

Public Examiner

CHAPTER 215

PUBLIC EXAMINER

Sec.		Sec.	
215.01	Department established	215.13	Other cities
215.02	Public examiner; appointment; salary, bond	215.14	School districts, towns, and villages
215.03	Audit	215.15	Gross earnings for taxation
215.04	Powers and duties of public examiner	215.16	Testimonial powers
215.05	Duties as to state offices, institutions, properties, industries, and improvements	215.17	Refusal to assist; penalty
215.06	To file written reports	215.18	Assistants; bonds
215.07	Duties when violations are discovered	215.19	Examination of municipal records
215.08	Collect information from local units of government; report same to legislature	215.20	Examination made upon written request
215.09	Annual report	215.21	Municipality to pay cost of examination
215.10	Investigate accounting and budgeting system	215.22	Collection for examination
215.11	Examination of counties; fees	215.23	Municipalities may contest claim
215.12	Cities of first class	215.24	State auditor to certify amount due
		215.25	Subject to prior enactment of laws

215.01 DEPARTMENT ESTABLISHED. The department of the public examiner is hereby created, which shall have the duty and power to supervise all public accounts, to prescribe and install systems of accounts and reports, to inspect all records and transactions connected with the receipt, disbursement, and custody of public funds, to investigate the use and security of all public appropriations and property, to ascertain the sources and condition of the public revenue, investments, loans, and debt, and to verify the public funds and examine and report upon the condition and security thereof.

[1913 c. 555 s. 1] (3274)

215.02 PUBLIC EXAMINER; APPOINTMENT; SALARY, BOND. The department of the public examiner shall be under the supervision and control of the public examiner, which office is hereby created. The public examiner shall be appointed by the governor by and with the advice and consent of the senate for a six-year term and until his successor is appointed and qualifies. In case of a vacancy the governor shall appoint a successor for the remainder of the term. The term of the first public examiner shall expire February 1, 1945. The public examiner shall be a skilled accountant and shall not at any time while in office hold any other public office or own any stock or have any commercial interest in any corporation, copartnership, property, or business subject to supervision or examination by this department. His salary shall be \$5,000 per year, payable semi-monthly. He shall furnish a bond to the state in the sum of \$25,000, to be approved by the governor and the attorney general, conditioned for the faithful discharge of his duties.

[1913 c. 555 s. 2; 1919 c. 425 s. 1; 1939 c. 431 art. 4 s. 1] (3275) (3286-8)

215.03 AUDIT. At least four times a year, without previous notice to the state treasurer, the public examiner shall examine and audit the accounts, books, and vouchers of the state treasurer, ascertain the amounts of the several funds which should be in the treasury, count the sums actually on hand, and make a record of the facts found. On or before the third day of each regular session the public examiner shall report to the legislature the results of such examinations and his doings in the premises. He shall also witness and attest the transfer of books, accounts, vouchers, and funds from the out-going treasurer to his successor in office, verify the official record of all redeemed bonds, certificates of indebtedness, and interest coupons issued by the state; and, from time to time, shall cause to be destroyed all such obligations which shall have been redeemed for at least one year. The public examiner shall cause to be prepared a complete list of all obligations destroyed and certify to the correctness thereof, and keep a copy thereof in his office. Copies of the list shall be filed with the auditor and treasurer.

[1925 c. 150] (96)

215.04 POWERS AND DUTIES OF PUBLIC EXAMINER. The public examiner shall keep such books of account as shall be necessary to properly carry out the provisions of this chapter and formulate and prescribe for all departments a system of uniform records, accounts, statements, estimates, vouchers, bills, and demands, with suitable books of instruction covering the installation and use thereof. The accounting system and forms so prescribed shall be adopted and employed in all such departments. The public examiner shall post-audit and make a complete examination and verification of all accounts, records, inventories, vouchers, receipts, funds, securities, and other assets of all state departments, boards, commissions, and other state agencies at least once a year and oftener if deemed necessary or as directed by the governor or by the legislature. Audits may include detailed checking of every transaction or test checking as the public examiner deems best. The books of the state treasurer and the state auditor may be examined monthly. The public examiner shall see that all provisions of law respecting the installation and use of accounting systems, books, records, and forms are complied with by all departments and agencies of the state government.

