership levels. In addition, Missouri Consolidated's organization as a separate benefits agency is uncommon compared to most other area states reviewed. Reducing staffing levels and/or sharing some functions by relocating Missouri Consolidated into an existing state agency could reduce payroll and benefits costs.

Missouri Consolidated has not analyzed whether offering healthcare to public entities is useful or cost-effective to the state. By discontinuing offering healthcare services to public entities, Missouri Consolidated could further reduce costs. Not all costs associated with providing service to public entity members were covered by public entity administrative fees and the bases used to allocate some of the costs were not related to the actual effort expended to provide the service. The result is that the state and state members may be subsidizing some of the costs of offering healthcare to public entity members.

Recommendations: The General Assembly determine whether to:

- Maintain the administration of the Missouri Consolidated Health Care Plan as a separate independent organization rather than as a benefits division within an existing state agency.
- Continue offering healthcare options to Missouri's public entities through Missouri Consolidated Health Care Plan.

Status: The MCHCP indicated it believes the Legislature, through the drafting of numerous pieces of legislation, approves of the current structure of health benefit administration by the MCHCP. The MCHCP continues to be maintained as a separate independent organization.

The MCHCP indicated the General Assembly has drafted legislation during 2005 through 2007 legislative sessions that would increase the population served by the MCHCP under the existing structure by allowing small employers to obtain medical coverage through the MCHCP, permit residents of the State of Missouri to participate in the MCHCP for an additional premium, and all young adult Missourians (ages 18-25) to join the Plan. Many of the participating agencies (public entities) likely could not obtain health insurance coverage if not offered to them through the MCHCP.

Report Source: 2004-51

MISSOURI HIGHER EDUCATION LOAN AUTHORITY

MISSOURI HIGHER EDUCATION LOAN AUTHORITY

Identification And Use Of Any Surpluses

Since the Missouri Higher Education Loan Authority (MOHELA) was created in 1981, it has generally reinvested its operating surpluses in additional student loans, resulting in the accumulation of a substantial amount of net assets. While a portion of the authority's net assets are restricted or invested in fixed assets (and are not available for distribution), the authority has accumulated a substantial amount of marketable assets, the sale of which can generate significant amounts of cash for operations and other programs. The MOHELA's authorizing statutes (Sections 173.350 to 173.450, RSMo) do not include any provisions establishing a means or mechanism to identify the extent of any surplus funds or which specify how such funds, if distributed, should be used.

During the 2007 legislative session, the General Assembly passed legislation that includes provisions which will require the MOHELA to distribute \$350 million to the state over the next

six years, primarily for various capital improvement projects at the state's public colleges and universities. This legislation became effective August 28, 2007; however, on August 9, 2007, a class-action lawsuit was filed (on behalf of two individuals with student loans) in the Cole County Circuit Court against the MOHELA contending that this plan is an illegal diversion of MOHELA assets. The lawsuit asked that the court bar the authority from financing this capital improvements plan and declare the related legislation illegal. While this lawsuit was pending, the MOHELA transferred the \$230 million initial distribution to the state on September 14, 2007. In late November 2007, this lawsuit was dismissed at the request of those who had sued.

Action is needed to ensure any available surpluses are used in the future to further MOHELA's public mission. The MOHELA has a fiduciary responsibility to identify any available surplus funds and use them in an appropriate manner. In addition, the General Assembly should consider adding appropriate provisions to the MOHELA's authorizing statutes to provide some guidance regarding the identification and appropriate use of future surpluses, rather than leaving those decisions to the discretion of the public officials at the time their availability may be determined. Those legally authorized uses should closely correlate with the MOHELA's mission, which is, in part, to eliminate barriers for students so they can access higher education.

Recommendation: The MOHELA, in the future, identify the extent of any surplus funds and distribute such monies in a manner consistent with its mission. In conjunction with this, the authority should work with the General Assembly to add appropriate provisions to its authorizing statutes.

Status: This report was issued after the 2007 legislative session. The MOHELA responded, in part, that it believes that the Missouri Higher Education Loan Authority Act provides clear and specific guidance for the use of unrestricted net assets.

Report Source: 2007-56

Closed Board Meetings

The MOHELA Board's closure of some of its meetings may constitute a violation of state law. During the past several years, according to the open meeting minutes, the MOHELA Board closed its meetings on at least 21 occasions, apparently believing that the matters discussed were of the nature that allowed the meetings to be closed pursuant to Section 610.021, RSMo, of the Missouri Sunshine Law. However, the closure of these meetings may not be in accordance with state law, including that section of the Sunshine Law.

