

## CHAPTER 6

## STATE AUDITOR

6.48	Examination of counties; cost, fees.	6.66	Certain practices of public accountants authorized.
6.49	Cities of first class.	6.67	Public accountants; report of evidence pointing to misconduct.
6.54	Examination of county and municipal records pursuant to petition.	6.68	State auditor may assist public accountant in audit.
6.55	Examination of records pursuant to resolution of governing body.	6.70	Access to reports.
6.552	Audit of county or municipal hospitals and county nursing homes.	6.71	Scope of auditor's investigation.
6.60	State auditor, certification of amounts due.	6.74	Information collected from local governments.
6.64	Cooperation with public accountants; public accountant defined.	6.78	Best practices reviews.
6.65	Minimum procedures for auditors, prescribed.		

**6.48 EXAMINATION OF COUNTIES; COST, FEES.**

All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public property, and improvements of several counties of the state. At least once in each year, if funds and personnel permit, the state auditor may visit, without previous notice, each county and make a thorough examination of all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds and other property. If the audit is performed by a private certified public accountant, the state auditor may require additional information from the private certified public accountant as the state auditor deems in the public interest. The state auditor may accept the audit or make additional examinations as the state auditor deems to be in the public interest. The state auditor shall prescribe and install systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices. A copy of the report of such examination shall be filed and be subject to public inspection in the office of the state auditor and another copy in the office of the auditor of the county thus examined. The state auditor may accept the records and audit, or any part thereof, of the Department of Human Services in lieu of examination of the county social welfare funds, if such audit has been made within any period covered by the state auditor's audit of the other records of the county. If any such examination shall disclose malfeasance, misfeasance, or nonfeasance in any office of such county, such report shall be filed with the county attorney of the county, and the county attorney shall institute such civil and criminal proceedings as the law and the protection of the public interests shall require.

The county receiving any examination shall pay to the state general fund, notwithstanding the provisions of section 16A.125, the total cost and expenses of such examinations, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor on deeming it advisable may bill counties, having a population of 200,000 or over, monthly for services rendered and the officials responsible for approving and paying claims shall cause said bill to be promptly paid. The general fund shall be credited with all collections made for any such examinations.

*History: 1Sp2003 c 1 art 2 s 4*

**6.49 CITIES OF FIRST CLASS.**

All powers and duties conferred and imposed upon the state auditor with respect to state and county officers, institutions, property, and improvements are hereby extended to cities of the first class. Copies of the written report of the state auditor on the financial condition and accounts of such city shall be filed in the state auditor's office, with the mayor, city council, and city comptroller thereof, and with the city commissioners, if such city have such officers. If such report disclose malfeasance, misfeasance, or nonfeasance in office, copies thereof shall be filed with the city attorney thereof and with the county attorney of the county in which such city is

located, and these officials of the law shall institute such proceedings, civil or criminal, as the law and the public interest require.

The state auditor shall bill said cities monthly for services rendered, including any examination, and the officials responsible for approving and paying claims shall cause said bill to be promptly paid.

**History:** *1Sp2003 c 1 art 2 s 5*

#### **6.54 EXAMINATION OF COUNTY AND MUNICIPAL RECORDS PURSUANT TO PETITION.**

The registered voters in a county or home rule charter or statutory city or the electors at an annual or special town meeting of a town may petition the state auditor to examine the books, records, accounts, and affairs of the county, home rule charter or statutory city, town, or of any organizational unit, activity, project, enterprise, or fund thereof; and the scope of the examination may be limited by the petition, but the examination shall cover, at least, all cash received and disbursed and the transactions relating thereto, provided that the state auditor shall not examine more than the six latest years preceding the circulation of the petition, unless it appears to the state auditor during the examination that the audit period should be extended to permit a full recovery under bonds furnished by public officers or employees, and may if it appears to the auditor in the public interest confine the period or the scope of audit or both period and scope of audit, to less than that requested by the petition. In the case of a county or home rule charter or statutory city, the petition shall be signed by a number of registered voters at least equal to 20 percent of those voting in the last presidential election. The eligible voters of any school district may petition the state auditor, who shall be subject to the same restrictions regarding the scope and period of audit, provided that the petition shall be signed by at least ten eligible voters for each 50 resident pupils in average daily membership during the preceding school year as shown on the records in the office of the commissioner of education. In the case of school districts, the petition shall be signed by at least ten eligible voters. At the time it is circulated, every petition shall contain a statement that the cost of the audit will be borne by the county, city, or school district as provided by law. Thirty days before the petition is delivered to the state auditor it shall be presented to the appropriate city or school district clerk and the county auditor. The county auditor shall determine and certify whether the petition is signed by the required number of registered voters or eligible voters as the case may be. The certificate shall be conclusive evidence thereof in any action or proceeding for the recovery of the costs, charges, and expenses of any examination made pursuant to the petition.