The powers and duties of the board of audit and of the former public examiner heretofore transferred to, vested in, and imposed upon the comptroller, are hereby transferred to, vested in, and imposed upon the public examiner.

[1925 c. 426 art. 3 s. 10; 1939 c. 431 art. 4 ss. 2, 9] (53-13) (3286-9) (3286-16)

215.05 DUTIES AS TO STATE OFFICES, INSTITUTIONS, PROPERTIES, INDUSTRIES, AND IMPROVEMENTS. The public examiner shall exercise a constant supervision over the books and accounts of the several public offices, institutions, properties, industries, and improvements of the state, and over the financial records and transactions of public boards, associations, and societies supported, wholly or in part, by state funds. In all offices where the records of such public affairs are kept and the finances thereof handled, he shall enforce correct methods of accountancy and, in his discretion, prescribe and install systems of accounts and financial reports. Once in each year, without previous notice, he shall visit each of such offices, institutions, and industries and, so far as practicable, inspect such properties and improvements, thoroughly examine the books and accounts thereof, verifying the funds, securities and other assets, check the items of receipts and disbursements with the voucher records thereof, ascertain the character of the official bonds for the officers thereof and the financial ability of the bondsmen, inspect the sources of revenue thereof, the use and disposition of state appropriations and property, investigate the methods of purchase and sale, the character of contracts on public account, enforce a proper custody and depository for the funds and securities thereof, verify the inventory of public property and other assets held in trust, and ascertain that all financial transactions and operations involving the public funds and property of the state comply with the spirit and purpose of the law and are for the best protection of the public interest.

[1913 c. 555 s. 3] (3276)

215.06 TO FILE WRITTEN REPORTS. The public examiner shall file a written report covering his audits with the department concerned, the governor, and the legislature; and, if he deems necessary, present special reports to the legislative advisory committee for its consideration and action.

Such audit reports shall set forth:

- (1) Whether all funds have been expended for the purposes authorized in the appropriations therefor;
 - (2) Whether all receipts have been accounted for and paid into the state treasury as required by law;
 - (3) All illegal and unbusinesslike practices, if any;
 - (4) Recommendations for greater simplicity, accuracy, efficiency, and economy;
- and
- (5) Such other data, information, and recommendations as the public examiner may deem advisable and necessary.

[1939 c. 431 art. 4 s. 3] (3286-10)

215.07 DUTIES WHEN VIOLATIONS ARE DISCOVERED. If any such public examiner's examinations shall disclose malfeasance, misfeasance, or non-feasance in office on the part of any officer or employee, a copy of such report shall be signed and verified, and it shall be the duty of the public examiner to file such report with the secretary of the legislative advisory committee and the attorney general. It shall be the duty of the attorney general to institute and prosecute such civil

proceedings against such delinquent officer or employee, or upon his official bond, or both, as may be appropriate to secure to the state the recovery of any funds or other assets misappropriated, and he shall cause such criminal proceedings to be instituted by the proper authorities as the evidence may warrant.

[1939 c. 431 art. 4 s. 4] (3286-11)

215.08 COLLECT INFORMATION FROM LOCAL UNITS OF GOVERNMENT; REPORT SAME TO LEGISLATURE. It shall be the duty of the public examiner, or his designated agent, to collect annually, from all town, city, village, 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 debt, and such other information as may be needful. The data shall be supplied upon such blanks as the public examiner shall prescribe and it shall be the duty of all local public officials so called upon to fill out properly and return promptly all blanks so transmitted. If necessary, the public examiner, or his assistants, is authorized to examine local records, in order to complete or verify the information.

[1939 c. 431 art. 4 s. 5] (3286-12)

215.09 ANNUAL REPORT. The public examiner shall make and file, annually, in his office a summary report of the information collected, with such compilations and analyses and interpretations as may be deemed helpful.