Section 173.365, RSMo, in referring to the MOHELA, states, "Each meeting of the authority **for any purpose whatsoever** shall be open to the public" (emphasis added). The Sunshine Law generally allows public governmental bodies to close meetings based on certain criteria; however, it appears exceptions to the open meetings requirement are superseded by other laws requiring open meetings/records. Section 610.021, RSMo, of the Sunshine Law states "**Except to the extent disclosure is otherwise required by law**, a public governmental body is authorized to close meetings, records, and votes. . . ." (emphasis added). Therefore, given this

language and the requirement in Section 173.365, RSMo, that all meetings of the MOHELA Board are required to be open to the public, it does not appear the board is currently authorized to close any of its meetings.

Recommendation: The MOHELA comply with Section 173.365, RSMo, and discontinue holding meetings that are closed to the public. If the board desires the legal authority to close its meetings pursuant to Section 610.021, RSMo, the board should pursue the necessary legislative change(s).

Status: This report was issued after the 2007 legislative session. The MOHELA responded, in part, that affairs are conducted in strict compliance with the Sunshine Law's requirements.

Report Source: 2007-56

LOCAL AUDIT ISSUES

**SUMMARY OF STATE AND LOCAL AUDIT FINDINGS -
LEGISLATIVE IMPACT
LOCAL AUDIT ISSUES**

SPECIAL ROAD DISTRICT FINANCIAL REPORTING PRACTICES

Many special road districts are not filing annual financial reports with the State Auditor's Office as required by law, and some financial reports that were filed did not provide sufficient information. Monitoring procedures over county funds provided to special road districts are inconsistent, and some counties indicated no monitoring is performed. Only certain special road districts are required by law to provide annual settlements to the county commission and highway and transportation commission. In addition, state agencies provide little, if any, independent monitoring of special road district financial activity, and special road districts are not required to obtain independent audits.

It was also noted that counties have different methods for assessing permanent road levies and distributing the property tax monies generated from those levies even though the same statutory provisions are in existence. Also, the percentages used to allocate property tax revenues between the county and the special road district varied.

Recommendation: The Missouri General Assembly should review the laws pertaining to special road district financial reporting practices. Consideration should be given to strengthening the reporting requirements and rectifying inconsistencies between types of special road districts. Applicable county and state officials should improve monitoring and assistance to help strengthen the special road districts' financial reporting and accountability.

Status: No legislation was passed during the 2007 legislative session which addressed these issues.

Report Source: 2007-03

TRANSPORTATION DEVELOPMENT DISTRICTS

There is no requirement that the petitions filed with the circuit court include any information regarding estimated transportation project costs or the anticipated revenues that will be collected over the life of the Transportation Development District (TDD).

There is no requirement for an independent review or oversight of TDD transportation project costs or other expenditures.

There is disagreement over whether the construction of a TDD-funded transportation project(s) can be started prior to the legal establishment of the applicable TDD.

Most TDD sales taxes are not collected by the Missouri Department of Revenue, creating less assurance over the controls and monitoring of such revenue.

Many TDDs had not filed annual financial reports with the State Auditor's Office (SAO), as required, and the current audit requirements related to TDDs need to be reconsidered.

In many cases, significant project costs were initially paid by the private developer(s), who were then subsequently reimbursed by the TDD after bonds or other debt had been issued. Such a reimbursement process weakens the accountability over project-related costs.

The revenues of TDDs located in Tax Increment Financing (TIF) areas are being handled in different manners, and in some instances there is not adequate assurance TDD sales tax revenues are only used to pay the TDD's share of bond financing costs.

Recommendation: The General Assembly review the public awareness, accountability, and compliance issues addressed in this report and work with the Missouri Department of Transportation, the State Auditor's Office, and other governmental entities to make necessary revisions to the TDD-related statutes.

Status: In July 2007, the Missouri State Auditor's Office issued audit report No. 2007-28, Transportation Development Districts. That report noted that only one change was made to the TDD laws to address the various issues noted in the 2006 report. The law now requires that a petition filed to initiate the establishment of a TDD include the estimated transportation project costs and the anticipated revenues to be collected.

Report Source: 2006-12

TOWNSHIP FINANCIAL REPORTING PRACTICES

The financial reporting practices of Missouri's 312 townships need significant improvement. Our review noted high rates of noncompliance with statutory provisions requiring townships to file financial reports with various entities. Monitoring procedures over county funds provided to townships are inconsistent, and some counties indicated no monitoring is performed because townships are separate political subdivisions. This report indicates an overall lack of accountability over township operations and their estimated annual revenues of more than \$23 million and \$21 million during 2002 and 2001, respectively.

