

**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 in accordance with 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. 2a. **Audits of Department of Human Services.** (a) To ensure continuous legislative oversight and accountability, the legislative auditor shall give high priority to auditing the programs, services, and benefits administered by the Department of Human Services. The audits shall determine whether the department offered programs and provided services and benefits only to eligible persons and organizations, and complied with applicable legal requirements.

(b) The legislative auditor shall, based on an assessment of risk and using professional standards to provide a statistically significant sample, no less than three times each year, test a representative sample of persons enrolled in a medical assistance program or MinnesotaCare to determine whether they are eligible to receive benefits under those programs. The legislative auditor shall report the results to the commissioner of human services and recommend corrective actions. The commissioner shall provide a response to the legislative auditor within 20 business days, including corrective actions to be taken to address any problems identified by the legislative auditor and anticipated completion dates. The legislative auditor shall monitor the commissioner's implementation of corrective actions and periodically report the results to the Legislative Audit Commission and the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance. The legislative auditor's reports to the commission and the chairs and ranking minority members must include recommendations for any legislative actions needed to ensure that medical assistance and MinnesotaCare benefits are provided only to eligible persons.

Subd. 2b. **Audits of managed care organizations.** (a) The legislative auditor shall audit each managed care organization that contracts with the commissioner of human services to provide health care services

under sections 256B.69, 256B.692, and 256L.12. The legislative auditor shall design the audits to determine if a managed care organization used the public money in compliance with federal and state laws, rules, and in accordance with provisions in the managed care organization's contract with the commissioner of human services. The legislative auditor shall determine the schedule and scope of the audit work and may contract with vendors to assist with the audits. The managed care organization must cooperate with the legislative auditor and must provide the legislative auditor with all data, documents, and other information, regardless of classification, that the legislative auditor requests to conduct an audit. The legislative auditor shall periodically report audit results and recommendations to the Legislative Audit Commission and the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance.

(b) For purposes of this subdivision, a "managed care organization" means a demonstration provider as defined under section 256B.69, subdivision 2.

Subd. 2c. **Audits of the Department of Transportation.** The legislative auditor must audit, as resources permit, the programs and services administered by the Department of Transportation.

Subd. 2d. **Audits of the Department of Public Safety.** The legislative auditor must audit, as resources permit, the programs and services administered by the Department of Public Safety.

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.

Subd. 4. MS 2018 [Repealed, 1Sp2019 c 3 art 3 s 140]

**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; 2010 c 191 s 1; 1Sp2017 c 4 art 2 s 6; 1Sp2017 c 6 art 4 s 1,2; 1Sp2019 c 3 art 3 s 1,2