[1939 c. 431 art. 4 s. 6] (3286-13)

215.10 INVESTIGATE ACCOUNTING AND BUDGETING SYSTEM. The public examiner shall inquire into the accounting and budgeting systems of all local units of government and shall prescribe suitable systems of accounts and budgeting, and forms, books, and instructions concerning the same. At the request of any local unit of government the public examiner may install such systems.

[1939 c. 431 art. 4 s. 7] (3286-14)

215.11 EXAMINATION OF COUNTIES; FEES. All the powers and duties conferred and imposed upon the public examiner shall be exercised and performed by him in respect to the offices, institutions, public property, and improvements of the several counties of the state. At least once in each year, the public examiner shall 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. He 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 public examiner and another copy in the office of the auditor of the county thus examined. If any such examination shall disclose malfeasance, misfeasance, or non-feasance in any office of such county, such report shall be filed with the county attorney of the county, and it shall be his duty to institute such civil and criminal proceedings as the law and the protection of the public interests shall require.

The county receiving such examination shall pay to the state the total cost and expenses of such examination, including the salaries paid to the examiners while actually engaged in making such examination. Such salary charge shall not exceed \$10.00 per day. The appropriation accounts of the public examiner shall be credited with all collections made for any such examinations, and the moneys so collected are hereby appropriated for the uses and purposes of these appropriation accounts.

[1913 c. 555 s. 5; 1931 c. 125; 1931 c. 246] (3278)

215.12 CITIES OF FIRST CLASS. All powers and duties conferred and imposed upon the public examiner 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 public examiner on the financial condition and accounts of such city shall be filed in his 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 non-feasance 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.

[1913 c. 555 s. 6] (3279)

215.13 OTHER CITIES. The public examiner shall have like power and duty to supervise the accounts of all cities not included in section 215.12. He shall have

the authority to require, in his discretion, the financial officers of any city not included in section 215.12 to send all books, accounts, and vouchers pertaining to the receipt, disbursement, and custody of its public funds to the office of the public examiner for examination. He may prescribe and install for such cities systems of accounts and reports, which shall be uniform for each class of cities and offices. He may conduct such examinations of accounts and records as he may deem the public interest to demand.

The report of such examination shall be filed with the mayor and city council or commission; and, in case of any violation of law, it shall be prosecuted, as provided in section 215.12 with respect to the examination of counties.

[1913 c. 555 s. 7] (3280)

215.14 SCHOOL DISTRICTS, TOWNS, AND VILLAGES. All powers and duties of the public examiner herein imposed and conferred with respect to the supervision, inspection, and examination of books and accounts of cities in section 215.13 are herewith extended to all school districts, towns, and villages of this state. A copy of the report of such examination shall be filed, subject to public inspection, with the clerk of the town, village, or school district receiving such examination, and an additional copy with the county auditor. If such report disclose malfeasance, misfeasance, or non-feasance in office, the public examiner shall file such copy with the county attorney of the county in which such school district, town, or village is located, and the county attorney shall institute such proceedings as the law and the public interest require.

[1913 c. 555 s. 8] (3281)

215.15 GROSS EARNINGS FOR TAXATION. In like manner and with like powers, as provided by section 215.05, the public examiner, at least once a year, so far as practicable, shall visit all railroad and other corporations and companies which are required by law to pay taxes to the state upon a gross earnings basis, examine their books of account and all other records and papers bearing upon or evidencing their gross earnings upon which, under the law, taxes should be paid in this state, and certify to the commissioner of taxation the amount of such taxable earnings; and in case he shall discover errors and omissions in the gross earnings, as reported by such companies, he shall certify the amount of such omitted earnings, together with the additional taxes and penalties due for collection as provided by law. All evasions and violations of the law in respect to such gross earnings taxes which the public examiner may discover he shall report to the governor, the commissioner of taxation, and the attorney general, which officials shall institute such proceedings as the law and the public interest require.