Recommendation: The Missouri General Assembly should review the laws pertaining to township financial reporting practices. Consideration should be given to

pass or amend laws to strengthen the requirement that all townships prepare complete and accurate financial statements, and to improve independent monitoring of township financial reporting practices. Applicable county officials should consider providing monitoring and assistance to help improve the townships' financial reporting and accountability.

Status: Section 231.280, RSMo, was amended to repeal the requirement that townships submit annual financial reports to Missouri Department of Transportation. No other legislation was passed that addresses township reporting issues.

Report Source: 2003-30

OTHER LOCAL GOVERNMENT ISSUES

TAX INCREMENT FINANCING DISTRICTS' EFFECT ON PROPERTY TAX ROLLBACK CALCULATIONS

State law does not address the effect of sales tax distributions to city Tax Increment Financing (TIF) districts on property tax rollback calculations.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Counties are sometimes required to distribute sales tax monies to city TIF districts. State law does not address how the sales tax monies distributed to the TIF districts should be considered for purposes of property tax rollback calculations. The audit reports included a recommendation that the county consult with legal counsel to determine the effect of sales tax distributions to TIF districts on the calculations.

Report Source: 2006-74 and 2006-71

COUNTY SALARY COMMISSIONS

Legislation was adopted during the 1987 legislative session, which established a county salary commission in all non-charter counties. Over the past twenty years, we have reported on various salary issues in third class counties. Salary findings have resulted primarily because of unclear or conflicting provisions of state law, varying interpretations of state law by county officials, and court rulings. The more recent and frequently reported salary findings are as follows:

- Some counties increased the county treasurer's salary effective January 1, 2004, during the term of office, which began January 1, 2003.

House Bill 2137, passed during the 2002 legislative session, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. However, Section 50.333, RSMo, appears to authorize salary commissions to meet only in odd-numbered years. Additionally, Article VII, Section 13 of the Missouri Constitution states that compensation to county officials shall not be increased during a term of office.

In some counties the county salary commission did not meet to approve the use of the alternative salary schedule and in other counties the county salary commission met and approved the use of the schedule. Some counties obtained a written opinion from legal counsel which varied from county to county. In some counties the higher salary schedule was not applied to the county treasurer's salary until the next term of office.

It is unclear when the salary increases provided to the county treasurers should have been in effect, and whether it is in accordance with state law.

Because of conflicting and unclear laws, in counties which applied the use of the higher salary scale during the treasurers' term of office, our audit report usually included a recommendation that the county commission consult legal counsel and review the situation to ensure the actions taken were in accordance with state law.

- Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for Associate County Commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, the Associate Commissioners' salaries in many counties were increased during their current term of office.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term in office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

For the counties where the Associate Commissioners' salaries were increased, the audit report included a recommendation that the county commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.

- For Public Administrators who are on a salary scale rather than a fee basis, Section 473.742, RSMo, provides a salary scale based on the average number of open letters in the two years preceding the term when the salary is elected. Some counties set the Public Administrator's salary at the minimum salary provided by state law and some counties set the salary as a percentage of the minimum to correspond with the percentage of the maximum salaries provided by state law paid to other officials for their respective offices. For counties where the Public Administrator's salary was set as a percentage of the

minimum, the audit reports included a recommendation that the county commission consult with legal counsel to determine whether the salary was in compliance with state law.

- In some counties the county collector and county assessor received raises, effective January 1, which should not have taken effect until March 1 and September 1, 2003, respectively, the date of these officeholders' incumbency. The raises were generally based on an increase in the county's assessed valuation. Section 50.333.8, RSMo, provides for salaries to be adjusted each year on the official's year of incumbency for assessed valuation changes that affect the maximum allowable compensation for that office.

For counties where this situation occurred, the reports included a recommendation that the county commission and salary commission consult with legal counsel and review the situation to ensure the action taken was in accordance with state law.

<u>Report Source:</u>	2007-51	2005-71	2004-74	2004-03	2003-69
	2007-50	2005-70	2004-71	2003-122	2003-31
	2007-13	2005-52	2004-68	2003-106	2003-29
	2007-04	2004-101	2004-67	2003-105	2003-11
	2006-89	2004-93	2004-64	2003-104	2003-05
	2006-71	2004-79	2004-62	2003-103	
	2005-99	2004-77	2004-26	2003-102	
	2005-98	2004-75	2004-06	2003-98	

The above reports included one or more of the salary issues noted above. In addition, similar and other salary issues were addressed in numerous audit reports issued prior to 2003.

