

### 11.2 Annual settlements.

1. The auditor of state shall annually, and more often if deemed necessary, audit the state and all state officers and departments receiving or expending state funds, except that the accounts, records, and documents of the treasurer of state shall be audited daily.

2. Departments shall immediately notify the auditor of state regarding any suspected embezzlement, theft, or other significant financial irregularities.

3. In conjunction with the audit of the state board of regents required under this section, the auditor of state, in accordance with generally accepted auditing standards, shall perform audit testing on the state board of regents' investments. The auditor shall report to the state board of regents concerning compliance with state law and state board of regents' investment policies. The state board of regents is responsible for remedying any reported noncompliance with its own policy or practices.

a. The state board of regents shall make available to the auditor of state and treasurer of state the most recent annual report of any investment entity or investment professional employed by a regents institution.

b. All contracts or agreements with an investment entity or investment professional employed by a regents institution shall require the investment entity or investment professional employed by a regents institution to notify in writing the state board of regents within thirty days of receipt of all communication from an independent auditor or the auditor of state or any regulatory authority of the existence of a material weakness in internal control, or regulatory orders or sanctions against the investment entity or investment professional, with regard to the type of services being performed under the contracts or agreements. This provision shall not be limited or avoided by another contractual provision.

c. The audit under this section shall not be certified until the most recent annual reports of any investment entity or investment professional employed by a regents institution are reviewed by the auditor of state.

d. The review of the most recent annual report to shareholders of an open-end management investment company or an unincorporated investment company or investment trust registered with the federal securities and exchange commission under the federal Investment Company Act of 1940, 15 U.S.C. § 80a, pursuant to 17 C.F.R. § 270.30d-1 or the review, by the person performing the audit, of the most recent annual report to shareholders, call reports, or the findings pursuant to a regular examination under state or federal law, to the extent the findings are not confidential, of a bank, savings and loan association, or credit union shall satisfy the review requirements of this subsection.

e. As used in this subsection, "investment entity" and "investment professional" exclude a bank, savings and loan association, or credit union when acting as an approved depository pursuant to chapter 12C.

[C97, §161; S13, §161-a; C24, 27, 31, §340; C35, §101-a2; C39, §101.2; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.2]

92 Acts, ch 1156, §1; 2003 Acts, ch 145, §131; 2007 Acts, ch 126, §4; 2008 Acts, ch 1032, §201; 2011 Acts, ch 75, §2 - 4; 2012 Acts, ch 1021, §4

Referred to in §24.24, 262.14, 422.72

[T] Subsection 3, paragraph d amended