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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 253

01/31/2013 Authored by Simon

The bill was read for the first time and referred to the Committee on State Government Finance and Veterans Affairs

1.1 A bill for an act  
1.2 relating to state government; creating a state auditor enterprise fund;  
1.3 appropriating money; amending Minnesota Statutes 2012, sections 6.48; 6.56,  
1.4 subdivision 2; 471.699; proposing coding for new law in Minnesota Statutes,  
1.5 chapter 6; repealing Minnesota Statutes 2012, section 6.58.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2012, section 6.48, is amended to read:

1.8 **6.48 EXAMINATION OF COUNTIES; COST, FEES.**

1.9 All the powers and duties conferred and imposed upon the state auditor shall be  
1.10 exercised and performed by the state auditor in respect to the offices, institutions, public  
1.11 property, and improvements of several counties of the state. At least once in each year,  
1.12 if funds and personnel permit, the state auditor may visit, without previous notice, each  
1.13 county and make a thorough examination of all accounts and records relating to the  
1.14 receipt and disbursement of the public funds and the custody of the public funds and  
1.15 other property. If the audit is performed by a private certified public accountant, the state  
1.16 auditor may require additional information from the private certified public accountant as  
1.17 the state auditor deems in the public interest. The state auditor may accept the audit or  
1.18 make additional examinations as the state auditor deems to be in the public interest. The  
1.19 state auditor shall prescribe and install systems of accounts and financial reports that shall  
1.20 be uniform, so far as practicable, for the same class of offices. A copy of the report of  
1.21 such examination shall be filed and be subject to public inspection in the office of the state  
1.22 auditor and another copy in the office of the auditor of the county thus examined. The state  
1.23 auditor may accept the records and audit, or any part thereof, of the Department of Human  
1.24 Services in lieu of examination of the county social welfare funds, if such audit has been

2.1 made within any period covered by the state auditor's audit of the other records of the  
 2.2 county. If any such examination shall disclose malfeasance, misfeasance, or nonfeasance  
 2.3 in any office of such county, such report shall be filed with the county attorney of the  
 2.4 county, and the county attorney shall institute such civil and criminal proceedings as the  
 2.5 law and the protection of the public interests shall require.

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

2.14 Sec. 2. Minnesota Statutes 2012, section 6.56, subdivision 2, is amended to read:

2.15 Subd. 2. **Billings by state auditor.** Upon the examination of the books, records,  
 2.16 accounts, and affairs of any political subdivision, as provided by law, such political  
 2.17 subdivision shall be liable to the state for the total cost and expenses of such examination,  
 2.18 including the salaries paid to the examiners while actually engaged in making such  
 2.19 examination. The state auditor may bill such political subdivision monthly periodically  
 2.20 for service rendered and the officials responsible for approving and paying claims are  
 2.21 authorized to pay said bill promptly. Said payments shall be without prejudice to any  
 2.22 defense against said claims that may exist or be asserted. The ~~general~~ state auditor  
 2.23 enterprise fund shall be credited with all collections made for any such examinations,  
 2.24 including interest payments made pursuant to subdivision 3.

2.25 Sec. 3. **[6.581] STATE AUDITOR ENTERPRISE FUND.**

2.26 Subdivision 1. **State auditor enterprise fund.** A state auditor enterprise fund  
 2.27 is established in the state treasury. All amounts received for the costs and expenses of  
 2.28 examinations performed under this chapter shall be credited to the fund. Amounts credited  
 2.29 to the fund are annually appropriated to the state auditor to pay the costs and expenses  
 2.30 related to the examinations performed, including, but not limited to, salaries, office  
 2.31 overhead, equipment, authorized contracts, and other expenses.

2.32 Subd. 2. **Contract with private parties; equipment acquisition.** When full-time  
 2.33 personnel are not available, the state auditor may contract with a private entity for  
 2.34 accounting and other technical services. Notwithstanding any law to the contrary, the

3.1 acquisition of equipment may include duplicating equipment to be used in producing the  
 3.2 reports issued by the Office of the State Auditor.