[1913 c. 555 s. 9] (3282)

215.16 TESTIMONIAL POWERS. In all matters relating to his official duties, the public examiner shall have the powers possessed by courts of law to issue subpoenas and cause them to be served and enforced. All state and county auditors, treasurers, and other public officials, and their respective deputies and employees, all officers, directors, and employees of all railway and other companies required by law to pay taxes to the state upon a gross earnings basis, and all persons having dealings with or knowledge of the affairs or methods of such companies, and likewise all corporations, firms, and individuals having business involving the receipt, disbursement, or custody of the public funds shall at all times afford reasonable facilities for such examinations, make such returns and reports to the public examiner as he may require, attend and answer under oath his lawful inquiries, produce and exhibit such books, accounts, documents, and property as he may desire to inspect, and in all things aid him in the performance of his duties.

[1913 c. 555 s. 10] (3283)

215.17 REFUSAL TO ASSIST; PENALTY. Every person who shall refuse or neglect to obey any lawful direction of the public examiner, or his deputy or any of his assistants; withhold any information, book, record, paper, or other thing called for by him for the purpose of examination; wilfully obstruct or mislead him in the execution of his duties; or swear falsely concerning any matter stated under oath, shall be guilty of a felony, the minimum penalty whereof shall be a fine of \$1,000, or imprisonment in the state prison for one year.

[1913 c. 555 s. 11] (3284)

215.18 ASSISTANTS; BONDS. For the exercise of the powers and performance of the duties imposed and conferred upon him, the public examiner may appoint, and at pleasure remove, a deputy examiner, assistant public examiners,

MINNESOTA STATUTES 1941

215.19 PUBLIC EXAMINER

1662

an executive clerk, and such other employees as may be necessary for whom provision is made by law. Such deputy and assistant examiners shall each give bond to the state in the sum of \$5,000. During the absence or disability of the public examiner, the deputy examiner shall perform the duties of the office. The duties of the assistants and other employees shall be such as the examiner may prescribe, and any of them may be assigned to perform any special duty imposed by this chapter upon the examiner or his deputy. In such cases the assistant may exercise all the powers of his principal necessary to the proper discharge of such duty. The salaries of the public examiner and his appointees, as above enumerated, shall be such as are fixed by law. The salaries of the several other employees subject to appointment by the public examiner shall be such sums as the examiner may prescribe; and, together with the expenses of the examiner and his deputy and assistants and other employees, necessarily incurred in the discharge of their duties and in the administration of the office, shall be paid out of the contingent fund provided for such office; and such salaries and expenses shall not exceed the aggregate sums appropriated and allowed therefor by law.

[1913 c. 555 s. 13; 1919 c. 425 s. 2] (3286)

215.19 EXAMINATION OF MUNICIPAL RECORDS. A petition for an examination under the provisions of this chapter of the books, records, and accounts and affairs of any city, borough, village, town, or school district shall, in the case of a city, borough, village, or town, be signed by at least three freeholders for each 100 inhabitants thereof, the number of which shall not be less than ten, and, in the case of a school district, by not less than ten freeholders. Before such petition is delivered to the public examiner it shall be presented to the auditor of the county in which such city, borough, town, village, or school district is situated, who shall determine whether such petition is signed by the required number of freeholders and shall certify such fact thereon, and such 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 such petition.

[1929 c. 259 s. 1; 1937 c. 415 s. 1] (3286-1)

188-1
215.20 EXAMINATION MADE UPON WRITTEN REQUEST. Upon a written request, signed by a majority of the members of the governing body of any city, village, town, or school district, the public examiner shall examine the books, records, accounts, and affairs of the same, but such written request shall be presented to the clerk or recording officer of such city, village, town, or school district, before being presented to the public examiner, 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, which 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 such request.

