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# State of Minnesota HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. **1240**

02/20/2025 Authored by Quam

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

03/13/2025 Adoption of Report: Re-referred to the Committee on Judiciary Finance and Civil Law

1.1 A bill for an act  
1.2 relating to state government; modifying policy related to the legislative auditor;  
1.3 amending Minnesota Statutes 2024, sections 3.971, subdivisions 2, 8a, 9; 3.978,  
1.4 subdivision 2; 3.979, by adding a subdivision; proposing coding for new law in  
1.5 Minnesota Statutes, chapter 15; repealing Minnesota Statutes 2024, section 16B.45.

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

1.7 Section 1. Minnesota Statutes 2024, section 3.971, subdivision 2, is amended to read:

1.8 Subd. 2. **Staff; compensation.** (a) The legislative auditor shall establish a Financial  
1.9 Audits Division ~~and~~ a Program Evaluation Division, and a Special Reviews Division to  
1.10 fulfill the duties prescribed in this section.

1.11 (b) Each division may be supervised by a deputy auditor, appointed by the legislative  
1.12 auditor, with the approval of the commission, for a term coterminous with the legislative  
1.13 auditor's term. The deputy auditors may be removed before the expiration of their terms  
1.14 only for cause. The legislative auditor and deputy auditors may each appoint an administrative  
1.15 support specialist to serve at pleasure. The salaries and benefits of the legislative auditor,  
1.16 deputy auditors, and administrative support specialists shall be determined by the  
1.17 compensation plan approved by the Legislative Coordinating Commission. The deputy  
1.18 auditors may perform and exercise the powers, duties and responsibilities imposed by law  
1.19 on the legislative auditor when authorized by the legislative auditor.

1.20 (c) The legislative auditor, deputy auditors, and administrative support specialists shall  
1.21 serve in the unclassified civil service, but all other employees of the legislative auditor shall  
1.22 serve in the classified civil service. Compensation for employees of the legislative auditor  
1.23 in the classified service shall be governed by a plan prepared by the legislative auditor and

2.1 approved by the Legislative Coordinating Commission and the legislature under section  
2.2 3.855, subdivision 3.

2.3 (d) While in office, a person appointed deputy for the Financial Audit Division must  
2.4 hold an active license as a certified public accountant.

2.5 (e) Notwithstanding section 43A.32, subdivisions 2 and 3, or any other law to the  
2.6 contrary, an employee of the legislative auditor is prohibited from being a candidate for a  
2.7 partisan elected public office.

2.8 Sec. 2. Minnesota Statutes 2024, section 3.971, subdivision 8a, is amended to read:

2.9 Subd. 8a. **Special reviews.** The legislative auditor may conduct a special review to: (1)  
2.10 fulfill a legal requirement; (2) investigate allegations that an individual or organization  
2.11 subject to audit by the legislative auditor may not have complied with legal requirements,  
2.12 including but not limited to legal requirements related to the use of public money, other  
2.13 public resources, or government data classified as not public; (3) respond to a legislative  
2.14 request for a review of an organization or program subject to audit by the legislative auditor;  
2.15 ~~or~~ (4) investigate allegations that an individual may not have complied with section 43A.38  
2.16 or 43A.39; or (5) follow up on a prior special review to assess what changes have occurred.

2.17 Sec. 3. Minnesota Statutes 2024, section 3.971, subdivision 9, is amended to read:

2.18 Subd. 9. **Obligation to notify the legislative auditor.** ~~The chief executive, financial,~~  
2.19 ~~or information officers~~ (a) An obligated officer of an organization subject to audit under  
2.20 this section must promptly notify the legislative auditor when the officer obtains information  
2.21 indicating that public money or other public resources may have been used for an unlawful  
2.22 purpose, or when the officer obtains information indicating that government data classified  
2.23 by chapter 13 as not public may have been accessed by or provided to a person without  
2.24 lawful authorization. As necessary, the legislative auditor shall coordinate an investigation  
2.25 of the allegation with appropriate law enforcement officials.

2.26 (b) For purposes of this subdivision, "obligated officer" means the organization's:

2.27 (1) chief executive officer;

2.28 (2) deputy and assistant chief executive officers;

2.29 (3) chief administrative, chief financial, chief information, and chief investigative officers;

2.30 (4) heads of divisions, bureaus, departments, institutes, or other organizational units;

2.31 and

3.1 (5) board chair, where applicable.

3.2 Sec. 4. Minnesota Statutes 2024, section 3.978, subdivision 2, is amended to read:

3.3 Subd. 2. **Inquiry and inspection power; duty to aid legislative auditor.** (a) All public  
3.4 officials and their deputies and employees, and all corporations, firms, and individuals  
3.5 having business involving the receipt, disbursement, or custody of public funds shall at all  
3.6 times: (1) afford reasonable facilities for examinations by the legislative auditor; (2) provide  
3.7 returns and reports required by the legislative auditor; (3) attend and answer under oath the  
3.8 legislative auditor's lawful inquiries; (4) produce and exhibit all books, accounts, documents,  
3.9 data of any classification, and property that the legislative auditor requests to inspect; and  
3.10 (5) in all things cooperate with the legislative auditor.

3.11 (b) With respect to an audit, as defined in section 3.979, of the leadership of an entity  
3.12 subject to audit under section 3.971, the legislative auditor may require the production of  
3.13 data maintained on state information systems without notification to or approval by the  
3.14 affected entity.

3.15 Sec. 5. Minnesota Statutes 2024, section 3.979, is amended by adding a subdivision to  
3.16 read:

3.17 Subd. 7. **Legislative data.** The legislative auditor may classify as private or nonpublic  
3.18 data provided to the legislative auditor by a legislator or by legislative staff on behalf of a  
3.19 legislator.

3.20 Sec. 6. **[15.0573] REPORTING ALLEGED MISUSE OF PUBLIC RESOURCES**  
3.21 **OR DATA.**

3.22 The commissioner or chief executive officer of each state department, board, commission,  
3.23 office, or other agency must ensure that employee and nonemployee concerns about the  
3.24 misuse of public money, other public resources, or government data are promptly directed  
3.25 to one or more of the obligated officers identified in section 3.971, subdivision 9, or the  
3.26 Office of the Legislative Auditor. The commissioner of management and budget must  
3.27 develop a policy to operationalize and standardize the process under this section across state  
3.28 agencies.

3.29 Sec. 7. **REPEALER.**

3.30 Minnesota Statutes 2024, section 16B.45, is repealed.

**16B.45 FUNCTION OF LEGISLATIVE AUDITOR.**

The legislative auditor may conduct performance evaluations of all systems analysis, information services, and computerization efforts of agencies, the University of Minnesota, and metropolitan boards, agencies, and commissions. Upon request of the governing body or the state Information Systems Advisory Council, the legislative auditor shall conduct the same services for political subdivisions of the state and report the findings to the governor and the legislature. The cost of these evaluations must be paid by the agencies being evaluated.