**History:** *2003 c 130 s 12; 1Sp2003 c 1 art 2 s 6*

#### **6.55 EXAMINATION OF RECORDS PURSUANT TO RESOLUTION OF GOVERNING BODY.**

The governing body of any city, town, county or school district, by appropriate resolution may ask the state auditor to examine the books, records, accounts and affairs of their government, or of any organizational unit, activity, project, enterprise, or fund thereof; and the state auditor shall examine the same upon receiving, pursuant to said resolution, a written request signed by a majority of the members of the governing body; and the governing body of any public utility commission, or of any public corporation having a body politic and corporate, or of any instrumentality joint or several of any city, town, county, or school district, may request an audit of its books, records, accounts and affairs in the same manner; provided that the scope of the examination may be limited by the request, but such examination shall cover, at least, all cash received and disbursed and the transactions relating thereto. Such written request shall be presented to the clerk, or recording officer of such city, town, county, school district, public utility commission, public corporation, or instrumentality, before being presented to the state auditor, who shall determine whether the same is signed by a majority of the members of such governing body and, if found to be so signed, shall certify such fact, and the fact that such resolution was passed, which certificate shall be

conclusive evidence thereof in any action or proceedings for the recovery of the costs, charges and expenses of any examination made pursuant to such request. Nothing contained in any of the laws of the state relating to the state auditor, shall be so construed as to prevent any county, city, town, or school district from employing a certified public accountant to examine its books, records, accounts, and affairs. For the purposes of this section, the governing body of a town is the town board.

*History: 1Sp2003 c 1 art 2 s 7*

#### **6.552 AUDIT OF COUNTY OR MUNICIPAL HOSPITALS AND COUNTY NURSING HOMES.**

Subdivision 1. **Hospitals.** Notwithstanding the provisions of any law to the contrary, any county or municipal hospital board may employ a certified public accountant to annually audit and examine the books of said hospital. The report of such examination or audit by such certified public accountant shall be submitted to the state auditor who shall review such audit report and may accept such audit or make such additional examinations as the state auditor deems to be in the public interest.

Subd. 2. **Nursing homes.** Notwithstanding the provisions of any law to the contrary, any county nursing home board may employ a certified public accountant to annually audit and examine the books of the nursing home. The report of the examination or audit by the certified public accountant must be submitted to the state auditor. The state auditor shall review the audit report and may accept the audit or make additional examinations as the state auditor deems to be in the public interest.

*History: 2003 c 53 s 1*

#### **6.60 STATE AUDITOR, CERTIFICATION OF AMOUNTS DUE.**

On October first, of each year, the state auditor shall certify the respective amounts due the state from the various counties, cities, towns, and school districts, including interest computed to July first, following, to the county auditor of the county having such examination, or to the county auditor of the county in which any such city, town, or school district is, in whole or in part, situated. The county auditor, upon receiving a certificate from the state auditor, or a certificate from the court administrator, as provided in section 6.59, shall include the amount of the state's claim, with 25 percent added, in the tax levy for general revenue purposes of the county or municipality liable therefor, and such additional levy shall not be within any limitation imposed by law upon the amount of taxes which may be levied for revenue purposes. Upon completion of the June tax settlement following such levy the county treasurer shall deduct from the amount apportioned to the county or municipality for general revenue purposes, the amount due the state, including interest, and remit the same to the commissioner of finance.

*History: 2003 c 112 art 2 s 50*

#### **6.64 COOPERATION WITH PUBLIC ACCOUNTANTS; PUBLIC ACCOUNTANT DEFINED.**

There shall be mutual cooperation between the state auditor and public accountants in the performance of auditing, accounting, and other related services for counties, cities, towns, school districts, and other public corporations. For the purposes of sections 6.64 to 6.71 the term public accountant shall have the meaning ascribed to it in section 412.222.