[1929 c. 259 s. 2] (3286-2)

215.21 MUNICIPALITY TO PAY COST OF EXAMINATION. Upon the examination of the books, records, accounts, and affairs of any city, village, town, or school district, as provided by law, such city, village, town, or school district shall be liable to the state for the total cost and expenses of such examination, including the salaries paid to the examiners while actually engaged in making such examination. Such salary charge shall not exceed \$10.00 per day. The appropriation accounts of the public examiner shall be credited with all collections made for any such examinations, and moneys so collected are hereby appropriated for the uses and purposes of the appropriation accounts.

[1929 c. 259 s. 3] (3286-3)

215.22 COLLECTION FOR EXAMINATION. On July first, of each year, the state treasurer shall certify to the state auditor all uncollected drafts for the examination of any city, village, town, or school district which have remained unpaid for a period of three months from the date of such draft. Upon receipt of such list the auditor shall forthwith notify the clerk, or recording officer, of each city, village, town, or school district against which the state has a claim that, if the same is not paid, with interest from the date of the draft, within 90 days, the full amount thereof will be certified to the auditor for the county or counties in which such city, village, town, or school district is situated, for collection by special tax levy, as herein provided. Such notice shall be served by registered mail and the

deposit thereof in the United States mail shall constitute due and legal service thereof upon the city, village, town, or school district.

[1929 c. 259 s. 4] (3286-4)

215.23 MUNICIPALITIES MAY CONTEST CLAIM. On or before September first following service of the notice, any such city, village, town, or school district may serve notice, in writing, upon the attorney general that it desires to contest the legality of the state's claim, whereupon such claim shall be withdrawn from the state auditor, and the attorney general shall forthwith file with the clerk of the district court of the county in which such city, village, town, or school district, or major part thereof, is situated, a verified statement of the state's claim, duly itemized, and serve upon the clerk of such city, village, town, or school district, by registered mail, a copy of such statement. Such city, village, town, or school district may file with the clerk of such district court, within ten days after the service of such statement upon it, verified objections to the state's claim, and such district court shall thereupon summarily, in or out of term, hear and determine the amount due the state, if any, for such examination, at a time and place fixed by the court therefor. The clerk of court shall certify to the auditor of the county or counties in which such city, village, town, or school district is situated, the amount so determined by the court to be due to the state, if any.

[1929 c. 259 s. 5] (3286-5)

215.24 STATE AUDITOR TO CERTIFY AMOUNT DUE. On October first, of each year, the state auditor shall certify the respective amounts due the state from the various cities, villages, towns, and school districts, as shown by the list so filed by the treasurer, and not withdrawn therefrom, including interest computed to July first, following, to the auditor of the county in which any such city, village, 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 clerk of court, as provided in section 215.23, shall include the amount of the state's claim, with 25 per cent added, in the tax levy for general revenue purposes of the 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 municipality for general revenue purposes, the amount due the state, including interest, and remit the same to the state treasurer.

[1929 c. 259 s. 6] (3286-6)

215.25 SUBJECT TO PRIOR ENACTMENT OF LAWS. Subject to the provisions of Laws 1939, Chapter 431, the public examiner shall have and exercise all the rights, powers, and duties conferred upon the former public examiner by Mason's Minnesota Statutes of 1927, Sections 3274, 3275, 3276, 3277, 3279, 3280, 3281, 3282, 3283, 3284, and 3286, and the 1938 Supplement to Mason's Minnesota Statutes of 1927, Sections 3278, 3286-1, 3286-2, 3286-3, 3286-4, 3286-5, 3286-6, and 3286-7, and acts amendatory thereof or supplementary thereto, and all the provisions thereof shall apply to and govern all matters therein specified respecting the office and department of the public examiner, except that any limitations therein contained as to the number of employees to be appointed by the public examiner shall not apply. The public examiner shall account separately for all of the charges, receipts, and disbursements of the department of the public examiner pertaining to the examining and auditing of all school districts, towns, cities, villages, and boroughs for which charges are made, and after allocating to the expense thereof a proper pro-rata share of the administrative expense, such functions of the department of the public examiner shall be sustained, so far as practicable, by the funds collected therefor from such political subdivisions as otherwise provided by law.

[1939 c. 431 art. 4 s. 8] (3286-15)