

SENATE  
STATE OF MINNESOTA  
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 896

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DATE	D-PG	OFFICIAL STATUS
03/17/2011	546	Introduction and first reading Referred to Local Government and Elections
05/02/2011	1551a	Comm report: To pass as amended and re-refer to State Government Innovation and Veterans
05/09/2011	1845a	Comm report: To pass as amended and re-refer to Finance See SF1047, Art. 3, Sec. 23, 59 (vetoed) See SF12, Art. 3, Sec. 35 (First Special Session)

1.1 A bill for an act  
1.2 relating to local government; permitting counties and cities of the first class to  
1.3 perform private audit meeting standards of state auditor; amending Minnesota  
1.4 Statutes 2010, sections 6.48; 471.697, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2010, section 6.48, is amended to read:

1.7 **6.48 EXAMINATION OF COUNTIES; COST, FEES.**

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

(b) 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.

(c) Notwithstanding paragraph (a), a county may provide for an audit to be performed by a certified public accountant firm meeting the requirements of section 326A.05. The audit performed under this paragraph must meet the standards and be in the form required by the state auditor. The state auditor may require additional information from the certified public accountant firm as the state auditor deems in the public interest, but the state auditor must accept the audit unless the state auditor determines that it does not meet recognized industry auditing standards.

Sec. 2. Minnesota Statutes 2010, section 471.697, subdivision 2, is amended to read:

Subd. 2. **First class city audits.** ~~The state auditor shall continue to audit cities of the first class pursuant to~~ Notwithstanding section 6.49, a city of the first class may provide for an audit to be performed by a certified public accountant firm meeting the requirements of section 326A.05. The audit performed by a certified public accountant must meet the standards and be in the form required by the state auditor. The state auditor may require additional information from the certified public accountant firm as the state auditor deems in the public interest, but the state auditor must accept the audit unless the state auditor determines that it does not meet recognized industry auditing standards.