

**3.972 AUDITS OF AGENCIES.**

Subdivision 1. **Public accountant.** For the purposes of this section, "public accountant" means a certified public accountant or certified public accounting firm licensed by the board of accountancy under chapter 326A.

Subd. 2. **Audits of state and semistate agencies.** The legislative auditor shall make a constant audit of all financial affairs of all departments and agencies of the state, and of the financial records and transactions of public boards, associations, and societies supported, wholly or in part, by state funds. Once in each year, if funds and personnel permit, without previous notice, the legislative auditor shall visit each state department and agency, association or society and, so far as practicable,

(1) inspect;

(2) thoroughly examine its books and accounts, verifying the funds, securities, and other assets;

(3) check the items of receipts and disbursements with its voucher records;

(4) ascertain the character of the official bonds for its officers and the financial ability of the bonding institution;

(5) inspect its sources of revenue and the use and disposition of state appropriations and property;

(6) investigate the methods of purchase and sale and the character of contracts on public account;

(7) ascertain proper custody and depository for its funds and securities;

(8) verify the inventory of public property and other assets held in trust; and

(9) 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, are sound by modern standards of financial management and are for the best protection of the public interest.

Subd. 3. **Audit contracts.** Notwithstanding any other law, a state department, board, commission, or other state agency shall not negotiate a contract with a public accountant for an audit, except a contract negotiated by the state auditor for an audit of a local government, unless the contract has been reviewed by the legislative auditor. The legislative auditor shall not participate in the selection of the public accountant but shall review and submit written comments on the proposed contract within seven days of its receipt. Upon completion of the audit, the legislative auditor shall be given a copy of the final report.

**History:** (3276) 1913 c 555 s 3; 1949 c 33 s 2; 1973 c 492 s 28; 1983 c 317 s 2; 1986 c 444; 1988 c 469 art 1 s 1; 1992 c 542 s 4; 2001 c 109 art 2 s 1