*History: 1Sp2003 c 1 art 2 s 8*

#### **6.65 MINIMUM PROCEDURES FOR AUDITORS, PRESCRIBED.**

The state auditor shall prescribe minimum procedures and the audit scope for auditing the books, records, accounts, and affairs of counties and local governments in Minnesota. The minimum scope for audits of all local governments must include financial and legal compliance audits. Audits of all school districts must include a determination of compliance with uniform financial accounting and reporting stan-

dards. The state auditor shall promulgate an audit guide for legal compliance audits, in consultation with representatives of the state auditor, the attorney general, towns, cities, counties, school districts, and private sector public accountants.

**History:** *1Sp2003 c 1 art 2 s 9*

#### **6.66 CERTAIN PRACTICES OF PUBLIC ACCOUNTANTS AUTHORIZED.**

Any public accountant may engage in the practice of auditing the books, records, accounts, and affairs of counties, cities, towns, school districts, and other public corporations which are not otherwise required by law to be audited exclusively by the state auditor.

**History:** *1Sp2003 c 1 art 2 s 10*

#### **6.67 PUBLIC ACCOUNTANTS; REPORT OF EVIDENCE POINTING TO MISCONDUCT.**

Whenever a public accountant in the course of auditing the books and affairs of a county, city, town, school district, or other public corporations, shall discover evidence pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in the conduct of duties and affairs, the public accountant shall promptly make a report of such discovery to the state auditor and the county attorney of the county in which the governmental unit is situated and the public accountant shall also furnish a copy of the report of audit upon completion to said officers. The county attorney shall act on such report in the same manner as required by law for reports made to the county attorney by the state auditor.

**History:** *1Sp2003 c 1 art 2 s 11*

#### **6.68 STATE AUDITOR MAY ASSIST PUBLIC ACCOUNTANT IN AUDIT.**

Subdivision 1. **Request to governing body.** If in an audit of a county, city, town, school district, or other public corporation, a public accountant has need of the assistance of the state auditor, the accountant may obtain such assistance by requesting the governing body of the governmental unit being examined to request the state auditor to perform such auditing or investigative services, or both, as the matter and the public interest require.

*[For text of subd 2, see M.S.2002]*

**History:** *1Sp2003 c 1 art 2 s 12*

#### **6.70 ACCESS TO REPORTS.**

The state auditor and the public accountants shall have reasonable access to each other's audit reports, working papers, and audit programs concerning audits made by each of counties, cities, towns, school districts, and other public corporations.

**History:** *1Sp2003 c 1 art 2 s 13*

#### **6.71 SCOPE OF AUDITOR'S INVESTIGATION.**

Whenever the governing body of a county, city, town, or school district shall have requested a public accountant to make an audit of its books and affairs, and such audit is in progress or has been completed, and registered voters or electors petition or the governing body requests or both the state auditor to make an examination covering the same, or part of the same, period, the state auditor may, in the public interest, limit the scope of the examination to less than that specified in section 6.54, but the scope shall cover, at least, an investigation of those complaints which are within the state auditor's powers and duties to investigate.

**History:** *1Sp2003 c 1 art 2 s 14*

**6.74 INFORMATION COLLECTED FROM LOCAL GOVERNMENTS.**

The state auditor, or a designated agent, shall collect annually from all city, county, and other local units of government, information as to the assessment of property, collection of taxes, receipts from licenses and other sources, the expenditure of public funds for all purposes, borrowing, debts, principal and interest payments on debts, and such other information as may be needful. The data shall be supplied upon forms prescribed by the state auditor, and all public officials so called upon shall fill out properly and return promptly all forms so transmitted. The state auditor or assistants, may examine local records in order to complete or verify the information.

**History:** *1Sp2003 c 1 art 2 s 15*

**6.77** [Repealed, 1Sp2003 c 1 art 2 s 136]

**6.78 BEST PRACTICES REVIEWS.**

The state auditor shall conduct best practices reviews that examine the procedures and practices used to deliver local government services, determine the methods of local government service delivery, identify variations in cost and effectiveness, and identify practices to save money or provide more effective service delivery. The state auditor shall recommend to local governments service delivery methods and practices to improve the cost-effectiveness of services. The state auditor shall determine the local government services to be reviewed in consultation with representatives of the Association of Minnesota Counties, the League of Minnesota Cities, the Association of Metropolitan Municipalities, the Minnesota Association of Townships, the Minnesota Municipal Utilities Association, and the Minnesota Association of School Administrators.

**History:** *1Sp2003 c 1 art 2 s 16*

**NOTE:** This section, as added by Laws 2003, First Special Session chapter 1, article 2, section 16, is effective July 1, 2004. Laws 2003, First Special Session chapter 1, article 2, section 16, the effective date.