

Final Exam (Part 1)

Question 2

The Office of the State Auditor examines:

- A. counties and cities of first class under an unfunded mandate.
- B. school districts, small cities and townships.
- C. all Legislative Branch employees for pork-related trichinosis.
- D. both A & B above.

A. Correct:

Minnesota State Statute 6.48 grants powers to the State Auditor to “make a thorough examination” of counties. This is a mandate. “The County receiving any examination shall pay to the state general fund ... the total costs and expenses of such examination.” This makes the mandate unfunded.

Minnesota State Statute 6.49 grants powers to the State Auditor to make a thorough examination of cities of first class. This is a mandate. “The state auditor shall bill said cities monthly for services rendered, including any examination, ...” This makes the mandate unfunded.

Minnesota State Statutes *do not* grant the State Auditor an unfunded mandate on school districts, small cities and townships.

Minnesota State Statute 6.58 requires that audit costs of the State Auditor be recovered. Furthermore, because school districts, small cities and townships are not covered under an unfunded mandate, the OSA will not examine the accounting and budgeting cycles of school districts, small cities and townships because no one will pay for the examination. Hence, private CPA firms audit school districts, small cities and townships.