3.3 Subd. 3. **Schedule of charges.** The state auditor may adjust the schedule of charges  
 3.4 for the examinations performed so that the charges are sufficient to cover all costs of the  
 3.5 examinations performed and that the aggregate charges collected are sufficient to pay all  
 3.6 salaries and other expenses, including the charges for the use of the equipment used in  
 3.7 connection with the reimbursable examinations performed, and the cost of contracting for  
 3.8 accounting and other technical services. The schedule of charges shall be based on an  
 3.9 estimate of the cost of performing reimbursable examinations including, but not limited  
 3.10 to, salaries, office overhead, equipment, authorized contracts, and other expenses. The  
 3.11 state auditor may allocate a proportionate part of the total costs to an hourly or daily  
 3.12 charge for each person or class of persons engaged in the performance of an examination.  
 3.13 The schedule of charges shall reflect an equitable charge for the expenses incurred in the  
 3.14 performance of any given examination. The state auditor shall review and adjust the  
 3.15 schedule of charges for the examinations performed at least annually. All schedules of  
 3.16 charges must be approved by the commissioner of management and budget before the  
 3.17 charges are adopted to ensure that the amount collected is sufficient to pay all the costs  
 3.18 connected with the examinations performed during the fiscal year.

3.19 Sec. 4. Minnesota Statutes 2012, section 471.699, is amended to read:

3.20 **471.699 ENFORCEMENT OF REPORTING REQUIREMENTS.**

3.21 Failure of a city to timely file a statement or report under section 471.697 or 471.698  
 3.22 shall, in addition to any other penalties provided by law, authorize the state auditor to send  
 3.23 full-time personnel to the city or to contract with private persons, firms, or corporations  
 3.24 pursuant to section ~~6.58~~ 6.581, in order to complete and file the financial statement or  
 3.25 report. The expenses related to the completion and filing of the financial statement or  
 3.26 report shall be charged to the city. Upon failure by the city to pay the charge within 30  
 3.27 days of billing, the state auditor shall so certify to the commissioner of management and  
 3.28 budget who shall forward the amount certified to the general fund and deduct the amount  
 3.29 from any state funds due to the city under any shared taxes or aids. The state auditor's  
 3.30 annual report on cities shall include a listing of all cities failing to file a statement or report.

3.31 Sec. 5. **REPEALER.**

3.32 Minnesota Statutes 2012, section 6.58, is repealed.

**6.58 GENERAL FUND.**

The general fund shall be used to provide personnel, pay other expenses, and for the acquisition of equipment used in connection with reimbursable examinations and other duties pursuant to law. When full-time personnel are not available, the state auditor may contract with private persons, firms, or corporations for accounting and other technical services. Notwithstanding any law to the contrary, the acquisition of equipment may include duplicating equipment to be used in producing the reports issued by the department. All receipts from such reimbursable examinations shall be deposited in the general fund. The state auditor is directed to adjust the schedule of charges for such examinations to provide that such charges shall be sufficient to cover all costs of such examinations and that the aggregate charges collected shall be sufficient to pay all salaries and other expenses including charges for the use of the equipment used in connection with such reimbursable examinations and including the cost of contracting for accounting and other technical services. The schedule of charges shall be based upon an estimate of the cost of performing reimbursable examinations including, but not limited to, salaries, office overhead, equipment, authorized contracts, and other expenses. The state auditor may allocate a proportionate part of the total costs to an hourly or daily charge for each person or class of persons engaged in the performance of an examination. The schedule of charges shall reflect an equitable charge for the expenses incurred in the performance of any given examination. The state auditor shall review and adjust the schedule of charges for such examinations at least annually and have all schedules of charges approved by the commissioner of management and budget before they are adopted so as to ensure that the amount collected shall be sufficient to pay all the costs connected with such examinations during the fiscal year.