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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **3376**

03/05/2018 Authored by Vogel and Anderson, S.,  
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy  
03/26/2018 Adoption of Report: Amended and re-referred to the Committee on State Government Finance

1.1 A bill for an act  
1.2 relating to state government; changing CPA firm audit provisions; amending  
1.3 Minnesota Statutes 2017 Supplement, section 6.481, subdivision 3.

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

1.5 Section 1. Minnesota Statutes 2017 Supplement, section 6.481, subdivision 3, is amended  
1.6 to read:

1.7 Subd. 3. **CPA firm audit.** (a) A county audit performed by a CPA firm must meet the  
1.8 standards and be in a form meeting recognized industry auditing standards. The state auditor  
1.9 may require additional information from the CPA firm if the state auditor determines that  
1.10 is in the public interest, but the state auditor must accept the audit unless the state auditor  
1.11 determines the audit or its form does not meet recognized industry auditing standards. The  
1.12 state auditor may make additional examinations as the auditor determines to be in the public  
1.13 interest.

1.14 (b) When the state auditor requires additional information from the CPA firm or makes  
1.15 additional examinations that the state auditor determines to be in the public interest, the  
1.16 state auditor must afford counties and CPA firms an opportunity to respond to potential  
1.17 findings, conclusions, or questions, as follows:

1.18 (1) at least 30 days before beginning a review for work performed by a certified public  
1.19 accountant firm licensed in chapter 326A, the state auditor must notify the county and CPA  
1.20 firm that the state auditor will be conducting a review and must identify the type and scope  
1.21 of review the state auditor will perform;

2.1 (2) throughout the state auditor's review, the auditor shall allow the county and the CPA  
2.2 firm at least 30 days to respond to any request by the auditor for documents or other  
2.3 information;

2.4 (3) the state auditor must provide the CPA firm with a draft report of the state auditor's  
2.5 findings at least 30 days before issuing a final report;

2.6 (4) at least 20 days before issuing a final report, the state auditor must hold a formal exit  
2.7 conference with the CPA firm to discuss the findings in the state auditor's draft report;

2.8 (5) the state auditor shall make changes to the draft report that are warranted as a result  
2.9 of information provided by the CPA firm during the state auditor's review; and

2.10 (6) the state auditor's final report must include any written responses provided by the  
2.11 CPA firm.