APPENDIX

APPENDIX

STATE AGENCY AUDIT REPORTS

Report Number	Title	Publication Date
2003-20	Compliance with Closed Meetings and Closed Session Provisions of the Sunshine Law	March 2003
2003-35	School Bus Safety	April 2003
2003-36	Department of Elementary and Secondary Education Educational Funding	April 2003
2003-55	Division of Taxation and Collection Sales and Use Tax	June 2003
2003-91	Review of the Missouri Unemployment Compensation Fund	September 2003
2004-13	Special Needs Adoption Tax Credit	February 2004
2004-15	Missouri Senior Rx Program	March 2004
2004-24	Missouri Western State College	March 2004
2004-51	Review of Missouri Consolidated Health Care Plan Management	June 2004
2004-56	Review of State Tax Credits Administered by the Department of Economic Development	July 2004
2004-59	Department of Elementary and Secondary Education Charter School Oversight	August 2004
2005-05	Missouri State Highway Patrol	February 2005
2005-10	Public Safety Peace Officer Standards and Training Program (Licensing, Training, and Complaint Investigation Aspects)	February 2005
2005-13	Division Of Taxation And Collection Sales And Use Tax	March 2005
2005-16	Efforts to Enforce Uninsured Motorist Law	March 2005
2005-23	Oversight of Amusement Ride Safety	March 2005
2005-30	Missouri State Tax Commission	May 2005
2005-54	Small Business Investment Tax Credit Program	August 2005
2005-55	Community Development Corporation Tax Credit Program	August 2005
2005-75	Department of Insurance	October 2005
2005-86	Missouri State Fair	December 2005
2005-87	General Assembly and Supporting Functions / Committee on Legislative Research	December 2005
2005-101	General Obligation Bond Sales Practices Follow up	December 2005
2006-01	Office of State Courts Administrator	January 2006
2006-16	Tobacco Settlement Funds	March 2006
2006-20	High School Graduation Rates	April 2006
2006-37	Branch Office Conversion	June 2006
2006-43	School District Purchasing Practices	July 2006
2006-51	Missouri Ethics Commission	August 2006
2007-06	Tax Credit Analysis of the New Generation Cooperative Incentive Tax Credit Program	February 2007
2007-12	Missouri Development Finance Board	March 2007
2007-15	Sales and Use Tax	April 2007
2007-16	State Student Financial Assistance	April 2007
2007-19	Second Injury Fund	April 2007
2007-32	Educator Certification Background Checks	August 2007
2007-56	Missouri Higher Education Loan Authority	October 2007
2007-58	Analysis of Wood Energy Tax Credit Program	October 2007
2007-59	Child Support Delinquencies	October 2007
2007-64	Office of Lieutenant Governor	October 2007

APPENDIX

LOCAL GOVERNMENT AUDIT REPORTS

Report Number	Title	Publication Date
2003-05	Dent County	January 2003
2003-11	Reynolds County	February 2003
2003-29	Hickory County	April 2003
2003-30	Township Financial Reporting Practices	April 2003
2003-31	Shannon County	April 2003
2003-69	Schuyler County	July 2003
2003-98	Phelps County	September 2003
2003-102	Nodaway County	September 2003
2003-103	Pulaski County	September 2003
2003-104	Madison County	September 2003
2003-105	Henry County	September 2003
2003-106	Pemiscot County	September 2003
2003-122	Holt County	December 2003
2004-03	Howard County	January 2004
2004-06	Ray County	January 2004
2004-26	Butler County	April 2004
2004-62	Montgomery County	August 2004
2004-64	Cedar County	August 2004
2004-67	Oregon County	September 2004
2004-68	Linn County	September 2004
2004-71	Benton County	September 2004
2004-74	Carter County	September 2004
2004-75	Wayne County	September 2004
2004-77	Chariton County	September 2004
2004-79	Livingston County	September 2004
2004-93	Vernon County	December 2004
2004-101	Gentry County	December 2004
2005-52	Dade County	August 2005
2005-70	Howell County	September 2005
2005-71	Crawford County	September 2005
2005-98	Laclede County	December 2005
2005-99	Scotland County	December 2005
2006-12	Transportation Development Districts	March 2006
2006-71	Miller County	December 2006
2006-74	Dekalb County	December 2006
2006-89	Clinton County	December 2006
2007-03	Special Road District Financial Reporting Practices	February 2007
2007-04	Ozark County	February 2007
2007-13	Shannon County	March 2007
2007-50	Madison County	September 2007
2007-51	Pulaski County	September 2007